

PAYSON CITY  
COUNCIL MEETING AND WORK SESSIONS  
Payson UT 84651 – Held via remote conferencing through Zoom Video Communications  
Wednesday, April 1, 2020

CONDUCTING William R. Wright, Mayor

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

STAFF PRESENT David Tuckett, City Manager  
Mark Sorenson, City Attorney  
Kim E. Holindrake, City Recorder  
Cathy Jensen, Finance Director  
Jill Spencer, City Planner  
Travis Jockumsen, City Engineer/Public Works Director  
Daniel Jensen, Planner II  
Brad Bishop, Police Chief  
Scott Spencer, Fire Chief

OTHERS Aaron Wade – Gilmore & Bell, Randy Larsen – Gilmore & Bell,

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 Public Improvement Districts (PIDs)

Aaron Wade stated PIDs are a new tool that falls under the Local District Act. Senate Bill 228 passed in 2019. It gave counties and cities the ability to create PID's to be used as a finance tool for new development or redevelopment. A PID is repayable through property taxes in the district or assessments similar to SAA bonds. There needs to be a balance between the city and developer on what is to be achieved. With any tool, there may be pitfalls and things to be aware of. Historically, tax increment financing (TIF) and assessment areas/bonds have been the two key economic development tools. A PID is a local district under Utah Code Title 17B, which is an independent political subdivision with its own board, annual audit, etc. Any bonds or debt issued by the PID are not considered debts of the city. Defaults by PID taxpayers are not enforced by the city. A PDI creates a new tax revenue stream rather than reallocation of existing taxes. A PID is a discretionary tool mutually agreed to by both sides. The city has no liability for denying a PID. The creation of a PID requires the consent of 100% of the property owners and voters within the PID boundaries. The costs of creating the PID, legal counsel, financial advisors, etc. is paid by the property owners. The PID has broad powers to finance any type of public infrastructure including any improvements that will be owned by the city. A governing document is created setting the rules and powers of the PID. The PID board is comprised of members initially appointed by the creating entity such as property owners or designated representatives. The board then transitions to an elected board as electors reside in the PID, and the board's authority is constrained by the limitations established in the governing document.

Randy Larsen stated the city's radar should go up when creating a separate entity in the city. He clarified that a PID has no powers over the city such as planning, zoning, permitting, etc. Its sole purpose is a capital finance tool. The city owns the infrastructure in the normal course of time. Once the financing is complete, the PID goes away. The final way to mitigate this new entity in the city boundaries is having a governing document so the PID can't act contrary to the city.

Aaron Wade clarified there is a board and not just a treasurer because the board makes decisions on the bonds and the debt timing. A local district requires a board. The board has an odd number of 3 to 9 members.

Randy Larson stated potential uses of PIDs include incentivize commercial development, facilitate master planned communities, incentivize multi-family and/or low-income housing, and enhanced infrastructure such as increased capacity in roads and pipes. It's a balancing act with impact fees.

Aaron Wade stated PIDs can fund infrastructure offsite that accommodates the development. PIDs may issue special assessment bonds, general obligation bonds (not typically), and limited tax bonds as well as TIF revenues pledged to repay the bonds. Limited tax bonds are fixed rate bonds generally for a 30-year term, not subject to a fair market value ratio prior to issuance, and repaid from a limited ad valorem property tax. The tax payment is pegged to the taxable value of the property. Statutorily, this rate may not exceed 15 mills. A lower limit may be established by the creating entity in the governing document or in the bond documents. It's a new revenue source so there is no need to negotiate with a school district, RDA, etc. In the event the proceeds of the limited tax are insufficient to meet annual debt service as it comes due, there is no an event of default, no statutory remedy to require additional taxes or fees of the PID, and no statutory recourse to the property or the property owner. Because of these unique features, the statute limits the sale of limited tax bonds to qualified institutional buyers or to be sold in denominations of \$500,000.

Randy Larsen noted as the city considers a PID, the future home owners and property owners are not involved. The mill-rate limitation, which stays prorata, is disclosed to future owners and never go up. Investors underwrite that risk on how much revenue will be delivered. There is no default if there is a shortfall. Documentation is recorded on the property, but additional disclosure is encouraged. There is a line item on the property tax notice, which is deductible. PIDs in comparison to special assessment bonds are not accelerated, foreclosed, or delinquent for five years.

