

Minutes of the Salem City Council Meeting held on July 15, 2020 in the Salem City Council Chambers.

Work Session: 6:30 p.m.

1. AGENDA ITEM DISCUSSION

Jonathon Ward with Zion's Bank, and Steve Jones with Hansen Allen and Luce will be here to go over the bond. During the public hearing we will listen to the residents' thoughts and concerns, but we will not be voting. One of the reasons for holding a public hearing is to know the political climate for the project, because we don't want a non-voted revenue bond. The financing was dictated by the legislature. When metering a system, it conserves water. The mandate is to show the plan and when we will put the meters on. Bruce mentioned last year was the second wettest spring ever, then the year went back to normal temperatures, but we used a lot more water than we have in prior years. With meters, it is the only way we as a city can treat people fairly. It will make it so we pay for what we use, if we choose to have a lot of land, or use a lot of water, we will pay for that usage.

JR Robert's annexation is a little parcel in our annexation declaration. It is part of an island in-between us (Salem), Woodland Hills, and Elk Ridge. The petitioner came in and is interested in annexing and this is the first step with seeing if we will accept it. As we reviewed it as a staff, there isn't a reason not to accept. Mayor said by having him come to Salem it will make that property better and safer. We are going to be doing work in that intersection anyways, so it would make sense to have both sides and have that property a part of the city.

Nebo Philharmonic Orchestra agreement for use of civic center- Councilperson Sterling Rees asked if this agreement changed because of COVID. Betty hasn't been able to meet since March, but she's been hoping to be able to meet soon. They weren't able to be in the civic center and do a spring concert because of COVID, so they didn't do the spring cleaning but plan to do a fall cleaning to make up for it once they are able to.

Ordinance of exchanging property with Arrive Homes by the cemetery. This ordinance allows us to do that.

Water rates- Bruce Ward said Steve Jones will be on zoom in case there are questions or comments about it. The PI rate recommendation from Zion's Bank and Hansen, Allen, and Luce, was to do 15%. The average would be an increase of \$4.50/month. We'd go 15% this year and next year and then it would slowly go up from there. We would do this to meet the current bond obligation and new bonding obligation. The last time we raised the water rates was in 2008, and 2016 for PI rates. The water rate increase proposed is 3% for each year, until it is changed again. The electric rates proposed is a 1% increase. It's a slow gradual increase that allows funds for when we need money in case of a problem, so we wouldn't have to bond. Our power system load factor is driven by residential instead of commercial. Do we want to affect the commercial too, or leave it as is? If we were to do commercial, an example would be about \$100.00/month for Stoke's, and about \$20.00/month for gas stations. Councilperson Tim Degraw said if we

are going to have to do it eventually, we might as well do them now at the same time. Councilperson Seth Sorensen agrees to spread it equally between residents and commercial. Councilperson Sterling Rees also agrees, and feels if the prices of what we're paying is going up, it's only fair. Mayor Christensen mentioned that we are lower on emergency funds than he'd like us to be. If we go up 1% each year, it can cover cost and put the extra into an emergency fund.

MEETING CONVENED AT: 7:00 p.m.

CONDUCTING: Mayor Kurt L Christensen

COUNCIL PRESENT:

Mayor Kurt L Christensen
Councilperson Sterling Rees
Councilperson Seth Sorensen
Councilperson Howard Chuntz (excused)
Councilperson Delys Snyder
Councilperson Tim DeGraw

STAFF PRESENT:

Jeffrey Nielson, Finance/Recorder
Vaughn Pickell, City Attorney
Chief Brad James, Police Chief
Ted Barnett, Power
Matt Marziale, PW/Recreation
(Excused)
Bruce Ward, City Engineer
Steve Cox, Building Dept.
Brylie Haveron

OTHERS PRESENT

Ken Wright, Johnathon Ward, John Bowcut, Craig Christensen, Nathan Mayfield, Betty Herbert, Dean Ingram, Joel Pendleton, Linda Grange, Gaylen Palmer, Joan Hahn, Mavis Nybo.

1. VOLUNTEER MOTIVATIONAL/INSPIRATIONAL MESSAGE

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

2. INVITATION TO SAY PLEDGE OF ALLEGIANCE

Gaylen Palmer 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 open)

MOTION BY: Councilperson Seth Sorensen to open the public hearing.

SECONDED BY: Councilperson Sterling Rees

VOTE: All Affirmative (5-0).

