KAYSVILLE CITY COUNCIL
January 19, 2023

Minutes of a regular Kaysville City Council meeting held on January 19, 2023 at 7:00 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 Nate Jackson

Council Members excused: Council Member Perry Oaks

Others Present: City Manager Shayne Scott, City Attorney Nic Mills, Finance Director Dean Storey, City Recorder Annemarie Plaizier, Community Development Director Melinda Greenwood, Assistant Finance Director Levi Ball, Information Systems Manager Ryan Judd, Police Chief Sol Oberg, Building Inspector Jared Tubbs, Sgt. Preston Benoit, Sgt. Cade Bradshaw, Officer Aaron Velasquez, Power Resource and Service Manager Bruce Rigby, Lourdes Velasquez, Vinicio Velasquez, Johanna Velasquez, Steven Haws, Hermon Mulugets, Belelhem Mamo, Kim Smith, Tina Johnson, Julie Miller, Todd Miller, Jeff Starkey, Kate Miller, Luci Willard, Alisa Jacobs, Austin Jacobs, Ruby Muller, Marissa Blocker, Hailey Christensen, Mckay Clemens, Ryan Dimmick, Landon Jacobs, Abby Lusk, Mia Schimmer, Sophia Shekar, Lisa Von Bose, Kimberly Waite, Rick Smith, Fred Philpot, Alan Farnes

OPENING

Council Member Hunt opened the meeting with a thought and led the audience in the pledge of allegiance.

CALL TO THE PUBLIC

Nothing was brought under this item.

PRESENTATIONS AND AWARDS

PRESENTATION OF EMPLOYEE OF THE QUARTER – JASON TUBBS

Community Development Director Melinda Greenwood explained that the city has created a program where city employees have the opportunity to nominate one of their peers as Employee of the Quarter. Jason Tubbs was nominated as Employee of the Quarter because he encompasses the spirit of outstanding employee service. Jason is one of our building inspectors for the city and has been with the city for a number of years now. Last year their department had experienced some turnover and Jason was always willing to help however needed, even when it meant working overtime. He always has a great attitude and we appreciate all that he does for the city.

SWEARING-IN OF YOUTH COURT JUDGES

Youth Council Advisor Kim Smith explained that Youth Court is a voluntary juvenile program for high school students. Through this program, the youth develop an understanding and respect for the legal process. The Youth Court does not determine guilt, but takes youth offenders who admit their mistakes and provides them with appropriate consequences. Youth who appear before the Youth Court have been identified by law enforcement personnel, school officials, or other concerned party as having committed acts which indicate a need for intervention to prevent further development toward juvenile delinquency. The early intervention that Youth Court provides in the form of positive peer pressure, helps keep the offending youth from having a juvenile record while holding youth accountable to both their peers and the community. The Kaysville Youth Court was founded in September 2000 and has been operational for twenty-two years, with a break from March 2020 to August 2022 due to COVID. In August 2022, fourteen new judges were selected for the 2023 court. They serve as judges, mentors, bailiffs and clerks, and they teach peer counseling and peer tutoring classes. They have completed three months of training and began hearing cases in January 2023, the first being a theft case. There are two Youth Court advisors, a representative from the Police Department, as well as city council representatives that participate as part of the Youth Court.

Mayor Tran said that she is grateful for the Youth Court and their willingness to serve in this capacity. It takes great integrity and the ability to keep things confidential as they face serious matters. Mayor Tran expressed appreciation for Kim Smith who started the Youth Court program and continues to keep the program going.

Mayor Tran administered the oath of office to the 2023 Kaysville Youth City Council.

SWEARING-IN OF NEW POLICE OFFICER, AARON VELASQUEZ

Police Chief Sol Oberg introduced Aaron Velasquez as their newest officer, and said that he had been an officer when he was working for the Clearfield City Public Works for a few years. We are excited to have him as part of our department now. Aaron had a great reputation with Clearfield and has shown us that he is a quick study and a hard worker.

