

Minutes of the Salem City Council Meeting held on February 21, 2018 at the Salem City Community Center.

Work Session: 6:30 p.m.

1. AGENDA ITEM DISCUSSION

Bruce Ward advised that Jason Broome from Forsgren Engineering will do a brief overview of the project. If the council wants to add anything they can and then we will go to questions from the public. He advised that Lonnie Shull from the State of Utah Division of Water Quality and Jonathon Ward from Zions Bank are both here to help answer questions. Bruce mentioned that he would help direct the questions to the right people, unless it was specifically asked of the council.

Bruce reported that the other item on the public hearing agenda is basically a text amendment to the zoning ordinance that defines the building line. There was some confusion previously with a developer that misinterpreted our ordinance, and this will fix it so everyone is clear on what the building line means.

Mayor Christensen reported that they have been going up to the legislature to fight a bill that SESD is trying to get passed that would restrict who Salem City provides power to even if we annex areas into our city. They have been attending meetings up there two times a week and are heading back up tomorrow to meet with Senator Deidre Henderson. Bruce commented that all we want is to be able to service our city in our municipal boundaries, current and future. He mentioned that we are basically landlocked and cannot continue to grow. Mayor Christensen stated that SESD wants us to give, and he feels they are not negotiating in good faith. They want total power. He stated they are trying to segregate us, they wanted to meet with us all individually. We have good neighbors in Spanish Fork and Payson and they are sticking with us and not backing down. Bruce stated that they have attended several meetings with all the parties that are involved. The mayor stated that they just want us to stand down and let them do what they want. He said it is taking a tremendous amount of time.

MEETING CONVENED AT: 7:00 p.m.

CONDUCTING: Mayor Kurt L. Christensen

COUNCIL PRESENT:

Mayor Kurt L. Christensen
Councilperson Cristy Simons
Councilperson Seth Sorensen
Councilperson Howard Chuntz
Councilperson Sterling Rees
Councilperson Craig Warren

STAFF PRESENT:

Jeffrey Nielson, Finance/Recorder
Junior Baker, City Attorney
Chief Brad James, Police Chief
Clark Crook, Power
Matt Marziale, PW/Recreation
David Johnson, Building Dept.
Allison Taylor

OTHERS PRESENT

Lindsey Andrus, Allison Greetham, Lonnie Shull, Skyler Davis, Charles Eppley, Duane Nielsen, Tyler Thomas, Jeff Sheen William Burk, Garth Morgan, Norman Bird, Jon Cope, Glenda Lyman, Keith Lyman, Soren Christensen, Randy Brailsford, Jim Callison, Ralph Davis, Ernie Truckenmiller, Sid Cardon, Katie England, Linda Evans, Lee Evans, Craig Christensen, Kathy Cannon, Ken Cannon, Sydnie Richards, Gracen Breeze, Janie Christensen, Tyler Ritchie, Allan Hales, Jen Watson, Dirk Boggess, Jeff Chase, Jeff Black, John Mackey, Rudd Conover, Lew Christensen, Evelyn Christensen, Carl James, Mary Ann Ford, Brylee Ivers

1. VOLUNTEER MOTIVATIONAL/INSPIRATIONAL MESSAGE

Mayor Christensen asked if anyone would like to give a motivational or inspirational message. Lee Evans stated he would like to offer a motivational message in the form of a prayer.

2. INVITATION TO SAY PLEDGE OF ALLEGIANCE

Easton Keaton invited those who wish to participate, to stand and say the pledge of allegiance with him. He then led the pledge of allegiance for those who wanted to participate.

3. PUBLIC HEARING TO ALLOW PUBLIC INPUT REGARDING: (to open)

MOTION BY: Councilperson Craig Warren to open the public hearing.

SECONDED BY: Councilperson Howard Chuntz.

