



153 North 100 East
Lehi, UT 84043
(801) 768-7100

Minutes of the **Work Session** of the **Lehi City Council** held Tuesday, **August 6, 2019**, at the Lehi City Administration Building, 153 North 100 East, Lehi, Utah. The meeting began at approximately 4:00 PM.

Present: Mark Johnson, Mayor
Paige Albrecht, Council Member
Chris Condie, Council Member
Paul Hancock, Council Member
Johnny Revill, Council Member
Mike Southwick, Council Member

Others Present: Jason Walker, City Administrator; Cameron Boyle, Assistant City Administrator; Ryan Wood, City Attorney; Kim Struthers, Community Development Director; Lorin Powell, City Engineer; Dean Lundell, Finance Director; Alyson Alger, Treasurer; David Kitchen, Human Resources Director; Beau Thomas, Assistant to the City Administrator; Shaye Ruitenbeek, Management Analyst; Teisha Wilson, City Recorder; and approximately 15 citizens.

1. Welcome and Opening Comment

Mayor Johnson welcomed everyone. He noted that all Councilmembers were present. Councilor Southwick gave the opening comment.

2a. Consideration of Resolution #2019-51, a resolution to increase the City's Entitlement Share in the Carbon Free Power Project by and up to 7500 kW of capacity.

Joel Eves reported that they needed to increase the capacity because some of the other cities didn't approve as many kW as they could have, so that allows the City to increase its share of up to 7500kW.

Motion: Councilor Condie moved to approve Resolution #2019-51, a resolution to increase the City's Entitlement Share in the Carbon Free Power Project by and up to 7500 kW of capacity. Councilor Albrecht seconded the motion.

Roll Call Vote: Councilor Condie, Yes; Councilor Albrecht, Yes; Councilor Southwick, Yes; Councilor Hancock, Yes; and Councilor Revill, Yes. The motion passed unanimously.

b. Consideration of Resolution #2019-50, amending the Lehi City Employee Policy Manual, Section IV: Leaves of Absences

David Kitchen, Human Resources Director, reported that they are correcting an error in the manual and they are also acknowledging that Police are scheduled to work 86 hours in a pay period, so they introduced a new leave rate for them that's proportionate to their scheduled work time.

Motion: Councilor Revill moved to approve Resolution #2019-50, amending the Lehi City Employee Policy Manual, Section IV: Leaves of Absences. Councilor Southwick seconded the motion.

Roll Call Vote: Councilor Condie, Yes; Councilor Albrecht, Yes; Councilor Southwick, Yes; Councilor Hancock, Yes; and Councilor Revill, Yes. The motion passed unanimously.

c. City Council Discussion of Peck Family Park Concept Plan

Lorin Power, City Engineer, showed a graph with the 20-inch main natural gas line that runs through the property that needs to be avoided. He also showed a map with the proposed future road alignment. It was decided that the road connection is needed and it's an important connector street. Mr. Powell then showed a map outlining the property that Ames has under contract to excavate until August 2020. Mr. Wood stated that their contract to excavate will expire if they hit their volume or hit that date, whichever comes first.

Mr. Powell stated that they couldn't get 20 acres of contiguous fields to fit on the north side of the park due to the constraints of the proposed road, the Ames contract, and the gas line.

Mr. Wood stated that the word contiguous is not in the agreement, but every plan they looked at and everything that was considered, contemplated 20 contiguous acres. He said they haven't attached the exhibits to the agreement because they are waiting for this process, but the legal description and site plan would say and show a contiguous 20 acres.

Lorin also noted that they need 3.5 acres of property just for parking. Councilor Revill stated that Arsenal's intent was to have the fields be contiguous. Mayor Johnson stated that there is a concern with timing and that Arsenal needs to begin soon to meet their contractual obligations.

Mayor Johnson stated that the map included in the agreement showed 20 acres together. Mr. Wood stated that it would be difficult to argue in good faith that it's anything other than 20 acres contiguous.

Eric Dunn was representing Arsenal and stated that for maintenance and construction costs, the contiguous acreage and would save money and would also give them the opportunity to possibly complete all 20 acres at once. Contiguous acreage would also be most effective for use of the fields and it makes the most sense. He said they've been patient, but it's been a long and emotional process and they are running out of time. He said they need to keep the fields contiguous.

