

KAYSVILLE CITY COUNCIL
May 5, 2022

Minutes of a regular Kaysville City Council meeting held on May 5, 2022 at 6:00 p.m. in the Council Chambers in Kaysville City Hall at 23 East Center Street, Kaysville, UT.

Council Members present: Mayor Tamara Tran, Council Member John Swan Adams, Council Member Mike Blackham, Council Member Abbigayle Hunt and Council Member Perry Oaks

Excused: Council Member Nate Jackson

Others Present: City Manager Shayne Scott, Finance Director Dean Storey, City Attorney Nic Mills, City Recorder Annemarie Plaizier, Assistant Finance Director Levi Ball, Information Technology Assistant Jordan Hansen, Power Superintendent Brian Johnson, Resource Manager Bruce Rigby, Fire Chief Paul Erickson, Andrew Leonard, Cameron Bledsoe, Dallin Peck, Mitchell Probert, Colton Alvey, Kasey Adams, Shannon Nelson, Tyler Reece, Spencer Brothers, Jack Peck, Dean Shiba, Scott Alvey, Debbie Alvey, Teresa Petersen, Cameron Petersen, Hayli Alvey, John Palmieri, Gaylene Palmieri, Brent Alvey, Christi Alvey, Melanie Bledsoe, Jared Bledsoe, Reef Bledsoe, Ryder Bledsoe, Beau Bledsoe, Kua Bledsoe, Amanda Frutos, Mike Bledsoe, Cathy Bledsoe, Katrina Leber, Mike Nelson, Debbie Nelson, Bill Nelson, Belinda Nelson, Delores Strebel, Amber Budzynski, Kolten Smith, Sherri Nelson, Kyle Wood, Jason Taylor, Mitch Probert, Ryan Eckardt, Andrew Leonard, Jackie Coombs, Mason Baker, Val Starkey, Holly Francis, Ben Anderson

POWER DEPARTMENT PRESENTATION – 6:00 P.M.

Power Superintendent Brian Johnson presented an annual report of the Kaysville Power Department to the council. Mr. Johnson said that the city currently serves 10,364 customers with power. The city’s power grid covers over 10.5 square miles. The power department currently has seventeen employees, and our department has been given a Reliability Award every year since 2018. Representatives from UAMPS are here tonight to present to the council about our resources, and what UAMPS has to offer the city. Our energy resources come from several different sources, including coal, natural gas, wind, hydro, heat recovery, and purchases and sales with UAMPS. We hope to be able to increase our numbers with renewables. Renewables are considered as wind, hydro and heat recovery. Technology is constantly changing and he would like to see the city keep up with technology, demands, and the regulations that are set by the federal government.

Shayne Scott added that the council should keep the availability of our energy resources in mind as we have these discussions. For example, small modular reactors have been considered as another resource to replace our need to rely on coal as an energy resource.

Council Member John Adams arrived.

Brian Johnson said that Kaysville has three smart energy programs offered to our residents. These programs include the “Home Energy Savings Program”, the “Cool Cash Program” and the “See Ya Later Refrigerator Recycle Program”.

Mayor Tran asked about how residents could find out more about these rebate programs.

Brian Johnson responded that residents could contact the Power Department or visit the city's website to find out more information.

Shayne Scott commented that many residents might not know about these rebate programs and suggested promoting them when the city's new utility app is launched.

Brian Johnson said that they have been working to finish a rebuild at the Davis Technical College on Main Street and will be able to complete the rebuild once more needed equipment is received. It is their hope that this rebuild will help to resolve some of the power issues in the area. The DTC is one of the top five power users in the city. The three largest subdivisions that we currently have being developed in the city include the Westgate Subdivision, Talbot Subdivision, and Orchard Ridge Subdivision. Conduit is being laid in all three of these subdivisions. The city was able to obtain transformers for these projects and we should not be held up anymore in that aspect. There are a few homes acquired through an annexation near Highway 89 and those homes are still being serviced by Rocky Mountain Power. We are in the process of working to transfer those residents' power over to Kaysville Power. Our crews are also continuing to maintain and rebuild the city's infrastructure, and are trying to eliminate the open drops that the city's power infrastructure has, especially in the King Clarion area.