VOTE: All Affirmative (5-0).

a. **The Issuance and Sale of not more than \$21,000,000 Aggregate Principal Amount of Sewer Revenue Bonds, Series 2018**

Mayor Christensen opened up item a. the issuance and sale of not more than \$21,000,000 aggregate principal amount of the sewer revenue bonds, series 2018 and item b. the potential economic impact that the improvements to be financed with the proceeds of the series 2018 bonds will have on the private sector; and related items for discussion and public comment. He turned the time over to Jason Broome from Forsgren Engineering to explain the project to the public. Jason stated that he has been working on the treatment plant from the beginning. He thanked everyone for coming tonight. He remarked that the goal of tonight is to answer any questions that the public might have on the wastewater treatment plant. He stated they will go over some of the questions that may be asked to see if they can give the public some answers. Why are we doing this. The lagoon system that we currently have can no longer meet the limits from the EPA for ammonia and phosphorus discharge. There also could be new regulations on nitrogen limits and we would not be able to meet those. Lonnie Shull, from the

Utah Division of Water Quality stated that in 2008 the EPA passed new ammonia limits, Salem City was exempt from those limits based on the discharge to Beer Creek, which flows to Utah Lake. In 2012 the EPA put out more restrictions, which stated that all systems had to have the same treatment levels, he said that Salem was not the only city this affected by the change. Jason stated that the lagoons are unable to meet these new discharge limits. What did we look at for the low cost of the lagoons. He stated that we could do upgrades for 2 million dollars that might last 5 to 10 years, there is not a way to do this that makes financial sense. We looked at combining with neighboring cities, like Spanish Fork or Payson, or at constructing a new regional system. All of these solutions end up costing about the same as constructing our own plant, but doing our own plant keeps us in control of the wastewater effluent and user rates. We looked at 7 different options and they all costing about the same. Jason showed the site layout. He stated there are different buildings for different tasks. It will have a small footprint and will be easily upgradable. It will process to clean up trash and then disinfect with UV light. The goal is to have it treat everything in Salem and drain it without having to use lift and pump stations. How do we pay for this. They looked at getting grants but the city's average household income is higher than the state average, so we are not eligible for grant money. He invited Jonathon Ward to talk about the funding. Jonathon stated that when you sell municipal bonds you can sell them all over the country, or you can choose to sell to one investor. When you sell to one investor there is no the FCC has no oversight. It simplifies the process and reduces the regulations. The State of Utah, through the Board of Water Quality has offered to fund the loan below standards. We have looked at a lot of options, this is the best one that we have found. He stated that the Division of Water Quality is doing us a favor with the terms of the loan. The loan would be for 30 years at 1.15% interest. He stated that the State of Utah sold bonds today and their terms were a 20 year loan with 3.27% interest. We as residents will be paying for this. Current residents will see a rate increase, and future residents will see an increase in impact fees. A new rate structure will be implemented, this will happen in 3 steps, it went to \$28 in 2017, it will go to \$36 base rate with a tiered usage rate in 2018, and finally to \$45.50 with the tiered structure in 2019. The base rates need to cover the payment and fixed operating costs of the plant. If you do not have PI water, your usage will be determined by your winter water usage. What is the timeline, where are we at now. Jason stated that as of 2018 we have submitted the plan to the state for review. We will be starting construction in the summer, it should take about 18 months. The plant should be up and operating by 2020. Our first payment would be made 1 year after the completion.

Bruce Ward stated that in 2012 the state came to the city and talked to us about the new rules for the wastewater. We had to create a masterplan, it was sent out to bid and Forsgren Engineering was hired in 2015 to work with us on the sewer treatment plant. The Board of Water Quality gave us about 1 million dollars to help fund the advanced planning part of the treatment plant. This was very helpful financially. In 2016 the plan was approved, in 2017 the design was finished. Now it has been submitted to the state for review. He stated the council has made a good decision on the user rates, they looked at a lot of options for

financing and feel like they have chosen the best one. The tier structure will be based on water usage. Bruce said this is the fairest way to have people that use the service pay their share. He commented that this project was 60% eligible to use impact fees for. He understands we don't want the growth, but it does help pay for a project like this. The rate change will allow us to save some money along the way, and any money we don't use will go into a savings account for maintenance and repairs on the sewer plant. He stated like Jason had mentioned, we will keep control of our wastewater. We have very good water rights and it is important that we keep control of our water. With a minimum upgrade we could put this water back into our PI system, on a tight water year like this one. Keeping control of our water is good for the city.