- a. **Public Hearing to Allow Public Input Regarding:**
 - (A) **The Issuance and Sale By Salem City, Utah of Not More Than \$2,200,000 Aggregate Principal Amount of Secondary Water Revenue Bonds, Series 2020;**
 - (B) **Any Potential Economic Impact That the Project to be Financed With the Proceeds of The Series 2020 Bonds Issued Under the Act May Have On the Private Sector; And Related.**

Johnathon Ward from Zions Bank stated the public hearing requirement and allow the public to voice their questions and concerns, which is required by the bonding.

Gaylen Palmer, a resident of over 40 years, shared that when PI was first introduced by Mayor Green and the city council we were told in a city meeting that if we approved the PI, the city had enough Strawberry Water shares that our rates would never be raised. The fee was started early to help pay for the system to be installed. All future construction was supposed to provide the water shares that they needed in order to build, so we would be protected in our water use. His rates have continually gone up. He asks if the state is going to make him put meters on his land. If you have people on the system who are abusing it, put meters on them and not on everyone, it would be much cheaper. He and his wife are district leaders for their LDS Ward and they have lots that are on retired income, they cannot increase their income. They will be forced to let their yards go, and it will look bad so he thinks we will have to increase again, which he feels is not fair.

Craig Christensen has lived in the city for 20+ years. The rate in approximately two years has gone up \$100.00+ dollars. He tries to limit use of irrigation already and only waters the lawn once a week rather than 3-4 times like neighbors. An option he suggested is that he would like to pay for the meter for two years to prove he isn't using that much water, but in two years when he proves that, he asked if he can get a lower rate. If he pays for the meter to prove he doesn't use much, he in return wants a lower rate.

Eric Belliston has a question. He understands the reason to install meters is to make it fair for everyone. But will this eventually lower the price for everyone else when you can tell who is using how much water. The prices for irrigation keeps going up but the time that we actually turn it on gets shorter. For those of us that have yards that rely on that much water, having less water really effects it.

Mayor Christensen said the timing of the water isn't set by the city its set by farmers. Last year because of all the rain, there wasn't a need for the water in the canal. Farmers are who call for it. It isn't the city's canal and when there are enough calls for it, they will fill it. He is commenting on the set price. The cities prices keep going up and the farmers only pay a third of what the city does. To keep it at \$25.00 is not reasonable.

Nathan Mayfield has a follow up question. Once meters are installed, will there be a certain allotment. Bruce Ward said there is an infinite way to do it. There is a fixed cost because even if the system isn't turned on, we still owe for bonds etc. An option is to have a base rate, fixed cost with no water and then pay per gallon after that. Nathan asked what the city was planning on. Bruce is leaning toward lower base rate and then pay per gallon and then everyone pays for what they use. Councilperson Seth Sorensen said other fixed cost is even though we have a system in the ground, we still will have to pay for fixing and upkeep. To have other people do the meters it costs \$1,300.00 per meter in each yard. We can get it done the way we want and get it done right and save hundreds of thousands of dollars if our own employees do it. We can do it for about \$600.00 and that includes labor and all costs. If our employees did the first ten for this cost, when we get more experienced and faster over time, it will be an even better deal. We get to keep all the equipment and materials if we do it ourselves, and the city can fix any errors.

Nathan Mayfield asked what a typical loan looks like. This is 1% through the bond but if we got an actual loan what would be the percentage rate be. Spanish Fork is estimating 1.76 or 1.8% on a recent bond they are doing. With state of Utah buying our bonds, we are able to pay off sooner if there is extra money which is not possible with other loaning options without a price penalty.

Ken Wright wonders and listens to residents that were extended promises that they relied on for their expenses. We might do well for one year and not for the next five. As we grow in the city would it be possible to make the new residents only be able to have grass in the back. Mayor and the city want them to have a choice rather than take away their freedoms. They would have a choice whether they want to have grass and pay for the water or not.

The prices are based on lot size right now, not whether it's landscaped or not and that's why Bruce Ward says it's a great idea to have the meters to show that they have little water use. He said people that have big lots are paying extra, but with meters that will fix it so you only get charged for what you use.

Joel Pendleton has lived here for many years and is concerned that we were promised a certain price. When it was determined to go to PI, he wouldn't have a ditch anymore and his option was to sell his shares to the city. He had a \$25.00 charge per month and it's gone quite a bit up since then. Why do we have to pay for the six months that we have no use? Councilperson Seth Sorensen said we prorate it and break it up through a year rather than only the six months of use because that would make it much more expensive.

(to close)

MOTION BY: Councilperson Seth Sorensen to close public hearing.

SECONDED BY: Councilperson Delys Snyder

VOTE: All Affirmative (5-0).

4. YOUTH COUNCIL

There was not a member representing the youth council present tonight.

5. SF/SALEM CHAMBER OF COMMERCE

There was not a member representing the chamber of commerce present tonight.