Council Member Hunt asked where most of the open drops are seen most.

Brian Johnson said that most of the open drops occur in the King Clarion area. There are many gullies in this area, and the terrain makes it difficult to take the equipment where it's needed to do the necessary maintenance. Eventually they hope to be able to set poles in the gullies that will sit above the current poles. Once they can restring new primary line they will redo the all of the secondary lines and service lines alongside the primary line. The city is looking into different options to find the best way to accomplish this. During the city's last major outage, one of Rocky Mountain Power's switches, feeding the west side of Kaysville, burned up, causing many residents to lose power. The power crew had to switch the power in many areas in order to try to restore as much power as possible to these residents. After this occurrence, our staff met together to try to discuss how our crews could better access these switches, and more quickly. The city has looked into purchasing and installing more switches, helping us to be able to get power on more quickly and safely. They have already installed two of these switches, and will be installing at least two more. In considering future projects, there is a need to update the substation on Schick Lane and we currently have specs being drawn up for it. The growth of the city has caused us to outgrow the capacity of the current transformers and substations that we have. This Schick Lane substation was designed for another bay to be installed for future growth; we just anticipate that we would need to be done so soon. The city has put out for bid for a new transformer and new infrastructure for the Schick Lane substation. However, in today's world we face much higher costs for these types of items, as well as large delays for items needed. The transformer needed for the substation is estimated to cost about \$1.5 million, and we have been told it could be 36-42 months before we would receive it. The cost for the infrastructure needed for the substation will be approximately \$700k-\$800k. Staff is working on different ways we can better distribute power until the upgrade of the Schick Lane substation is complete. Staff looked into other companies to get the transformer needed that would get here more quickly, however these transformers do not have as much life span and the quality is significantly less. Staff felt that it was not worth going in that direction.

We are still in the process of considering a different transformer that we feel is decent quality and from a reputable company that is based out of Korea. The estimated date for delivery is about sixteen months. Our research shows that they are of comparable quality to the ones we are looking for. Another future project involves upgrading areas of the city that are still running on 2400 transformer systems, which is an older lower voltage system. If we were to have a problem in these areas of the city, there is not a great way to reroute power and we want to make sure the city continues to feed these areas with effective and efficient power. This project is projected to take three to five years to complete, and he has budgeted to begin fixing the first section this upcoming year. A long-range study was done of the city's power infrastructure a year ago, and from that study, we found that there are three different sections of line on our main feeders that are very undersized. With all of the growth we have been seeing in west Kaysville, this is becoming more of an alarming situation because we could potentially have a burnup if we don't upsize the wire on these feeder lines. As the West Davis Corridor comes in, we are going to need to reroute, move and construct power lines in order to supply power to different sections of the roadway for street lighting along the corridor. Mr. Johnson said that one of the many benefits of having public power is having mutual aid between other cities. Kaysville has been a recipient of mutual aid multiple times, and we have been able to provide mutual aid as well. Our power company is part of the American Public Power Association who offers a few benefits to our employees and to our organization, such as education and training for our employees. They also help assist in obtaining supplies we need, planning for disaster response, and providing safety regulations. Kaysville has our own in-house street light system. If we were not our own public utility, we would have to pay someone to provide the streetlights and do maintenance to them within the city. Being able to have local involvement through our Power Commission with our public power is a huge benefit for our city.

Shayne Scott added that during the last big windstorm along the Wasatch Front, some communities were out for several days. We benefitted from being a smaller organization where we could be more concise and we were able to get power on within twenty-four hours. We only have seventeen employees but they were all working around the clock and we were able to take care of our community quickly.

Council Member Blackham said that he would like to have a discussion sometime as a Council to discuss the financial benefits of having our own power company, and how the passing of Proposition 5 has affected the city's finances. Kaysville City is a corporation and the power company is just a portion of it. The city was able to do a lot for our community before the proposition passed. Council Member Blackham said that he would like city staff to compare our city with other cities who also have their own public utility and see what opportunities they are able to take advantage of that we cannot.