Mayor Christensen thanked Bruce and Jason. The mayor asked for any comments or questions.

Jen Watson asked where ammonia and phosphate come from. Jason stated that ammonia comes from waste, mostly urine. He stated that the phosphate was in cleaners, but has been banned now. Lonnie stated that both are part of biological processes.

Allen Hales stated that when someone comes into the city, they are charge roughly \$17,000 in impact fees. He asked how much the recreation impact fees were, because only \$3600 goes to the sewer. He stated that \$4,500 goes to recreation. He asked why those cannot be flip flopped. Sewer is an essential service, while recreation is not. Attorney Baker stated that impact fees are closely regulated by the State of Utah. You have to do an engineering study, and new growth cannot be pay for things that serve those that are already here unless they have an impact on it. He stated that impact fees cannot be used for anything but the infrastructure they are assigned to. Bruce stated that the sewer plant had been factored into impact fees, and they had doubled because of that. The impact fee was changed in August 2017. Allen asked if we can change the ratios on the impact fees. Attorney Baker replied that we cannot. Allen asked about the water rights, and if we will own what exits the plant. Bruce stated that we would but not 100%. He stated that previous councils had insured we had really good water rights so we would own most of it.

Garth Morgan stated that he had submitted a letter. He asked about the unincorporated areas, Woodland Hills, and Elk Ridge if we had considered asking them to join in this plant. Bruce stated that Elk Ridge and Woodland Hills already have their sewer going to Payson. Grant commented on the value of water, it is very valuable, could we make an exchange on pumping rights for the water coming out of the treatment facility for new water uses. The value of water per acre foot is very valuable, if we hold ownership that would belong to the city as long as it doesn't leave the pipe. We should exchange that with farmers. This would also give the city opportunity to own pumping rights, then we could pump more water during a drought year. He stated that it is common sense that 30 years is a long bond, and that is an excellent interest rate. If you could accumulate money from the rate to invest the money and pay cash on the barrel, then you would be saving money for the people of Salem. He stated that Jason had answered his other questions.

Rod McKee asked why we couldn't switch money from the general fund to pay for the sewer plant. He stated that most of that money goes to recreation so that 8 year olds can play under lights. He said the city should provide water, sewer, police, and electric if it wants. He is kept awake listening to kids play ball all night. The general fund budget goes to that. When he was young the parents mowed the ball fields, and he coached little league for his kids. He stated that his second point is the impact fees that we have been collecting why we aren't living within our means. He stated that people will have to choose between paying their utilities or buying food. He stated that he got a \$39 raise per month and now it will all go to the sewer. He said if he wants a new truck he has to give something up to get it. Councilperson Seth Sorensen stated that how the recreation works is the parents pay the city, then the city uses that money to pay for the upkeep. He stated that we are good to make sure those fields are used constantly, and we are paid for the use of the fields. He said that impact fees are earmarked for specific projects and that money cannot be shifted around. Rod replied that the accelerated is a problem, people park on his grass and burn it up, and he knows it is city property. There is yelling and trash all over. And why do we have a storm drain coordinator when the water just goes to the pond. He doesn't like it. 25 years ago, they said they would never put lights there, but they did so the 8 year olds can play under lights. He doesn't need all the trash. He wants to know why 75% of the budget goes to parks and recreation, if you look at the pie chart that is what it says. Salem Pond used to be beautiful. Councilperson Sorensen stated the accelerated leagues pay a lot of money and they also bring in people to the city to help us collect sales tax. Rod stated this is probably a discussion for another day, but 78 percent going to recreation is out of control.

