

PAYSON CITY
COUNCIL MEETING AND WORK SESSION
Payson City Center, 439 W Utah Avenue, Payson UT 84651
Wednesday, February 19, 2020

CONDUCTING William R. Wright, Mayor

ELECTED OFFICIALS Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton, William R. Wright

EXCUSED Linda Carter

STAFF PRESENT David Tuckett, City Manager
Mark Sorenson, City Attorney
Kim E. Holindrake, City Recorder
Brad Bishop, Police Chief
Jill Spencer, City Planner
Ron Crump, Electrical Superintendent
Scott Spencer, Fire Chief
Tracy Zobell, Golf Pro
Karl Teemant, Recreation Director
Janeen Dean, Community Events Coordinator

OTHERS Kirt Michaelis – Mountainland Technical College (MTECH), Brandon Johnson – Farnsworth Johnson PLLC, Joe Spencer, Thayne Bailey, Sheila Michaelis, Connor Evans, Kaydance Walker, Doug Hunter – UAMPS, Reece DeMille – Republic Services

William R. Wright, Mayor, called this meeting of the City Council of Payson City, Utah, to order at 5:00 p.m. The meeting was properly noticed.

A. WORK SESSION

1. Discussion regarding the South Meadows Partners LLC project at 800 South

Kirt Michaelis reviewed the plans and layout for MTECH in Payson. MTECH has been around for over 30 years and serves Wasatch, Summit, and Utah counties with campuses in Lehi, Orem, Provo, and Spanish Fork. They are very aware of the extreme job growth seen in Utah County. Their mission is to provide employees to employers. A recent statewide study looks to bring all higher education systems in line under one board. The Spanish Fork facility is at capacity and not in a great location with no available public transportation. Regional collaboration includes Nebo school District, Payson City, MTECH, Utah Valley University (UVU), and K-16 Alliance. Their chosen new site location is off the I-15 and 800 South area in Payson. They have looked at other locations in Payson, but this location is ideal. It's not best to be co-located with UVU because of student needs, growth, traffic, etc. MTECH provides a wide variety of programs. The initial building will be two stories and 98,000 square feet with a student capacity up to 1,500. Two additional buildings could be added in the future. The Fiscal Year 2021 State Funded Project Requests listed them #11 for funding. Several of these projects have been funded so this project will jump up the list significantly next year. They are excited to be here in Payson.

Brandon Johnson reviewed the financial need for their development. Public Infrastructure District (PID) is a financing tool. The PID Act is relatively new; created in the 2019 legislative session under UCA 17B-2A-12. A PID is an independent political subdivision that is totally separate and independent from the city. The city has no responsibility for financial obligations of the PID. The debt is its own; the city is not liable. The PID has the ability to levy a limited tax and issue assessment bonds. The lifetime of a PID is typically the length of the outstanding bond. Once the bonds are paid and the infrastructure installed, the PID doesn't have any other purpose. A public infrastructure bond has a maximum maturity of 40 years.

Joe Spencer stated the infrastructure costs are currently a rough ball park of \$10,000,000 from contractor and engineer's estimates.

Discussion:

Councilmember Christensen voiced concerns regarding the cost to establish the PID, residents are on the hook for payment, and a high annual cost per unit. He questioned if this will be a cost-effective area to live. MTECH is not a taxable entity and are exempt from paying. The word rental makes him want to jump ship. He's not a huge fan of rentals; they make him nervous all around.

Councilmember Hulet stated the bond is set with an interest rate based on risk. The amount is set to start. If it doesn't pay off, it's the bond holder's risk. He is excited to have MTECH in the community.

Brandon Johnson clarified the developer has to figure the cost of the bond taxes into the marketability of the units. The bond holder understands the risk if nothing is built. The assessment is collected on the property taxes.

Joe Spencer stated the worst thing they could do is create something that isn't marketable. They have gone through the numbers and are comfortable the bond payments will be taken care of. This is fairly preliminary, and there are questions such as 800 South going straight through. The estimates have been prepared, and they are comfortable with the market. A PID is a way to establish the cost of off-site improvements. They recently learned there isn't enough sewer capacity, which created additional funding.

Thayne Bailey stated it's important to know that the cost of property tax has nothing to do with the cost of rent. Rent is very market driven. Buildings are sold based on cash flow with the disclosure of what the taxes are for the infrastructure installation. They don't have more specific numbers because they don't know what city will do with 800 South.