6. ANNEXATION JR ROBERTS

Bruce Ward stated we have been given a petition to annex 9.2 acres on Loafer Canyon Road. The annexation has been reviewed by staff and is recommended that we go forward with this because the land is within our annexation declaration.

There are four other 5-1/4 acre lots that Councilperson Sterling Rees asked if we could bring to the city as well. Bruce Ward explained that the owners of the land have to request to be annexed and usually only will if they will benefit from doing so, which usually means wanting a zone change.

MOTION BY: Councilperson Delys Snyder to approve the JR Roberts Annexation to proceed for further study.

SECONDED BY: Councilperson Tim Degraw

VOTE: All Affirmative (5-0).

7. APPROVE NEBO PHILHARMONIC ORCHESTRA AGREEMENT FOR USE OF CIVIC CENTER

Betty Herbert would like to request to have another year in civic center. She mentioned that she is unaware if they can get in right now due to COVID, but would like to keep the agreement and use the civic center as soon as they are able to.

Councilperson Tim DeGraw wanted to know how often the civic center is getting used not only from these individuals, but from everyone. Jeff Nielson stated it usually gets used at least once a week, but it depends on the season. For example, around Christmas and wedding season, it gets used quite a bit more because of parties and receptions. Councilperson Tim DeGraw said if anyone else would like to approach us to do an agreement like above, we would look into it.

MOTION BY: Councilperson Tim Degraw to approve the Nebo Philharmonic Orchestra Agreement for use of the Civic Center for another year.

SECONDED BY: Councilperson Sterling Rees

VOTE: All Affirmative (5-0).

8. APPROVE ORDINANCE FOR THE DISPOSAL OR LEASE OF PUBLIC PROPERTY

Attorney Vaughn Pickell stated the city is considering doing an exchange of property to square up some boundaries, but to do so we have to have a public hearing. It will tell us what notice to give, this ordinance defines 14 days in newspaper before public hearing. If the amount is over \$20,000.00 it has to come to the council.

MOTION BY: Councilperson Sterling Rees to approve Ordinance for the disposal or lease of public property.

SECONDED BY: Councilperson Seth Sorensen

VOTE: All Affirmative (5-0).

9. APPROVE RESOLUTION AMENDING PRESSURE IRRIGATION WATER RATES

Bruce Ward said we have talked about this in detail last time and during worksession, and asked if there are any other questions. Jeff Nielson commented that it helps in the future to have some money set aside for future projects/needs. Councilperson Tim Degraw said costs go up, and the infrastructure needs to be maintained. The cost goes up and the money needs to come from somewhere, so having money set aside would be helpful.

MOTION BY: Councilperson Seth Sorensen to approve resolution amending pressure irrigation water rates.

SECONDED BY: Councilperson Tim Degraw

VOTE: All Affirmative (5-0).

10. APPROVE ORDINANCE MODIFYING THE CITY WATER RATES

Bruce Ward said it's similar to the last item. The rate hasn't been raised in 12 years, it's a smaller increase so we can keep up with the cost. Councilperson Delys Snyder mentioned to not raise it, but Bruce said when we get in the habit of leaving them a flat rate for so long, then we have to bond just to make up for the difference of cost. When you keep a flat rate for so long, that's when the giant increases have to happen. We'd rather do smaller increases overtime than big ones all at once. Councilperson Tim DeGraw doesn't want to have to bond and borrow money, he'd rather pay for it now.

MOTION BY: Councilperson Delys Snyder to approve the Ordinance modifying the City Water Rates.

SECONDED BY: Councilperson Sterling Rees

VOTE: All Affirmative (5-0).

11. APPROVE RESOLUTION AMENDING ELECTRIC UTILITY RATES

We need to build a reserve fund to help with future costs and establish an emergency fund. This is needed in the power fund. If we raise the rate by 1% hopefully it will help us have money set aside if something happens so we don't have to bond. For some residents, it's less than \$1.00 increase a month, but if you use a large amount of power, it might be more. The reserve is going to take around a decade to build, but it's a start. It's a great opportunity for the city to begin saving.

Councilperson Tim Degraw wants to mention to those attending, if you are ever promised a set rate forever, you should question because you can never predict the future and know how much prices change. Councilperson Delys Snyder noticed the rates are going to favor those who save water, power, etc. Councilperson Seth Sorensen said we all have a chance to decrease the bill we are paying because we will have control. The rate for electrical won't hit until September when it cools off. We will continue to increase the rate by 1%/year. We will adjust if we start getting charged more.