Norm Bird stated that he spent 42 years in the federal government and he knows there is a lot of waste. In Utah Valley Magazine, Salem was rated the 4th highest city to live in along with Mapleton, Alpine, and Highland. He stated that a lot of people are on a fixed income and cannot afford this rate increase. How is the city going to make them pay for it, by garnishing their checks. He has seen Salem do away with a lot of things, the green belt, the spring cleanup, the raise for PI, and charging for recycling, a lot of people opted out because they cannot afford it. We pay \$6.24 for the storm drain and he has a ditch that hasn't had water in it for 23 years, because it is so plugged up. He knows there is a lot of waste in the federal government and he is sure there is in the state and city also. This is 100% increase on a fee that will never go away. It is frustrating to the people. He was in the military 8 years and a postmaster for 36 years. He could manipulate his figures to make his office look good. He thinks the tier system is expensive. We've lost a lot of services in the last 6 years.

Councilperson Craig Warren asked Bruce to talk about what we could be facing if we don't get our levels down. Lonnie stated that they would write in implements that our system cannot meet the levels. Then they would write a compliance into milestones and terms of a specific amount of time. The fine could be up to \$10,000 per day. He doesn't think it would be that high but there would be a financial penalty to the city up to that amount. The rules from the federal government means that this has to be done. The penalties would be significant if the levels were not met, and the plant would still have to be built.

Mayor Christensen stated that we all have to pay for this, they have looked at all the other choices. Rod McKee stated that that we elected the council and they work for us, now we have to decide to eat or do this, everyone should go home this is a waste of time.

Jen Watson asked why the lagoons cannot meet the limits. Jason stated that lagoons cannot treat ammonia due to varying temperatures and the length of time it takes to process. It just doesn't work in a lagoon system you cannot keep the bugs in there that are needed to treat ammonia. Lonnie stated that bugs are bacteria that breakdown waste, different bacteria treat different things. The length of time to process is 120 days in a lagoon system versus 24 hours in a mechanical plant. The plants are a lot more efficient. The EPA changed the standards and a lot of cities were effective by this. He stated that Logan, who was also impacted, is building a 120 million dollar plant. Unfortunately, this impacted a lot of smaller communities that had lagoon systems. He said it was hard to go and say you have to do this, but there is nothing the state can do.

Craig Christensen appreciates all the comments that have been made. He is wondering about the location of the sewer plant. He said he rides the frontrunner and he wondered if Salem would be adding to the sewer plants that he sees on his ride. Will it be located right by the freeway, just something to think about. Mayor Christensen stated that it would be about a mile away from the freeway, but research shows that is the best site. Gravity flows there, this will help us to not need pump stations which are just another expense. The mayor stated that the cost is the cost. He said that he had attended a mayor's meeting in Woodland Hills, and the next one is going to be held in Santaquin and they will be touring the sewer plant. The mayor of Santaquin stated that he had not wanted the plant but was so proud of it now. He was thankful his council had voted against him. We don't have a choice in doing this. Where it will be located is a good choice. We have professionals to make sure we are doing it right. Bruce stated that he would like to explain some of the reasoning for the location. Steve Bearnson is interested in moving out of the valley and buying a large farm. He and his family came to the city, to Mayor Brailsford and the council, and donated the property for the sewer plant. Randy Brailsford stated that we got the property for 0 cost. We will bring water, power and sewer down to that property. He stated that a lot of people had worked on this project, we wish we didn't have to do it. We went to the state for 4 years and they said tough, it was the federal government rules. He said they are costly to build, but they are trying to do what is best and fairest for the citizens. Bruce stated it will need to be operating by 2021 the state has been working with us and it is not their fault either. Lonnie stated that he has met with Bruce, councilmembers and the mayor and they went to bat for their citizens, they have a lot of concern for their residents.