Councilmember Welton wants to make sure this doesn't become a Midtown Village that sits halfway done for 15 years. This will be the face of the city right at the entrance.

Councilmember Hiatt questioned what the developer is pledging to back the bond and what if the market crashes. Developers come in under a PID and there isn't a risk. They need to have some kind of a risk. Other developers put in the infrastructure on their dime. Under a PID, the developer needs to have some risk of loss on their dime too.

Brandon Johnson stated even if there isn't a bond, there is still the uncertainty of the market. This scenario isn't specific to a PID or a debt.

Joe Spencer clarified that the project will be phased, and market studies show a strong demand. They will build what the market can bare. There will be a pioneering agreement so others connecting to infrastructure pay their fair share. The city owns the sewer line once completed and charges and collects the impact fee.

Sheila Michaelis stated this project will benefit the entire west side. Even development going in after will pay down the bond with reimbursements.

Mark Sorenson stated that if the developer installs say the sewer line under the PID, the city has no control over it.

Brandon Johnson clarified that once the infrastructure is installed, it is transferred to the city. The PID is not in the business of operating sewer or water lines. If taxes aren't paid, the bond holder takes the loss; they understand the risk. PID's are a new concept and are just beginning to be used.

Thayne Bailey explained there is a limited amount of property tax that can be paid toward the bond. Because of those limits, it doesn't get crazy. It's not the same as a mortgage payment with the same payment month after month. As the project builds out, the revenue for the bond increases and pays the bond.

Councilmember Hulet explained that the developer is donating acreage for MTECH. Otherwise, they could afford to put in more infrastructure. The price of units goes down because the buyers have to pay this tax for the PID.

Councilmember Hiatt stated at the Depot Apartments, there are 8-10 workers in one unit because they can't afford the rent. The police are there all the time. It's not allowed but it's happening. She's worried about the amount of high density coming to the city. She doesn't want people coming to Payson because it's the cheap place to live.

Shelia Michaelis stated this development speaks for itself. The project is designed to not be cheap property. They are being very picky on selecting builders for the project.

Joe Spencer explained that rental property is sold at cap rates, which are based on the expenses including the property tax. The sales price is higher without a PID. This will be the gateway to the west side. He wants this to be something Payson is proud of. These are not paper lots; they are not looking to flip it and run.

Councilmember Welton stated it wouldn't matter whether it was paper lots or not with PID in place. The city won't pay for it. One concern is that the project is sold and the city pays for a sewer it can't afford. He understands the PID protects the city.

Brandon Johnson stated once the bonds are issued, the investors bring funds to a trust account and the funds can only be used for the infrastructure. This guarantees the infrastructure is built regardless of who builds it.

Councilmember Christensen stated there are other concerns aside from the infrastructure the city is saddled with such as ambulance, fire, and police.

Councilmember Hiatt stated Payson doesn't want to be just a bedroom community where everyone just drives in and then out. You bring in all these apartments but there is no place for them to work. She questioned if the developer is actually bringing in commercial; not just the buildings but the businesses. Payson needs high-paying jobs because 68% of the residents leave the city to work.

Thayne Bailey stated they are working with nationwide group that deals with all the big retailers nationwide. In order to create the demand for the retail, there needs to be the roof tops. These come together. As developers and marketers, they make more money by having long-term commercial tenants in place. They will have restaurants, hotels, and a gas station. Their goal is to be part of the community.

Sheila Michaelis stated they're focused on jobs as well. There are recent technology articles discussing the increase in technology jobs coming to Utah. They want to bring the players who will work in conjunction with MTECH and to the business park.

Councilmember Welton stated one developer can't do everything, which the city needs to recognize. The Cowan property is right there; a business owner should see that and want to build there. The jobs will come. Some residents work north because they like the bedroom community here.

Thayne Bailey stated within the population here, the maker space is a great idea to stimulate business growth from within the community. People who live here now will have additional support to launch businesses here. They need feedback from the city on what it wants so they can help get it.

Mayor Wright stated companies need to have the work force, which is part of the equation. This is why the college and university here will create the needed work force and attract the companies. The funds from Mountainland will help designate the best location for commercial along the best corridor. He thanked everyone for the open conversation.

(Work session adjourned at 5:55 p.m.)