City Recorder Annemarie Plaizier administered the Oath of Office to Officer Aaron Velasquez.

DECLARATION OF ANY CONFLICTS OF INTEREST

No conflicts were disclosed.

CONSENT ITEMS

Council Member Blackham made a motion to approve the following consent items:

a. Approval of Minutes of December 15, 2022.
b. Fraud Risk Assessment.
c. A Resolution appointing an Interim City Manager.

The motion was seconded by Council Member Adams.

The vote on the motion was as follows:

Council Member Blackham, yea
Council Member Adams, yea
Council Member Hunt, yea
Council Member Jackson, yea

The motion passed unanimously.

ACTION ITEMS

PRESENTATION ABOUT SECONDARY WATER FROM DWCCC AND APPROVAL OF A RESOLUTION AMENDING THE CITY'S CONSOLIDATED FEE SCHEDULE FOR FY 2023, TO AMEND SECONDARY WATER FEES

Rick Smith, General Manager at Davis and Weber Counties Canal Company (DWC), explained that for the past three years, severe and extreme drought conditions have been a challenge. The current state of reservoirs and snowpack helps to bring us some level of comfort as the snowpack level as of today is 189% of the normal. Our storage at Echo is 63%, and at East Canyon is at 58%. Many years ago, the DWC conducted a capital facilities plan on secondary water, and they have just recently connected to the Kaysville Irrigation Reservoir and built the Boynton Pump Station. DWC has planned for future capital projects as well as the installation of secondary meters. DWC currently has approximately 3,900 secondary meters on their system, with the majority being installed with new development. They have been actively installing more with the help of two Bureau of Reclamation grants. In the 2022 Legislative Session, HB242 passed which required all secondary water services to be metered by December 31, 2029. After that time, fees will be assessed to water providers that are not in compliance. DWC has approximately 13,000 connections they need to install meters at, which is a huge task for them and will end up costing them close to forty-million dollars. Some funding has been made available thru ARPA grant funds, but they must be spent by the end of 2026. So far, DWC has only received about ten-million dollars from ARPA funds. Mr. Smith said that DWC has not raised their secondary water rates since 2011. With the anticipated cost of the required secondary water meter installations, they will need to raise their rates to cover costs.

Fred Philpot said that he helped DWC do a financial analysis in relation to their rates. They performed a secondary water rate study to analyze revenues and expenditures in order to meet operations and management costs, capital improvements costs, secondary metering, and repair and replacement costs. DWC has used loans to try to spread costs out and they anticipate obtaining more loans for upcoming projects. Mr. Philpot said that as part of the analysis, they created a baseline scenario where no action was taken in regards to rates. This scenario showed that DWC would not have enough cash reserves or debt coverage to maintain the pro forma because of the capital infrastructure needs. They then created a second scenario where needed rates were implemented. The second scenario showed sustainability in DWC's system, it ensured that UDOT projects and other capital projects were funded by the system as a whole, and it ensured that all operations and maintenance costs were included and evaluated based on a per acre foot basis. Mr. Philpot presented the recommended rates for Kaysville based on the analysis to the Council and explained that the rates are structured to address lot size, as well as meter size. For instance, larger lots using more water would pay a higher rate. By policy, the DWC Board chose to limit the maximum percentage increase to rates to 25%, and therefore some of the rates for Kaysville have been capped at 25%. With their cost analysis, they evaluated the components of the rate relative to estimated utilization and adjusting the methodology to account for more of the rate to be based on use, rather than a fixed-rate based on the connection size. DWC is requesting an immediate rate change to Kaysville's consolidated fee schedule to reflect this proposed rate increase.

Mayor Tran opened the meeting for public comment for this item.

There were no comments or questions from the public. Mayor Tran closed the public comment for this item.

Council Member Adams asked about secondary water providers in the city.