Aaron Wade reviewed a sample property tax mill levy and stated generally property taxes are deductible from federal income taxes.

Mill Rate	Market Value	Taxable Value with primary home exemption	Mill Rate	Annual Taxes (including base tax)
Base Overlapping Mills	\$400,000	\$220,000	12.5	\$2,750
+ 7 PID Mills	\$400,000	\$220,000	19.5	\$4,290
+ 10 PID Mills	\$400,000	\$220,000	22.5	\$4,950
+ 15 PID mills	\$400,000	\$220,000	27.5	\$6,050

PID limitations to consider are included in the governing document. The city should engage bond counsel to ensure proper legal and tax analysis over negotiations to ensure eligibility for tax-exempt financing and that the PID will constitute a separate political subdivision for tax purposes. The city will want to adopt standard policies and procedures to evaluate all PID requests in light of its

objectives. Several cities in Utah are in the process of drafting these policies. Gilbert & Bell has created model policies. The city should consider what types of infrastructure it wants to allow the PID to finance; establish a mill rate limit appropriate to accomplish financing of approved improvements; and establish standards for any general obligation bonding, procurement, transition to elected board, PID lifespan and dissolution, and notice to future property owners.

Randy Larsen stated when the city considers using a PID tool with a developer in mind, the city shouldn't make obligations to its master development agreement to be a burden on the PID. The master development agreement should be the same as it would have been without the PID. Again, the PID is simply a financing tool. The developer has the responsibility to perform and deliver infrastructure before entitlement, building permits, etc. If the PID falls short based on underwriting principles, etc. and can't finance all the improvements, it shouldn't change the arrangement the city has with the developer. The developer would have to come up with the difference. A PID is a financing tool for the developer.

Aaron Wade stated the PID boundaries don't have to be contiguous. If infrastructure upsizing is needed, future developments could be placed in a PID as well to contribute to the upsizing. Impact fees can be used for upsizing as well.

Randy Larsen stated special improvement districts have a different structure to provide services and own infrastructure. The chance for conflict is much greater. A PID is simply a finance tool. The infrastructure is owned by the city in the normal course and doesn't have the right to expand without city approval.

#### B. PRAYER & PLEDGE OF ALLEGIANCE (6:00 p.m.)

Prayer offered by Dave Tuckett.

Pledge of Allegiance led by Brian Hulet.

#### C. CONSENT AGENDA

1. Approval of the February 28 & 29, 2020 City Council Retreat Minutes
2. Approval of the March 16, 2020 City Council Special Meeting Minutes
3. Approval of the March 18, 2020 City Council Minutes
4. Proclamation – Arbor Day
5. Local Consent for Single Event Permit – Tour of Utah (Resolution)

**MOTION: Councilmember Hulet – To approve the consent agenda.** Motion seconded by Councilmember Carter. A roll call vote was taken as follows and the motion carried.

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

#### D. PETITIONS, REMONSTRANCES & COMMUNICATIONS

1. Public Forum (6:05 p.m.)

139  
140 No public comments.

141  
142 2. Staff and Council Reports

143  
144 Staff Reports

145  
146 PUBLIC WORKS – Travis Jockumsen reported the pressurized irrigation ponds are being filled  
147 with canyon water in preparation of turning on the system. The High Line Canal has not given an  
148 exact date but should be between April 15 and 30.

149  
150 POLICE – Chief Brad Bishop reported the March stats included 114 arrests, 178 offenses, 181  
151 citations, 278 violations, 1,073 calls for service, 3 DUI's, 337 traffic stops, and 24 traffic accidents.  
152 Things have been pretty steady. There was a home invasion and robbery last weekend, and the  
153 suspect arrested. It's difficult to compare numbers with other cities because of population  
154 differences, but the numbers are pretty close. He hasn't noticed a rise in domestic violence cases,  
155 but thefts were up the last few weeks.

156  
157 ADMINISTRATION – Dave Tuckett stated currently coronavirus statistics are by county only. He  
158 asked Utah County to provide locations of those infected because it would help to know where the  
159 virus is located. Gyms in Payson are still open. The Utah County Health Department stated there is  
160 no requirement for them to close. The city is encouraging no group play at basketball courts in the  
161 city and signs may be put up. Staff continues to work under the guidelines set by the governor.