B. PRAYER & PLEDGE OF ALLEGIANCE (6:05 p.m.)

Prayer offered by Connor Evans.

Pledge of Allegiance led by Kaydance Walker.

C. CONSENT AGENDA

1. Approval of the January 29, 2020 City Council Work Session
2. Approval of the February 5, 2020 City Council Work Session and Meeting

MOTION: Councilmember Christensen – To approve the consent agenda. Motion seconded by Councilmember Hiatt. Those voting yes: Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

D. PETITIONS, REMONSTRANCES & COMMUNICATIONS

1. Public Forum (6:09 p.m.)

No public comments.

2. Staff and Council Reports

Staff Reports

GOLF - Tracy Zobell stated in 2019 the cemetery conducted 102 burials with 35 on Saturdays, which created a small issue with overtime. Sidewalk snow removal has gone quite well. The parks staff is working on the removal of a large tree in Memorial Park where half of the tree fell because of disease. A new tree will be planted in the same place. Wes Barney, Parks Superintendent, is attending school to become an arborist. Staff received a bid for the beautification of downtown for flowers and barrels, which will be addressed in the budget process. Staff has identified a couple areas for a dog park, which will be fenced with plenty of parking. One location is to convert part of the East Hills Park on the north side of Spring Lake Elementary. Eventually, he hopes to have two or three dog parks throughout the city. The city could designate specific parks with signage and doggy bag receptacles where residents can walk dogs. Staff cleaned all the suckers off the trees in Spring Lake. The west side of Spring Lake will be graded for the planting of trees and native grass because this is a natural park. Jake Wyatt, Assistant Golf Pro, received an award for Junior Golf Leader of the State of Utah, which is a great recognition for his work with the youth. He works with the two traveling teams and conducted seven or eight junior camps. The bathrooms at the golf course will be sheet rocked tomorrow. He would like to revive a working nursery in Payson to grow plants and trees for city parks, cemetery, school donations, etc. There is an area at the golf course that could be used for this purpose, and he will prepare some costs. In 2019, the golf course number were up 20% (\$132,000) from the best previous year with a lot of increase in play and tournaments.

FIRE AND AMBULANCE – Chief Spencer stated Nestor Gallo had an injury last year that received treatment from the paramedics. Nestor put in a request with KSL for a High Five Award. KSL came down last Wednesday to interview the paramedics. It turned out very well and will air next Wednesday. Staff is working with church groups to clean the Dry Creek Canal on March 21st. The staff conducted a trauma vehicle accident event last night at Peteetneet, which had good participation and was a fun activity.

POLICE – Chief Brad Bishop reported on the assault case that occurred a few weeks ago. Arrest warrants have been issued for other individuals, who are juveniles. Mayor Wright stated he has been in touch with the victim, who has received a lot of public support. The victim's glasses were broken, and a company stepped forward to fix the glasses.

Council Reports

Councilmember Christensen stated the Nova Graduation with police officers and a canine demonstration was great.

Councilmember Hulet stated a group is looking at a high-end hotel in Payson, which was invited to the golf event last year stating it was the best he has ever been too. He thanked Mayor Wright for all the work he does and the time he spends behind the scenes.

Councilmember Welton stated this is a great community. Payson was listed as the fourth safest city in Utah last year. Payson has a tremendous amount of volunteer turnout; he lives in a great place. He is grateful for all the residents who focus on being kind and look out for one another. Payson and Vineyard were recognized for Ranked Choice Voting at the State Capital on the floor last week. Residents have mentioned that the survey on Imagine Payson is too long and detailed.

Councilmember Hiatt stated the Annual Chamber Annual Banquet was held last week and was a great success. The president of Utah Valley University spoke. She has an amazing background, so intelligent, and has achieved so much. The Chamber has a breakfast club on the second Tuesday of every month at 7:45 a.m. at the Bible School. It is a great event for networking.

Mayor Wright recognized the Park Ward Teachers Quorum in attendance.

MOTION: Councilmember Hulet – To amend the agenda. Motion seconded by Councilmember Welton. Those voting yes: Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

E. ACTION ITEMS

2. Resolution - Amendments to the agreement with Republic Services regarding recycling
(6:35 p.m.)

Staff Presentation:

Dave Tuckett reported the city charges \$.50 per month for administrative overhead, but the fuel charge is taken out also. This leaves about \$.28 for administrative overhead that can be used to help pay for the tipping fees that have gone up. He knows the council is hesitant to raise rates midseason. If the rate is to be increased, it will need to come back with the fee schedule, notice given to the residents, and provide an opt-out period. The regular opt-out period is in October. A resolution has been provided with a blank amount. Staff will look at the Republic numbers in June or July because there is a CPI increase that takes place. The city hasn't done an increase since the recycling started.