The city council adjourned at 6:35 p.m.

COUNCIL MEETING OPENING – 7:00 P.M.

Council Member Tran opened the meeting and read a thought regarding the National Day of Prayer. Council Member Adams gave a prayer and led the audience in the pledge of allegiance.

CALL TO THE PUBLIC

Nothing was brought under this item.

PRESENTATIONS AND AWARDS

BADGE PINNING CEREMONY FOR NEW FIRE DEPARTMENT EMPLOYEES

Chief Paul Erickson said that the fire department was fortunate enough to be able to hire five firefighter paramedics in November, knowing that they would not be able to start until May. We also have a few individuals included tonight who have been working for the department already, but was never officially sworn-in.

Chief Paul Erickson administered the Oath of Office to firefighters Kasey Adams, Colton Alvey, Cameron Bledsoe, Spencer Brothers, Andrew Leonard, Shannon Nelson, Dallin Peck, Mitchell Probert, and Tyler Reece.

PRESENTATION TO GRADUATING YOUTH CITY COUNCIL

Council Member Adams presented to Holly Francis, 2022-2023 Youth City Council Mayor, and Ben Anderson, Youth City Council Mayor Pro-Tem the graduating Youth City Council member's plaques in appreciation of their service. The graduating Youth City Council members include Kate Scott, Eliza Streadbeck, Ashley Alvord, Kate Bowers, Hannah Cutright, Eliza Thaxton, Ryan Murphy, and Jacob Murphy.

UAMPS PRESENTATION

Jackie Coombs, Manager of Member Relations with UAMPS, discussed the benefits of public power with the council. Ms. Coombs explained that public power is managed by elected and appointed officials. The community controls public power so the benefits accrue to the community, not investors outside of the city. Electricity rates are generally lower in public power communities and reliability is generally higher. The utility crews are members of our community and are usually familiar with the system and the neighborhoods. This increases response time, and we can rely on their work. The revenue from the utility helps to finance other essential city services, helping to keep taxes lower. Public power contributes to economic development and local jobs because of lower electric rates and commitment to reliability, as well as local control. Mutual aid and collaboration with other public power agencies provides all the support and economies of scale of a big utility.

Mason Baker, General Council with UAMPS, discussed the carbon free power project and how it fits into current industry trends. NuScale Power is working to deploy their new technology with their new power plant. UAMPS will be their first customer deploying this technology. UAMPS began considering this technology in 2012, and since then has steadily supported the project. The project includes the deploying of six of the NuScale power reactors, which will be situated within the reactor bay. This design is very safe and is designed to deal with any loss of outside power or emergency event that may arise. Safety is our number one priority.

Council Member Adams asked if this was the project that the city decided to opt-out of participating in a year ago.

Shayne Scott said that it is the same project. The city decided to opt-out at that time because of concerns with escalating costs.

Mason Baker said that a long-term lease agreement has been entered into for 100-years with the Department of Energy to site the project at the Idaho National Laboratory. This lease agreement allows the development of the site, construction, operation, and then ultimately decommission of the site after operations have concluded. The first module is scheduled to go online in 2029, and all six modules will be online by November 2030. Mr. Baker reviewed agreements, awards, and permits involved with the project. NuScale will need their design certified by the Nuclear Regulatory Commission. Mr. Baker said they are working to submit a combined operating license application to the NRC by early 2024.

Council Member Blackham asked why they are opting to lease the property for the site rather than purchasing it. What happens when the lease is up in 100 years?