Grant Morgan asked what would be done with the lagoons after they built the plant. Could they be used to store the water effluent, for groundwater recharge. He stated it would be foolish to abandon those ponds when they could be used for water storage of the treated water. Mayor Christensen stated that you would be talking about a mile of pipe, not just the plant. Grant stated that the value of the property would not be as great as the value of water. Bruce stated that the city is very involved in protecting our water. He said it would be 2022 or 2023

before the lagoons would be dried out and then we could find the best use for that property. The council at that time would decide what to do. Mayor Christensen stated that we are doing the best we can to keep costs down. William Burk asked if what we get out of the old lagoons could go to as a deposit for the new plant.

Jen Watson stated the pressurized irrigation fee was supposed to go down, but she hasn't seen a decrease. She stated that now the sewer rate will never go down, what is the ongoing maintenance to keep the fee that high. She stated that she believes citizens are asking for some good faith from their elected officials. Isn't there something they could cut on the budget. Mayor Christensen replied that everyone, in good faith, is trying to cut where they can. These are things that should be discussed at the budget meeting. If citizens have ways to save, we are happy to save money. She stated that she learned a lot tonight and there had been more efforts made than she had realized. She agrees it needs to be done. Councilperson Sterling Rees stated that he has been here since the beginning of this project and he will tell you that everything possible has been tried to keep the costs down. He stated that as a resident he has to pay it, it is a hard pill to swallow, but it has to be done. He stated this will save us from problems with the EPA and the Division of Water Quality, and he said it is easier to work with them than against.

Jerry Ward asked if there were any other mandated changes in the budget, if there are other things coming up in infrastructure. He stated that we need to take inventory of things coming up that will impact the citizens of Salem.

Duane Nelson asked if the sewer plant will convert methane gas for energy. Jason stated that it will not. They have tried to keep the costs low, and it would not be worth the cost right now. He stated that sewer plants generate odors and some people are sensitive to smells. They are trying to make this a good product. Councilperson Sorensen asked Jason to talk about some of the scaling back that was done to reduce cost. Jason explained that at the 60 percent cost estimate meeting, they found some buildings that could be combined to meet their needs but not cost as much.

Jeff Sheen asked if it will smell better than the lagoons do. Jason replied that they have tried to avoid the processes that cause odors. He stated that there will be some odor but it should be more of an earthy smell.

It was asked if the 20 million dollars was an estimate or if it was set in concrete. Mayor Christensen stated that it was just an estimate. Jason replied that they estimated it from the 60% meeting and went with the highest they thought it would be. They will know the real cost when they start accepting bids.

Randy Brailsford stated that he is sick of listening to people bash recreation, he is very happy that we are a full service city and that we have been for years. He doesn't have any kids or grandkids that use it, but he is thankful it is there for his neighborhood and ward kids. He is glad there is something constructive for them to do, and if it keeps one kid off drugs or from committing suicide than it is worth it. He stated that the people that complain need to get out and volunteer. The people talking about spending need to attend the budget meeting.

- b. **The Potential Economic Impact that the Improvements to be Financed with the Proceeds of the Series 2018 Bonds will have on The Private Sector; and Related Items**
- c. **Approve Ordinance Defining the Building Line in the Comprehensive Zoning Ordinance**

Bruce stated that this ordinance will modify the definition of the building line to be at the minimum set back. This is just to clarify the definition, so we do not have any misinterpretation. This is a text amendment for all zones. He asked if there were any questions or comments from the public. Jen Watson asked what this will do for expansion of the roads. Bruce replied that it will not affect the roads, it is just defining the building line.

Grant Morgan asked if Jason could get the drawing out of the layout of the treatment plant. He stated that if it is a race track form it should create more of musty smell than sewage smell. He asked if it would have the musty smell. Jason answered that was correct. Jason showed on the screen the process of the treatment plant.

(to close)

MOTION BY: Councilperson Craig Warren to close the public hearing.