Council Discussion:

Councilmember Christensen discussed the option to provide a rate increase and an opt-out period. He doesn't want to see residents to opt out or see Republic go under over this.

Councilmember Hulet suggested using the \$.28 per customer and look at the fees when the opt out period and contract comes up.

Councilmember Hiatt stated there are many items to be looked at in the budget and would like to wait for the new budget.

Reece DeMille stated \$.85 would be half the cost. As an effort to make a partnership agreement, he would be okay taking the \$.28 now and then budget for the rest July 1. Republic charges the city \$17,000 per month and then loses \$4,000 a month in unforeseen commodity loss. The \$.28 would be about \$600 per month.

MOTION: Councilmember Christensen – To approve the resolution for ongoing recycling tipping fees for the remainder of the residential opt-out recycling collecting and disposal

agreement for \$.28 per billing account until the next budget year. Motion seconded by Councilmember Hiatt. A roll call vote was taken as follows and the motion carried.

Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Brian Hulet
Yes	-	Doug Welton

D. PETITIONS, REMONSTRANCES & COMMUNICATIONS (Continued)

3. Scout Attendance Certificates

No scouts present.

4. Presentation by Utah Associated Municipal Power Systems (UAMPS)

Ron Crump introduced Doug Hunter, who is the Chief Executive Officer for UAMPS and has been instrumental in helping with this new, small-modular, nuclear-reacting concept.

Doug Hunter stated this isn't new technology but repackaged very differently. This is a market-based solution for greenhouse gas regulation in lieu of Federal for state regulation. They believe this is economical enough for utility companies so they don't have to deal with those regulations.

Value proposition includes:

- 40-year Levelized Cost of Energy (LCOE), on to the grid, equal to or less than \$55/megawatt hour. This is the simplest way to look at the average cost.
- Flexible & resilient carbon free resources to integrate renewables.
- Fleet managed operations or shared services because all the reactors are the same.
- Cost shared among UAMPS, DOE & NuScale.
- Fits within the 100% clean power generation bills passed by California, Colorado, Nevada, New Mexico and Washington.
- Meets electric customers desire to decarbonize.
- Market based response to GHG, tempers need for Federal Regulation.
- Complements Electric Market Regulation (ISO/RTO).

Payson City is at 5 megawatts. He believes in a diversified portfolio with different markets. UAMPS does a five-year look and a 50-year look for modeling. It can be customized any way the city wants it to go. They have a lot of interest in this project, but Payson was in early and comes first.

This facility is a new approach to construction and operation and will be placed on the Idaho border. The NuScale Power Module includes the reactor vessel, steam generators, pressurizer, and containment in an integral package. It is a simple design that eliminates reactor coolant pumps, large bore piping and other systems and components found in large conventional reactors. The site is 35 acres with 12 separate generators on each site, below grade, and in a water bath with for safety cooling. No additional water is needed in an emergency. It uses passive cooling; no pumps are needed, and dissipates heat quickly. No operator assistance is needed with an emergency. If there

were no water, it would take 200 days to air cool with no nuclear issues. Radiation levels would not harm the public because it doesn't reach past the fence line on the 35 acres. The rods can go four years without refueling, but there is a requirement to inspect all the welds and fittings every two years. The facility is hard wired and totally unconnected to the internet to deter cyberattacks. The Nuclear Regulatory Commission (NRC) design certification will be approved in September or October of this year. A combined licensing application will be submitted to allow for construction and operation. The CFPP Team includes UAMPS, NuScale Power/Fluor, Energy Northwest, Department of Energy, Nuclear Regulatory Commission, U.S. Congress (Bi-Partisan Support), State of Idaho, and Tennessee Valley Authority.

There are 35 cities and coops as participants. Participation solicitation efforts commenced in January 2018 with over 150 public meetings. The power sales contract became effective July 17, 2019. The site agreement is complete with the Department of Energy (DOE) The DOE phase development approach includes budget monetary caps for each phase, a unilateral right to exit the project at the end of each phase, PMC budget approval before proceeding to the next phase, and approval by each participant governing board to proceed to construction. The project has a 36-month construction period that will begin in 2023 with the first module on line in 2026 and the remaining modules in 2027.