162  
163 FIRE AND AMBULANCE – Chief Spencer stated the springtime open burn began Monday and  
164 goes through the end of May. The Great Shakeout is schedule for April 16. A drill was set to  
165 practice communication. Instead information will go out to residents to follow, practice, and be safe  
166 this year. Staff is keeping up with all the changes with the coronavirus to keep employees and  
167 patients safe. The fire and police only know of cases if they are sent to the home. Dispatch even has  
168 limited information.

169  
170 LIBRARY – Dona Gay reported that about 70 people picked up items from the library via curbside.

171  
172 Council Reports

173  
174 Councilmember Carter thanked the Police Department for all the work they do. The Parks  
175 Department has been removing trees in the park and getting things all ready. The pickleball courts  
176 are very busy and utilized.

177  
178 Councilmember Christensen stated the Parks Department is out making things look good. The  
179 Water Department has been doing an excellent job and cleaned out the Old Field Ditch. The  
180 ambulance crew helped a citizen who had fallen near his home. They were very professional and  
181 did a great job. The Fire Department checked on fire permit in his neighborhood this morning; he  
182 appreciates them. He would like the city to work towards a more full-time ambulance crew.

183  
184 Councilmember Hiatt stated everyone keep up the good work.

Councilmember Hulet appreciates all the staff working through the corona pandemic issues. ACE Hardware donated a bunch of n95 masks. Residents are stepping up and helping; he appreciates all the residents. Things out there for businesses from the state and SPA loans. The chamber did a great job putting this information out.

Councilmember Welton thanked city employees for continuing to work and keeping themselves and the city safe. He's been outside and hiked up the canyon. He encouraged the city staff and council to recognize those businesses and residents who donate to emphasize the positive. There is a lot of good going on. Spanish Fork is giving out \$25 gift certificates through drawings to residents who responded to their favorite places to eat in town. He encouraged residents to safely eat out and support the local businesses.

Mayor Wright stated city crews are replacing the tree that was removed in Memorial Park. The Scottish Festival people would like to plant a tree in the city park in remembrance of Helen Scott. He appreciates the city council and employees. He has watched people supporting local restaurants; some have modified for curbside pickup. The chamber is helping businesses whether a member of the chamber or not.

#### E. ACTION ITEMS

1. PUBLIC HEARING/Resolution – Amendments to the Fiscal Year 2019-2020 Budget (6:23 p.m.)

#### Staff Presentation:

Cathy Jensen reviewed the mid-year budget adjustments.

- \$87,332 - Two new F-150's for the Water Department and Golf Department
- \$150,000 - Recognize the Transit Tax to the B&C Road Fund to be used for slurry seal maintenance.
- \$27,900 – Library reimbursement grant for RID tagging and automatic book checkout.
- \$217,000 – Purchase of properties in the RDA Business Park.

**MOTION: Councilmember Hulet – To open the public hearing.** Motion seconded by Councilmember Welton. Those voting yes: Linda Carter, Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

#### Public Comments:

No public comments.

**MOTION: Councilmember Carter – To close the public hearing.** Motion seconded by Councilmember Welton. Those voting yes: Linda Carter, Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

Dave Tuckett stated that the offer for the RDA property was accepted and should close shortly.

**MOTION: Councilmember Hulet – To approve the (resolution) amendments to the Fiscal Year 2019-2020 Budget less the RDA item.** Motion seconded by Councilmember Christensen. A roll call vote was taken as follows and the motion carried.

Yes - Linda Carter

234 Yes - Brett Christensen  
235 Yes - Taresa Hiatt  
236 Yes - Brian Hulet  
237 Yes - Doug Welton  
238

239 2. Resolution - Appointment of Planning Commission Members (6:35 p.m.)  
240

241 Mayor Wright stated he, Dave Tuckett, and Nestor Gallo interviewed five candidates for the  
242 planning commission. He spoke with the planning commission chair and vice chair for input. They  
243 suggested keeping those already in place. He nominated Cathy Marzan (4-year term), Kit Morgan  
244 (4-year term), and Blair Warner (complete term, 1 year) to fill those positions.  
245

246 **MOTION: Councilmember Hulet – To reappoint (resolution) Cathy Marzan, Kit Morgan,**  
247 **and Blair Warner.** Motion seconded by Councilmember Hiatt. A roll call vote was taken as  
248 follows and the motion carried.  
249

250 Yes - Linda Carter  
251 Yes - Brett Christensen  
252 Yes - Taresa Hiatt  
253 Yes - Brian Hulet  
254 Yes - Doug Welton  
255