SECONDED BY: Councilperson Cristy Simons.

VOTE: All Affirmative (5-0).

MOTION BY: Councilperson Howard Chuntz to approve the ordinance defining the building line in the comprehensive zoning ordinance.

SECONDED BY: Councilperson Seth Sorensen.

VOTE: All Affirmative (5-0).

4. APPROVE MINUTES OF FEBRUARY 7, 2018

MOTION BY: Councilperson Sterling Rees to approve the minutes of February 7, 2018.

SECONDED BY: Councilperson Cristy Simons.

VOTE: All Affirmative (5-0).

5. APPROVE BILLS FOR PAYMENT

AMOUNT: \$520,149.96

MOTION BY: Councilperson Cristy Simons to approve the bills for payment.

SECONDED BY: Councilperson Sterling Rees.

VOTE: All Affirmative (5-0).

6. YOUTH COUNCIL

There was no youth council representative available tonight.

7. CHIEF BRAD JAMES, PUBLIC SAFETY DIRECTOR

Chief Brad James did not have anything to report tonight.

8. DAVE JOHNSON, BUILDING OFFICIAL DIRECTOR

Dave Johnson was excused tonight.

9. ATTORNEY JUNIOR BAKER

Attorney Junior Baker stated that we had received a notice from Utah County, on 8800 South there is a resident that wants to build an accessory building. We can protest this if we want to. Mayor Christensen asked what his opinion was on this issue. Attorney Baker replied that personally he doesn't think we should worry about it.

10. JEFFREY NIELSON, CITY FINANCE DIRECTOR/CITY RECORDER

Jeff Nielson reported that he had emailed the budget out. He asked the council to go through it and let him know if they have any questions.

11. MATT MARZIALE, RECREATION/PUBLIC WORKS DIRECTOR

Matt Marziale did not have anything to report tonight. Nothing

12. CLARK CROOK, ELECTRICAL DIRECTOR

Clark Crook thanked those that presented on the sewer plant tonight for their effort and the information. He stated that his report on the power department is more of a statement, the power has had good reliability. We have been fortunate this year, the weather has been good for reliability, but bad for the snowpack. He stated we are fortunate to have UMPA and American Public Association to work with. He stated that they are attending meetings at the legislature about House Bill 256, it challenges our right to provide power to our city. We are trying to keep control of that. He asked the public to google house bill 256.

13. BRUCE WARD, ENGINEERING

Bruce thanked the public for coming. He thanked the representatives from Forsgren Engineering, Zions Bank, and the State of Utah for their help explaining the project.

COUNCIL REPORTS

14. MAYOR KURT CHRISTENSEN

Mayor Christensen stated that we will have Miss Salem at the next meeting. He reported everything is good with the city employees.

15. COUNCILPERSON STERLING REES

Councilperson Sterling Rees advised that the American Power Association would be held in Washington D.C. next week.

16. COUNCILPERSON CRISTY SIMONS

Councilperson Cristy Simons did not have anything to report tonight. Mayor Christensen asked her how the senior dinners were going. She answered they are always awesome, she mentioned they had done a Q & A yesterday about the sewer plant with the seniors.

17. COUNCILPERSON HOWARD CHUNTZ

Councilperson Howard Chuntz reported that he had attended the Mt. Nebo water meeting, they requested that we appoint an alternate in case he cannot attend. He stated that he would like Bruce Ward to be the alternate if the mayor would make that appointment.

18. COUNCILPERSON SETH SORENSEN

Councilperson Seth Sorensen did not have anything to report tonight.

19. COUNCILPERSON CRAIG WARREN

Councilperson Craig Warren did not have anything to report tonight.

ADJOURN CITY COUNCIL MEETING

MOTION BY: Councilperson Seth Sorensen to adjourn council meeting.

SECONDED BY: Councilperson Craig Warren.

VOTE: All Affirmative (5-0).

MEETING ADJOURNED AT: 8:45 p.m.