Mason Baker said that they could potentially renew the lease agreement. In order for the government to buy the property, they would have to go through a NEPA process. They are still considering the option of purchasing though. As part of considering the needs for this project, they have considered what the water needs would be. Traditional ways of cooling these nuclear projects are very water intensive. Other options were considered, and after several engineering companies reviewed the project, we were told that we could use air-cooled condensers. It is more costly up front to incorporate air-cooled condensers, but because of water sensitivities in this area, we felt it made the most sense to do the project with the air-cooled condensers. If we went with the wet-cooling process, water rights would need to be found, which would likely mean farms would dry up. We have been engaging for years with the Idaho Department of Environmental Quality and working with county officials to determine what is needed to obtain state and local permits needed. The Idaho Legislature passed two laws in favor of this project in regards to property tax abatement. All of the fuel for the project would be stored on site and will be refueled every 18-24 months. There is a small percentage of overall costs for maintenance. Mr. Baker said that nuclear plants tend to be cost-stable in their operations. Last summer some very intensive geotechnical investigations were done, and we are still waiting for those results.

Council Member Adams asked if UAMPS would be giving cities another chance to opt into the project and if anything had changed since their last discussion in regards to city's financial responsibilities if they were to opt in.

Mason Baker said that those entities who choose to participate in the program do bear 100% of the cost. That has not changed. The DOE award is picking up 25% of the total project costs.

Mayor Tran said that if the Council would like to reconsider opting into this project, the proposal should first be reviewed by the city's Power Commission.

DECLARATION OF ANY CONFLICTS OF INTEREST

No conflicts were disclosed.

WORK ITEMS

BUDGET DISCUSSION

Dean Storey explained that this item is to further discuss the budget in preparation of approving the tentative budget at the council meeting on May 19, 2022. After the tentative budget is approved, it will be released for the public to review. The council recently held a budget retreat where some specific items were brought up that needed further discussion. In putting the budget together this year, one of the biggest struggles we are facing is the cost of doing business, or accelerating inflation costs. Current inflation costs is not something that we have ever seen anything comparable to before. The rate in the U.S. currently is at about 8.5%, and the mountain average is at about 10.4%. We have asked departments to hold their operations budgets flat. Related to inflation, is considering the cost of wages for our employees and the resulting effects. The David Eccles School of Business recently published a report on declining real wages and we are seeing possibly the largest real wage drop in recent history.

Levi Ball added that Utah is doing really well economically in many areas, but inflation is hitting the state hard in regards to wages. Harder than in the rest of the country.

Dean Storey said that at the budget retreat the council was made aware of a deficiency in the city's FY 2023 budget. The city does not have enough funds to meet the amount of funds needed. The bulk of this deficiency is due to personnel costs, because the bulk of city costs are personnel costs. Since the retreat, Staff has tried to identify areas where funds could be shifted around or reconsidered. We are hopeful that Fruit Heights will commit the funds to continue fire protection services with Kaysville. We have moved some funds from the parks capital projects from the general fund to the capital projects fund, and will fund the parks capital projects with park impact fees. One of the personnel requests discussed at the retreat for a Parks and Recreation clerk has since been removed. We have also increased the sales tax estimate based on the most recent data given to us, and we hope to get the reported data to make another adjustment within the next thirty days. In the original budget proposal, we had included a medical insurance premium, but have since learned that our insurance costs will not be changing this next year and so that insurance premium has been adjusted to reflect this. We also looked at enterprise funds to ensure they were taking the fully allocated amount for governmental services. Staff has considered what governmental services are being provided to the enterprise funds and if any of those costs could be reallocated back to the general fund. After doing so, we found about \$200k there. Dispatch fees with the County have also been adjusted to reflect newly acquired data, and we have adjusted the budget to include the new dispatch project with the city. At the retreat, the council discussed making a 4.75% market adjustment for personnel, as well as a potential merit increase. After all of the adjustments were made to the budget, the deficit now sits at about \$1,050,000. Staff is proposing that in order to cover this shortage of funds, that a potential tax increase be considered. The percentage increase for those taxes would be about 25%, with the dollar increase on an average value home in Kaysville costing about \$10.23 a month.

Council Member Blackham said that in 2019 the city was told by our auditor that we had 33% of unassigned funds in our general fund, which equaled \$4.6 million over what the city is allowed to keep as unassigned funds. We are allowed between 5% and 25% of those unassigned funds. Some of that money was used towards the city hall renovation. Council Member Blackham said that

there should be more unassigned fund balance left than what is being shown, and asked if those funds could be used to put towards the budget gap, thereby making it unnecessary to have to raise taxes this year.