256 3. Resolution - Appointment of Board of Adjustment Members  
257

258 Mayor Wright spoke with Bob Provstgaard, who is very willing to continue in this position. He  
259 nominated him to the board of adjustments.  
260

261 **MOTION: Councilmember Welton – To approve the (resolution) Board of Adjustment**  
262 **appointment of Bob Provstgaard.** Motion seconded by Councilmember Hiatt. A roll call vote was  
263 taken as follows and the motion carried.  
264

265 Yes - Linda Carter  
266 Yes - Brett Christensen  
267 Yes - Taresa Hiatt  
268 Yes - Brian Hulet  
269 Yes - Doug Welton  
270

271 4. Resolution – Deferral agreement with Paul Genho for property located at 410 South 2400  
272 West (6:40 p.m.)  
273

274 Staff Presentation:

275 Daniel Jensen stated the applicant would like to build an accessory structure, which is of sufficient  
276 size to trigger improvements. Once utilities are brought within 300 feet of the property, the  
277 applicant is required to complete the improvements. The property is located west of the railroad  
278 tracks.  
279

**MOTION: Councilmember Hiatt – To approve the (resolution) deferral agreement for public improvements for Paul Genho in West Mountain at 410 south 2400 West.** Motion seconded by Councilmember Carter. A roll call vote was taken as follows and the motion carried.

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

5. Ordinance - Amendments to the Payson City Code Title 19, Zoning and Title 20, Subdivision

Staff Presentation:

Daniel Jensen reviewed the following sections of Title 19.

19.6.11, CC-1 Central Commercial Zone – The proposed amendments to 19.6.11.6, Setbacks and Build-To Line Requirements include reducing the side setback for accessory structures to 10 feet. If all necessary public utility easements, landscaping, and line of sight can be accommodated, the side setback can be zero. The rear setback would be reduced to five feet or zero if certain criteria is met.

19.5, Signs and Outdoor Advertising – The proposed amendment only allows one project sign in the PO-1 Zone (Medical Offices) on a project of 5 or more acres so the site doesn't get cluttered with signs. The project sign shall not be larger than 20 feet in height or have a sign face larger than 200 square feet with a base of masonry material. An electronic reader board (lumens) on a project sign is not currently allowed. Additional updates are needed regarding reader boards. Monument signs are allowed for projects smaller than five acres.

19.2.12, Termination of Application – The proposed amendment includes criteria for project termination and expiration including resubmittal, public meetings, and approval of other government agencies as well as other comparable affirmative steps deemed satisfactory by the planning commission. Currently, the code requires the city to proactively expire an application through a notice and meeting with the planning commission, which puts the city in a position that years down the road an application can resurface. The challenge is a project application invests at the time of application. If an ordinance changes, the application still falls under the previous ordinance when vested. This could run counter to the land use goals of the city. The amendments include a firm time table and outlines steps to continue of an application so there is no dispute of someone working on their application.

Lot Coverage in the PO-1 Zone (19.6.10.10), S-1 Zone (19.6.14.10 & .17), GC-1 Zone (19.6.13.10 & .13), I-1 Zone (19.6.16.10 added), and I-2 Zone (19.6.17.10 added) – The proposed amendments include consistent verbiage in each zone, an increase in lot coverage in several zones, and affirmative language on landscaping. A cap was included for parking lot landscaping in large projects so it can't be considered the main landscaping. Industrial zones increased lot coverage to 90% with landscaping at 10%. The other zones increased to 75% and 80% lot coverage.

Jill Spencer reviewed the following sections of Title 19 and Title 20.

328 Title 19, Zoning

329 19.3.9, Utility Systems within Municipal Boundaries – This proposed new section outlines the  
330 requirements for non-municipal utility systems within the city boundaries. The city has received  
331 requests in the past but hasn't had clear requirements to address the requests. This section outlines  
332 the requirements as well as requires a franchise agreement with Payson City. Many entities have a  
333 franchise agreement with the city while others do not. Staff wants to make sure there is  
334 communication with the city including drawings, etc. prior to the installation of any infrastructure  
335 and that the infrastructure is installed in an existing right of way or public utility easement. If not,  
336 the entity would be allowed to work with property owners to secure easements for the  
337 infrastructure. All the infrastructure is required to be installed underground with the exception of  
338 high voltage electric transmission lines. There were some legal modifications to the text since it was  
339 sent out in the packet, but the intent was not changed.  
340