Council Southwick asked to clarify that they can't make the fields work to the north. Mr. Powell stated that he couldn't make 20 contiguous acres fit with the given constraints.

d. Discussion of Fiber Network.

Jason Walker stated that they have created an internal working group to research and examine different options. This is not something they take lightly because it's potentially millions of dollars the city is considering investing and creating a new utility and department for the City. He wants to be methodical and thorough in their examination of this, but he understands the political pressure for expedience.

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94 He said they looked at Utopia, which is established, and they've worked with other cities. With
95 their model, Lehi would be asked to bear all of the risk, though they wouldn't bond for the
96 improvements. The City would be responsible for making up for any shortfalls if subscriptions
97 drop below a 30% take rate. Mr. Walker noted that he understands there are risks with any option,
98 however his concern with this model is there is no upside. If they exceed the 30% take rate, there's
99 no option to profit share or to pay off the dept early.

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101 Mr. Walker stated that American Fork City reached out to Lehi about establishing an interlocal
102 agreement to provide the service so they can share certain resources, but Lehi would still have
103 their own fiber company. A concern is that American Fork doesn't have the experience like Utopia
104 does. Mr. Wood stated that American Fork had their own fiber network that they had to sell to a
105 private entity of which they still owe on. Mr. Wood stated that American Fork is doing a utility
106 model meaning every home is being charged a fee whether they use it or not and they may not get
107 a connection for a while. Under the Utopia model, if the take rate isn't high enough then the
108 taxpayers as a whole would be on the hook for that. Councilor Condie noted that with the AF
109 model the City would have to create a new department.

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111 There was discussion about the Utopia take rates and the risks associated with that.

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113 Mr. Walker said a third option would be to operate our own fiber network system. They could pay
114 off dept quicker with this option. It would be riskier financially and they would have to hire
115 consultants to help them through the process. He said this is a high risk, high reward option. There
116 was discussion about what that would look like and how it could be rolled out.

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118 Councilor Condie stated that Utopia is professional, and they understand the industry so why
119 reinvent the wheel. Mr. Wood stated that the financial risk would be the same because they are
120 still dealing with take rates, but the negative with Utopia is that there would be no potential to reap
121 any additional profits. Mr. Walker said that if Utopia is willing to renegotiate their offer, then this
122 would be a different conversation, but so far they have been unwilling to offer that.

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124 Roger Timmerman, with Utopia, stated that their proposal is a mutual investment proposal, and
125 the city's risk is capped and decreases over time. He said their proposal would install the network
126 expansion at no commitment to the City. He said they have access to the state-wide backbone that
127 would allow the City access, but with no obligation.

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129 There was discussion about Utopia's proposed take rates and how the phasing projects would work
130 in the City. Mr. Timmerman stated that the best way to install this in the community would be in
131 2 phases. There was discussion of how the financing and obligations would work for those phases.
132 Mr. Timmerman expects this to be a \$45 million bond for full build out, but the 2 phases would be
133 separate bonds.

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135 There was discussion about how the boundaries would be drawn to split the two phases.

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137 Councilor Albrecht stated that there have been some misunderstandings on this issue and there still
138 needs to be more discussion.

Mr. Walker stated that Utopia needs Lehi to pay off bad dept. He said he wants to ensure Lehi gets the best deal possible.

Councilor Hancock stated that it would be riskier on our own because we don't have the expertise in the industry.

Councilor Condie suggested that they set a date to make a decision because they need to move forward. He said it doesn't make sense for the City to do this on its own. He would like to make a decision by the end of the year.

Councilor Albrecht wants to have all options and risks known before they make a decision. Mr. Walker stated that there are a lot of things to consider here.

Mr. Timmerman stated that there is room for cost savings, and they can look at that.

Mayor Johnson stated that he will work with Mr. Timmerman on further negotiations.

e. Discussion and Update on the City's Advertising Contract

This item was not heard.

3. Adjournment

With no further business to come before the City Council at this time the meeting adjourned at approximately 5:06 p.m.

Approved: August 27, 2019

Attest:

Mark Johnson, Mayor

Teisha Wilson, City Recorder