Dean Storey responded that it is the council's decision on how or where to find the funds to cover the deficiency, but general fund balance could be used. The city has already assigned some of that fund balance to be used in our current Fiscal Year 2022.

Council Member Blackham asked about unassigned fund balances in other funds, and if the city could take a percentage out of those fund balances as well.

Dean Storey responded that a concern Staff has is our unassigned funds will only go so far for so long.

Mayor Tran asked if we don't do a tax increase this year, what about next year? What will be our deficit for next year? If we are headed into a recession next year, we may be worse-off then and will need our unassigned funds at that point.

Council Member Blackham said that he would like the city to use unassigned fund balances until we are at 5% of unassigned funds, and then raise taxes at that point.

Mayor Tran responded that it will be harder to tell people we are raising taxes when we are in a full-blown recession.

Shayne Scott responded that it Staff is not likely to recommend that the city use one-time monies for ongoing expenses in the city. That will put us in a precarious position. The seriousness of our current inflation situation is very well known by our community and surrounding communities. Staff would be willing to gather information from surrounding cities to see what other cities are doing to combat financial concerns. The community is likely poised to understand that there will be increases. Every year will be a hard year to raise taxes, but it tends to be harder on municipal election years.

Council Member Oaks said that he would like to see a portion of unassigned funds be used towards lowering the deficiency because it will help to show our community that we are willing to compromise.

Mayor Tran commented that many other cities are giving much higher cost of living increases to their employees this year. We are trying to be very conservative. Mayor Tran said that this budget as it sits does not have enough funds to cover the city's operational costs. While nobody wants to raise taxes, it does not make sense and is not a smart financial decision to put off raising taxes to cover our operational costs for another year when we are not covering our costs as it is. In another year, our operational costs will likely be even higher and we will have to do a higher tax increase. We do not want to get to the point where we are running out of our reserves.

Council Member Blackham said that the city has been penalized for holding onto too much money in our reserves. There are unassigned monies in other accounts that we could potentially use towards the deficit.

Dean Storey said that we have had to program in the water utility enterprise fund the use of reserve funding, which is cause for concern because the water department has projected that several capital projects will need to take place over the next several years. It is likely that in order to cover the costs for these projects, the city will need to consider a water rate increase.

Shayne Scott added that the Public Works Superintendent, Josh Belnap, plans to present a water rate change to the council in order to generate revenue and well as help curb water use.

Dean Storey said that we have also had to program the use of retained earnings within the storm water utility and road utility funds as well, which, again, is concerning. This means that our projected expenditures are higher than our projected revenues for the current fiscal year. This is also attributable to projected major capital projects. Mr. Storey added that the council has the option to hold off another year on the fleet replacement program.

Council Member Blackham asked about tiered cost of living increases.

Dean Storey responded that Staff discussed implementing a tiered cost of living system but found that it was more costly and there were fairness concerns.

Mayor Tran said that increasing utility rates would help the city to keep up with operational costs.

Council Member Adams said that he would like to see the council set a precedent that Truth in Taxation be held at least every other year. Council Member Adams said that he would be okay with holding a Truth in Taxation and consider raising taxes this year as long as the city uses some of our unassigned funds towards covering the deficiency in our budget.

Council Member Blackham said that he would like to see the total amount in all of the city's unassigned fund balances, and how much would be left in our reserve if the city were to use the unassigned funds rather than raising taxes this year.

Mayor Tran added that if Fruit Heights decides they do not want to utilize our fire protection services, we would also need to account for the money we would not be receiving from Fruit Heights. If we do decide to take money from our fund balance, it will likely take us several years to build that balance back up.

Council Member Adams agreed that it has taken the city many years to build our reserves up and we shouldn't spend them all within a couple of years.

Council Member Blackham asked about sales tax revenues.

Dean Storey responded that the anticipated sales tax revenue has already been included in the tentative budget.

Council Member Hunt asked about postponing or removing certain items out of the budget for a year or two.