341 Councilmember Hulet stated the language in #4 needs to be better clarified, *With the exception of*  
342 *high-voltage electrical transmission lines, electrical and telecommunication lines shall be located*  
343 *underground.*  
344

345 Jill Spencer stated she will make the language flow better to clarify any other utility lines are  
346 underground.  
347

348 19.6.4.14, Other Requirements – The proposed amendments regarding landscaping requirements in  
349 the A-5-H, Annexation Holding Zone, and the Subdivision Ordinance, provides flexibility in  
350 agricultural areas. These lots are larger and applicants are not wanting to do traditional landscaping  
351 even adjacent to their house because they want to maximize the agricultural crops.  
352

353 Councilmember Hiatt stated the agricultural residents only have a quarter acre for their home and  
354 the remaining acreage has to be in crops to maintain the greenbelt status.  
355

356 Jill Spencer clarified that much of it depends on the lot size; five acres is required for greenbelt. The  
357 intent is not to impose a requirement that would remove them from greenbelt status. The current  
358 ordinance requires traditional landscaping around the home; these amendments are less stringent. It  
359 requires the submittal of a landscaping plan, which is kept on file.  
360

361 19.6.7, RMF Multi-Family Residential Zone – The proposed amendments change how the open  
362 space requirement is calculated because applicants are using any open area to reach the required  
363 30% open space, which was not the intention. It clarifies how the open space requirement is  
364 calculated, the design of storm water basins, and the amount of brick and stone required on  
365 buildings. Storm water basins would have to be centrally located within the project and reasonably  
366 connected to the other project amenities, the slope can't be greater than 5 to 1, and can only be used  
367 as a storm water basin. The basin and adjacent landscaped areas must be at least 10% of the  
368 required open space, and the landscaping treatments must be suitable for the use of the residents of  
369 the project. These amendments allow staff to better guide the applicant in the process in order to  
370 ensure the requirements are met. The brick and stone requirements address the construction quality  
371 of a project with an increase from 25% to 40% on the front elevation and viewable side from a  
372 street.  
373

Councilmember Hiatt feels the 30% needs to be like a park for these residents. There needs to be a larger area to congregate instead of little patches throughout the subdivision. These rentals need to be kept as nice as possible with products that last. She likes the 40%.

Councilmember Hulet really likes the Depot project and the contract of colors on the buildings. It's not so much the brick and stone but the architecture. The 40% may be more than needed if the architecture is right.

Councilmember Welton stated the Depot looks really nice and wouldn't qualify under this change. Maybe there are some other considerations. He questioned if the council could be given leeway like that given in the detention ponds. He is okay with the 40%.

Councilmember Carter stated the council previously compromised with an applicant building the duplex on 300 East and 300 North, and the building looks good. She would hate to tell anyone that they can't use siding as long as there are the other compliments.

Jill Spencer stated a mixture of textures are also required, which was done in the Depot. Additional language could be added to address the architecture and all sides. Architecture is difficult and would requirement several modifications to the ordinance. There needs to be very clear criteria to be met. It's very arbitrary unless the ordinance includes criteria. Staff can explore these options. Currently, projects are only doing the 25%.

Dave Tuckett mentioned that the developers in the legislature continually try to take away any ability of cities to enforce these requirements. They feel cities are micro-managing development.

19.6.8, RMO-1 Overlay; 19.6.21, HD-O Overlay; 19.6.22, HR-O Overlay; 19.6.24, AGP-O Overlay; 19.6.25, I-O Overlay; 19.6.26, AD-O Overlay; and 19.6.27, TS-O Overlay – The proposed amendments remove the term “zone” from all overlay sections.

19.6.23, FP-O Overlay – The proposed amendment is to repeal this section because of the recent adoption of Title 24, Flood Damage Prevention.

#### Title 20, Subdivision

20.17.13.3, Landscaping in Agriculture Zones – The proposed amendment adds this section, which is similar language addressed in Title 19.

20.34.2, Warranty after Acceptance and Dedication – The proposed amendment addresses an error to the workmanship warranty for the installation of improvements so it is consistent with state code.

**MOTION: Councilmember Hiatt – To accept the (ordinance) Title 19 Zoning and Title 20 Subdivision changes with changes on item #4 in the staff report for section 19.3.9 adding a semicolon after transmission lines.** Motion seconded by Councilmember Christensen. A roll call vote was taken as follows and the motion carried.