The council was asked when PI is paid for, if we would adjust prices. Jeff Nielson stated that the new people coming into the city's impact fees are helping pay for that bond. When the bond is paid off, the impact fees will go to something else. Mayor Christensen stated he doesn't want the cheapest infrastructure because it won't be reliable. We want a good solid system and that costs money. Jeff Nielson said on our website there are charts showing the different rates in each city and how comparable we are, the average cost, etc. available for anyone who would like to see that.

MOTION BY: Councilperson Sterling Rees to approve Resolution amending electric utility rates.

SECONDED BY: Councilperson Seth Sorensen

VOTE: All Affirmative (5-0).

12. APPROVE SIDE BY SIDE FOR RECREATION/PUBLIC WORKS

Matt Marziale was in need of a side by side for public works and he was able to get one for \$5,610. It's a diesel engine and it comes with plow attachments so it's built for all different uses.

MOTION BY: Councilperson Seth Sorensen to approve the side by side.

SECONDED BY: Councilperson Delys Snyder

VOTE: All Affirmative (5-0).

13. APPROVE MINUTES OF JUNE 17, 2020

The minutes from the meeting held on June 17th are not ready for approval yet. They will be ready for next council.

14. APPROVE MINUTES OF JULY 1, 2020

MOTION BY: Councilperson Delys Snyder to approve the minutes of July 1, 2020

SECONDED BY: Councilperson Seth Sorensen

VOTE: All Affirmative (5-0).

15. APPROVE BILLS FOR PAYMENT

Mayor asked what the \$3,200.00 to Forsgren was for. It's a budget for the whole project and this is a piece of it. We are finishing warranty items and odds and ends. We don't order materials until vendors pay.

AMOUNT: \$764,327.01

MOTION BY: Councilperson Delys Snyder to approve the bills for payment.

SECONDED BY: Councilperson Seth Sorensen

VOTE: All Affirmative (5-0).

16. CHIEF BRAD JAMES, PUBLIC SAFETY DIRECTOR

Chief Brad James did not have anything to add to tonight's meeting.

17. STEVE COX, BUILDING OFFICIAL DIRECTOR

Steve Cox said in May we had 29 new homes, in June we had 13 new homes and also 13 new basements or additions on homes. He is expecting about 20+ plans to show up from another developer. Jeff Nielson pulled up the building permits to show how many there are.

18. ATTORNEY VAUGHN PICKELL

Attorney Vaughn Pickell did not have anything to add to tonight's meeting.

19. JEFFREY NIELSON, CITY FINANCE DIRECTOR/CITY RECORDER

Jeff Nielson said we will have John Bowcut here for the next council meeting stating where we are at with the fiber and probably begin the bonding process for it.

20. MATT MARZIALE, RECREATION/PUBLIC WORKS DIRECTOR

Matt Marziale was not present for tonight's meeting.

21. TED BARNETT, ELECTRICAL DIRECTOR

Ted Barnett did not have anything to add to tonight's meeting.

22. BRUCE WARD, ENGINEERING

Bruce Ward did not have anything to add to tonight's meeting.

COUNCIL REPORTS

23. MAYOR KURT CHRISTENSEN

Mayor Christensen did not have anything to add to tonight's meeting. Although he did ask Miss Salem, Rachel Weber, on zoom if there was anything she wanted to say or if there was anything we could do for them. She said her and her attendants are attending Nephi parade this weekend and asked if we had any decorations for the truck they are riding in. Mayor is going to look and see if we do, and if not we will quickly get some made.

24. COUNCILPERSON STERLING REES

Councilperson Sterling Rees said the next meeting for UMPA is the summer social on Wednesday, August 26th. They need to talk about a location to hold it at. Council members and their families are invited.

25. COUNCILPERSON SETH SORENSEN

Councilperson Seth Sorensen did not have anything to add to tonight's meeting.

26. COUNCILPERSON HOWARD CHUNTZ

Councilperson Howard Chuntz was not present for this meeting.

27. COUNCILPERSON DELYS SNYDER

Councilperson Delys Snyder wanted to share that there were 108 people at senior dinners. She said we are taking good care of our seniors. Many people love it because it's one of their only opportunities to socialize.

28. COUNCILPERSON TIM DEGRAW

Councilperson Tim Degraw wanted to share how effective and well running our sewer plant is. He shared that we are well under our permit limits, and they are busy doing projects during July. A good asset to Salem is where we dump sewage. We are going to make double lanes for the trailer dump so people can go quickly.

ADJOURN CITY COUNCIL MEETING

MOTION BY: Councilperson Seth Sorensen

SECONDED BY: Councilperson Delys Snyder

VOTE: All Affirmative (5-0).

MEETING ADJOURNED AT: 8:29 p.m.

Jeffrey Nielson, City Recorder