Shayne Scott responded that our departments seem to be operating on the least amount needed for their department. There have been times when we have gone without for a year or two, but then

we tend to get behind on our needs and have to make up for that. We need to be careful about taking away justified benefits of the employees. Our department heads are happy to meet with any council member to discuss their needs and clarify their reasons behind them.

Council Member Hunt commented that she has confidence in the city's department heads and the decisions they make on behalf of their departments. In regards to our utility funds, we are already in a situation where we are not collecting enough money to cover our operational costs, and therefore we shouldn't take any funds away from them right now. There are many capital needs in all areas of our utilities, and their allocated funds should go towards their projects. The council should also not take money out of the power fund, especially because it was not long ago that the citizens of Kaysville voted on Proposition 5 and passed. The Proposition 5 passed because our citizens did not have the confidence in the city's ability to spend city funds appropriately. The council should not go against the citizen's vote.

Dean Storey said that based on tonight's discussion, it seems that the council is in concurrence to use one-time money towards the fleet replacement program, and the budget deficiency will be met with a possible property tax increase.

Council Member Blackham stated that he does not agree.

Council Member Adams asked Council Member Blackham what he would recommend to cover the deficiency in the budget.

Council Member Blackham said that he would like to see what all unassigned fund balances are before making a decision.

Council Member Oaks said that when we get more details on our sales tax number revenue, it might help to meet those deficiencies even further.

Shayne Scott said that one of the benefits of holding Truth in Taxation has been that it has given us until August to be able to gather more specific data. If we do not hold a Truth in Taxation, we will need to approve the final budget in June and we will not have the previous quarter's projection for sales tax revenue.

Mayor Tran said that even if we hold a Truth in Taxation, we aren't held to any decision. We could approve the rate we advertise, a lesser rate, or make no change.

HUMAN RESOURCE MANUAL AMENDMENT DISCUSSION

Mayor Tran said that a suggestion was brought up during the council's budget retreat to consider implementing an employee Christmas bonus incentive program. Staff has looked into how this might be implemented and drafted a proposed amendment to the employee manual. The proposal would be for a Christmas Bonus Match Program, where an employee could have up to \$1,000 withheld from their paycheck over the period of one year, and the city would match that contribution and present the total amount to the employee in November.

Council Member Blackham commented that he feels that employees should be able to save their money on their own. We are already discussing a significant deficiency in the city's budget, and

this would potentially add to our deficiency problem. In other years this might be a good thing to consider for our employees, but this is not the year for it.

Council Member Adams said that originally he had suggested having an employee have up to \$500 withheld, and then the city would match that amount. He had also hoped that each department director could look at their budget and see if there were a way to incorporate this program within their own for their employees.

Shayne Scott said that he believes this would be a difficult year to ask our departments to try to do that. The council could consider giving employees a lesser cost of living increase so that this bonus program could be implemented.

Mayor Tran was excused from the meeting. Council Member Blackham took over conducting the meeting as Mayor Pro Tem.

Council Member Adams commented that he would not be in favor of adjusting the cost of living increase because it would affect those who are retired as well. Council Member Adams said that he had spoken with many of the department directors and they all seemed to like the idea of this program. Some department directors already give their employees a bonus in some form at the end of the year. It seems like this would be a good option for all of our employees and not just some.

Council Member Oaks said that with all of the aforementioned concerns that we have with our budget, it does not seem like a program we can afford to implement this year.

COUNCIL MEMBER REPORTS

Council Member Adams said that the committee working on the Independence Day events had considered holding the patriotic devotional at city hall, but have since decided to hold it at the Davis High School Auditorium.

Mayor Pro-Tem Blackham asked about the customer utility portal.

I.T. Assistant Jordan Hansen said that the referred customer portal is a web-based website that pulls in data from the newly installed network of smart meters on the city's electric and water systems. It will allow customers to be able to see their utility usage and pay their bill from the portal. It is expected to be going live in June.

ADJOURNMENT

Council Member Oaks made a motion to adjourn the City Council meeting at 9:01 p.m., seconded by Council Member Adams and passed unanimously.