Yes	-	Brett Christensen
Yes	-	Taresa Hiatt
Yes	-	Doug Welton
No	-	Linda Carter

6. Status regarding deferral agreements (7:40 p.m.)

Staff Presentation:

Jill Spencer stated city ordinance currently allows deferral agreements based on certain circumstances with a recommendation by the city engineer and approval by the city council. The city needs to evaluate the current regulations and possibly consider amendments. The 47 deferral agreements range between 1979 to present day with many over the last five years. Seven have been completed. Eleven have been approved by the city council but not recorded. The applicants have chosen not to move forward on their project. Staff recommends repealing these agreements. Eleven agreements deal commercial or industrial phasing, which is another mechanism to require improvements. As each site plan is approved, the development requirements are completed. Ten agreements have been recorded but have no clear mechanism to require improvements. Many of these are located in the core are of the city with a home on site. The city could require the improvements with a detached structure or some other form of building permit. Some of these are the ones from 1979. The final eight agreements are located in the agricultural areas, mainly the A-5-H Zone, on the perimeter of the city with no access to infrastructure and utilities. intent to work with property owner to give time for improvements. Not intent to avoid not putting in the improvements. 2-3 that DRC felt should be called on. The agreement gives triggers when those improvements need to be put in provide specific notification from the city. The council has questioned how these agreements are being tracked and how the city will ensure the improvements are completed. The intent was to work with the applicant or property owner to give them time to get the improvements done but not to avoid the improvements altogether. The DRC staff felt two or three of these should be called on to complete the improvements. The agreements do give triggers of when the improvements need to be done. Staff would like to bring these agreements back to the council for discussion and action.

Council Discussion:

Councilmember Hiatt stated the ones with access to the infrastructure need to be completed. There needs to be a time frame. Some of them have had 40 years to get it done. If a property has a house, they need to have their improvements done unless it's out in the agricultural areas. Others need the notice to get it completed. There needs to be something to back up the deferrals when the city determines its time to complete the improvements.

Councilmember Carter stated some of them have bonded and still haven't completed the improvements. The city needs to be on top of it. One resident couldn't afford to improve a street that isn't even a street yet and another in the same area was deferred. She agreed with Councilmember Hiatt.

Kent Fowden stated the two areas referred to include the 600 South improvements that are on the five-year plan and a culvert is being designed for the Sanford area, which will go out to bid. The Sanford area is more than just the channel. It takes time to pull things together to do a project of this size.

Councilmember Christensen stated he would like to just purge the old 1979 agreements from the system.

Councilmember Welton stated he would like to follow up on the 1979 agreements if it's the same homeowner. If the ownership has changed, then write it off.

Councilmember Hulet nice to have a column as to why deferred. When buy property, they have the information if recorded so they are obligated. He would like a column in the spreadsheet stating why the deferral was approved. A new property owner has the information because the agreement was recorded on the property.

Jill Spencer stated the properties in the agricultural areas will need to wait until the infrastructure is closer. The ones that have been approved need to be evaluated and brought back to the council. If ownership has changed or the project is not moving forward, those can be brought back and possibly repealed. Those under phasing may need to wait until the areas start to fill in. Staff will bring back the ones that don't have a clear way of getting in the improvements for the council to discuss. The completed ones need a record notice of compliance. Staff will bring this back for action.

#### ADJOURN TO REDEVELOPMENT AGENCY

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

##### 1. Resolution – Amendments to the Fiscal Year 2019-2020 RDA Budget

**MOTION: Director Hulet – To open the public hearing.** Motion seconded by Director Carter. Those voting yes: Linda Carter, Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

Public Comments:  
No public comments.

**MOTION: Director Hulet – To close the public hearing.** Motion seconded by Director Carter. Those voting yes: Linda Carter, Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

**MOTION: Director Hulet - To approve (resolution) the RDA amendment to the budget for 2019-2020.** Motion seconded by Director Hiatt. A roll call vote was taken as follows and the motion carried.

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

#### ADJOURNMENT OF REDEVELOPMENT AGENCY

**MOTION: Director Hulet – To adjourn from Redevelopment Agency.** Motion seconded by Director Welton. Those voting yes: Linda Carter, Brett Christensen, Taresa Hiatt, Brian Hulet, Doug Welton. The motion carried.