E. ACTION ITEMS (Continued)

1. Resolution - Deferral agreement with Eric Reed located at 2378 West 1140 South (7:12 p.m.)

Staff Presentation:

Jill Spencer reviewed the property location regarding the request indicating there are no city utilities in this location. The city received a building permit application for a single-family home. The proposed deferral agreement states that when utilities become available, the home will be connected to those utilities. The applicant will work with the Utah County Health Department for a well and septic tank. The requirements are consistent with previous agreements.

Council Discussion:

Councilmember Hulet stated when the land was annexed, the city decided to follow the county's guidelines so these residents could build and not be boxed out.

Councilmember Hiatt questioned if the home will be setback enough once utilities are installed on 2400 West. She would also like the status of all the deferral agreements.

Jill Spencer noted 2400 West will be a collector status street. Staff is ensuring homes are placed so there is no conflict with proposed streets. Staff has also discussed the 800 South alignment.

MOTION: Councilmember Hulet – To approve the resolution for a deferral agreement with Eric Reed at 2378 West 1140 South. Motion seconded by Councilmember Christensen. A roll call vote was taken as follows and the motion carried.

Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Brian Hulet
Yes	-	Doug Welton

3. Resolution – Onion Days parade start time (7:16 p.m.)

Staff Presentation:

Dave Tuckett discussed that most cities have gone to an earlier parade time. The Payson parade has started at 10 a.m. for many years. It would be a little cooler with a 9 a.m. start time. If approved, staff will have time to get the word out.

Council Discussion:

Councilmember Hiatt noted the council discussed previously about putting the rides out on the roads to provide for more vendors. She would like to see more and different vendors as well as vendors from Midway.

Mayor Wright stated the only street would be 300 South, which would inhibit traffic and create a problem.

Janeen Dean stated there are about 25 food vendors and 75 merchandise vendors, which she has no trouble filling. Most of the merchandise vendors fit without much duplication. About 10% of the food vendors are turned away because they are the same food. Swiss Days (Midvale) is at the same time, and they won't come down here. There is a good sampling of vendors attending. Several cities still do 10 a.m. The Payson parade is huge. Many people may not hear about the time change. Before changing an event, she always asks herself what are the pros and cons. Floats would have to set up at 7 a.m. and the public by 8 or 8:30 at the latest. It would be done by 11 a.m. instead of noon. She would like to keep it at 10 a.m.

Councilmember Christensen stated it gets hot by noon. The parade bisects the city, which is another concern. He would like to see the parade dogleg at the traffic light. It's difficult to ferry entire groups back when there is no way for traffic to get through.

Mayor Wright noted the parade route was changed because it was coming back on itself, and there was no way to disburse it. You can go around at 9600 on the west side of freeway. There is access across 100 South because of the fire department. It's easier for people to get up and moving at 10 a.m.

Councilmember Welton stated cooler better. Previously there have been complaints about the road being shut off. Participants and viewers get hot. He would like it earlier, but traditions are tightly held and difficult to change.

Janeen Dean stated maps provided for those returning back to the beginning. There was no congestion last year with the parade because the parking was broken up into two areas. She doesn't mind changing to 9 a.m. The Onion Days Committee meets in March and can discuss the issue.

Councilmember Hulet noted that some parades at 9 a.m. are in July and August, which is much hotter. He walks the parade every year and doesn't have a problem with the heat. He suggested leaving it at same time; people are used to it.

ADJOURN TO CLOSED SESSION (8:25 p.m.)

MOTION: Councilmember Christensen – To go into closed session. Motion seconded by Councilmember Welton. A roll call vote was taken as follows and the motion carried.

Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Brian Hulet
Yes	-	Doug Welton

Discussion regarding property sale and/or purchase

ADJOURNMENT OF CLOSED SESSION

MOTION: Councilmember Christensen – To adjourn the closed session. Motion seconded by Councilmember Welton. Those voting yes: Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

F. ADJOURNMENT

MOTION: Councilmember Welton – To adjourn. Motion seconded by Councilmember Hiatt. Those voting yes: Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

The meeting adjourned at 8:15 p.m.

_____/s/ Kim E. Holindrake
Kim E. Holindrake, City Recorder