F. WORK SESSION

1. Fiscal Year 2020-2021 Budget (8:08 p.m.)

Cathy Jensen reviewed aspects of the proposed Fiscal Year 2020-2021 Budget.

- Growth drivers in the General Fund are sales tax, property tax, and building fees. Given the current economic events, a conservative General Fund budget is being presented until we see where the economy is going.
- Strategic Planning: Staff will evaluate the economy during June and July. If revenues appear to be coming in slow, departments may be asked to hold off on major purchases until mid-year. Current sales tax reports are not showing a decrease, which is not an indication of the economy today. Sales tax generally lags behind a couple of months. Staff will explore the option of market wage adjustments for sensitive positions for fairness/competitiveness.
- Revenues:
  - Sales tax may hold steady to the end of this fiscal year. Sales tax projections have been taken down by 16% for the new fiscal year.
  - Property tax is a guaranteed same amount of the previous year plus growth. Staff has gone conservative and it can be adjusted.
  - Net revenues will probably be down.
  - Fund Revenue – All Funds: The General Fund, Golf Course Fund, and Salmon Supper revenues will be re-evaluated. The Capital Budget is primarily three donations and is expected to use two million from fund balance and rest for the ball parks.
  - General Items:
    - Reduced projected sales tax by 16% as well as reduced projections on interest and certain event revenue.
    - Recognizing utility franchise fees in the General Fund.
    - Recognizing Onion Days in the General Fund.
    - SB 136 transportation taxes moved from the General Fund to the B&C Road Fund.
    - Charges for services in the General Fund include recreation & pool admissions, snack shack revenue, parks rentals, communities that care, plan check fees, and cemetery fees.
    - Miscellaneous revenues in the General Fund includes Miss Payson, Onion Days, donations, senior citizen fees, and interest revenues.
    - Payroll includes a 4% market increase, 4.2% health insurance increase, 2.1% dental insurance increase, and an increased accrual for year-end carryover of 7/10ths of one pay period.
    - The administration budget includes general liability insurance and may look inflated.
    - Staffing-budget decreases are from restructuring including no assistant engineer and no consolidated management position for parks and cemetery.
    - New positions are growth related and include a storm drain/landfill position and a power/water/sewer utilities inspector.
    - Mapleton prosecution is not continuing their contract, which is about a \$36,000 decrease.
    - Payson Community Theater has raised their ticket prices to help offset some of their costs.

- The current CPI is 2.5% as of January.
- The General Fund Budget is balanced at \$14, 777,112. If all goes as planned, the projected ending General Fund balance would be \$3,791,614. General Fund use of fund reserve is \$1,216,950 to balance.

- General Fund Requested/Funded Items:

- Facilities – City Center roof (partial) \$80,000, HVAC coil \$11,400, Banquet Hall tables \$500
- Fire – Utility truck lease 3<sup>rd</sup> party lease \$11,600 annual, self-contained breathing-revolving loan (5-year plan) \$8,859 annual
- Parks – Main Street beautification PARC tax request \$5,400, Dog Park PARC tax request \$63,000, over seeding and trees (5-year plan) \$8,000, Springside Meadows Park impact fee improvements \$350,000 (5-year plan)
- Recreation – Woodbury ballfield replacements – capital fund \$5,800,000 (5-year plan)
- Cemetery – Grasshopper \$21,000, 120 sprinkler heads/year (5-year plan) \$3,600
- B&C – Utah Avenue milling \$190,000, slurry maintenance and miscellaneous overlay-transportation tax \$250,000

- Expenditures by Department:

- Water Fund – Debt service increase \$472,316. New public works inspector split between water, sewer and power. New vehicle funded in current budget. Unexpected expense for a 25% match for the flood relief program for \$238,000. Funded items include 300 S 100-800 W deficiency \$450,000, replace ERTS-old meters \$200,000, development upsizing \$145,300, new meters \$125,900, PI meters \$3,000,000. Two unfunded items include upsizing 4,300 lineal feet to a 12-inch pipe in 100 South for \$250,000 for the project by the hospital, which is in conjunction with a sewer and streets project. PI won't be available without this upsizing. The second is fixing the dam at McClellon for \$250,000, which is a request by the state because the outflow doesn't work and could cause flooding. Changes and adjustments may need to be made in this fund. Water fee comparison with other cities shows the average at \$639.41 and Payson currently at \$635.15. A 2.5% CPI increase puts Payson at \$651.04. Water use of fund reserves is \$1,354,075.
- Landfill/Solid Waste – Additional position split with storm drain (growth related), new garbage truck, and no gravel royalties recognized because of prepayments by Kenny Seng for the new ball fields. Funded items include fencing for landfill \$60,000, collection truck \$250,000, compactor current lease (5-year plan) \$120,700, compactor current lease (5-year plan) \$47,000, and grader current lease (5-year plan) \$17,300. Garbage fee comparison with other cities (first can only) shows the average at \$12.80 and Payson currently at \$11.77. A 2.5% CPI increase puts Payson at \$12.06. Use of fund reserves is \$637,966.
- Electric/Power – Consolidated sub-departments decreased from 4 to 2 general categories i.e. general/warehouse and powerplant dispatch/substation. Funded items include 800 South transmission line-impact fees \$404,000, east side transmission line-impact fees \$300,000, bucket truck \$250,000, rebuild engine #2 \$50,000, substation-impact fees \$330,000, and substation south side of town-impact fees \$400,000. Electric fee comparison with other cities shows the average at 46.16 and Payson currently at \$48.20. A 2.5% CPI increase puts Payson at \$50.36. Use of fund reserve is \$934,554.
- Sewer – Reserve funding \$300,000 for bond retirement (sewer plant upgrade). Funded items include sewer plant upgrade-reserve funds \$300,000, 300 S 600-700 W sewer line replacement \$200,000, cost of construction \$950,000, and cost of construction \$200,000. Annual sewer fee comparison with other cities shows the average at 542.33 and Payson

currently at \$580.08. A 2.5% CPI increase puts Payson at \$594.38. Use of fund reserve is \$943,603.

- Ambulance – Use of fund balance is \$93,284.
- Golf Fund – First year of RV park, re-do driving range for \$8,000, and requested vehicle funded in current budget. Use of fund reserve is \$298 and contribution to fund balance \$24,056.
- Storm Drain – VAC truck and additional position. The storm drain fund is running on margins and should be the first fund to raise fees. Funded items include update rate study \$15,000, bulking addition \$20,000, 1120 South 1100 West-bridge \$30,000, Ridge Lane to contain storm runoff \$50,000, and VAC truck \$100,000 (lease). Use of fund reserve is \$43,724.
- Internal Service Funds (Vehicle Maintenance and IT) – This fund is based on overhead allocations from other departments.
- Impact Fees – These are projections and may need to be cut back.
- Revolving Loan Fund – This fund is where departments pay back loans over a period of time at 3.5%.
- Employee Positions Requested but Not Funded – Fire Marshall, Development Engineer, Children's Librarian, PT Water Seasonal, FT Irrigation Employee (Cemetery), and PT Senior Citizens. Staff has also discussed holding off on some of the funded positions to see how things go.
- The next steps include waiting for the PARC Tax Committee to meet and make recommendations on those PARC Tax applications, budget refining, evaluating economic conditions, and future meetings.

#### Council Discussion:

Cathy Jensen clarified that the General Fund cannot exceed 25% of fund balance. If above, funds are transferred to a capital project fund. The Enterprise Funds don't have a restriction.

Dave Tuckett stated the budget is balanced without raising any utility rates or doing a Truth in Taxation. This can be a future discussion. A letter was sent to the County for save a date for Truth in Taxation if needed. Bond rates are so good right now so the city may need to look at bonding, which may require raising utility rates. Utility rates have been raised with the CPI over the last five years with the exception of the electrical rate for residential. There are some wage issues that need to be discussed.

Councilmember Welton stated if there is an economic downturn, the city shouldn't look at a Truth in Taxation. In general, it's smart to maintain the mill levy rate because it's the cost of doing business. Utah County didn't do a Truth in Taxation for 23 years and are behind the gun now. He is all for the CPI increase. The council needs to look at it and see where the budget lies.

Councilmember Christensen agreed; but at the same time, there may need to be some adjustments because of the economic down turn. He doesn't want to burden residents with additional taxes.

Mayor Wright stated part of the Truth in Taxation helps with bond interest rates, which is a good benefit.

Councilmember Hulet agrees with Councilmember Welton on the CPI and maybe take a one-year hiatus on the mill levy.

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G. ADJOURNMENT

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

The meeting adjourned at 8:55 p.m.

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Kim E. Holindrake, City Recorder

DRAFT