Rick Smith responded that DWC services approximately a third of Kaysville City with secondary water. There are two other secondary water companies within Kaysville City: Haights Creek Irrigation and Benchland Water District. All of the secondary water providers in the city are their own entities and therefore have their own set rates and regulations. Kaysville City provides the billing for DWC and remits the collected fees each month. The City collects a minor administrative fee for services. The city has an agreement with DWC that indicates that rates "may be amended periodically by Kaysville City and the Canal Company to reflect changes in operations and maintenance, changes to the service area and other expenses". DWC's service area in Kaysville was originally built by Kaysville City, and when DWC took over the system, the agreement was made that the city would collect the fees for DWC, and DWC would take over any previous debt. Because of the agreement, DWC has to receive approval from the council for the proposed secondary water rate increase.

Council Member Adams asked about the government funding DWC will receive.

Rick Smith responded that they would likely only receive about 25% of the money needed to install the meters through government funding. DWC will have to find the funds to pay for the remainder of the cost to install meters, which amounts to about thirty million dollars.

Council Member Adams asked when the meters are installed, will DWC start billing customers based on usage?

Rick Smith said that because the state has required the installation of these secondary water meters, they anticipate that the state will someday mandate that water providers bill based on usage. For now, the meters will be installed and used more as an educational tool for people to be able to see what their water usage is, but not to be billed by how much they use. Residents will just continue to pay a set rate for now. Mr. Smith said that DWC plans to conduct similar cost analysis studies every two to five years to see where they are at financially. They are also going to continue to look for grant money to help pay for the water meter installations as well.

Council Member Blackham asked if DWC was considered a special service district.

Rick Smith responded that they are a private non-profit entity. Kaysville City is a large shareholder of their canal stock.

Council Member Blackham asked how many water connections DWC had.

Rick Smith said they have approximately 16,500 connections, and they have 13,000 that still need to be metered. DWC has required that connection meters be installed on new connections for the last ten years.

Council Member Blackham asked if a rate increase was going to be applied district-wide.

Rick Smith replied that they would be applied for their entire service area.

Council Member Hunt asked about the proposed rate increased by DWC in comparison to other water districts.

Rick Smith responded that they are comparable. We are all feeling the impact of this mandated state legislation. DWC is continuing to reach out to state legislatures asking for more funding for this mandate. Another issue they are facing is that orders for meters are being delayed because of supply and demand.

Council Member Jackson asked if water providers were able to receive further grant money from the state, would there be a rate decrease.

Fred Philpot responded that the study they conducted shows where the rates need to be right now. They will conduct another study in two to five years to determine where we are at that point. If DWC does not receive more state funding, another rate increase would be likely in order to cover costs. If we do get funding, then it is likely that we either won't need to do a rate increase, or will not have to do as much of a rate increase. It is very rare to reduce utility rates.

Rick Smith added that another issue affecting this is inflation costs. Supplies are much more costly now than they have been in the past.

Council Member Jackson commented that it is frustrating that the state is requiring that every connection be metered within such a short timeframe and without providing all of the funds for cities to meter the connections. The state's mandating has placed a burden on cities.

Council Member Hunt made a motion to approve a Resolution amending the City's Consolidated Fee Schedule for FY2023 to amend secondary water fees, seconded by Council Member Blackham.

Council Member Adams asked about the agreement with DWC.

City Attorney Nic Mills responded that approving this item is necessary because through the agreement the City officially sets the secondary water rates for DWC through our consolidated fee schedule. This is because DWC is a privately owned non-profit entity and they do not have taxing authority. DWC relies on our municipal authority to levy taxes.

City Manager Shayne Scott added that staff feels that it might be best to consider creating a new agreement with DWC to address some of the concerns that have been discussed.

Council Member Adams asked to amend the motion to include that staff consider if there is any other way for the city to incorporate a rate change in the future from DWC without it having to be approved by council vote.

Council Member Hunt amended her motion to approve a Resolution amending the City's Consolidated Fee Schedule for FY2023 to amend secondary water fees with direction to city staff that they review the current agreement with DWC and consider adding language stating that council approval would not be required with future rate increases. The motion was seconded by Council Member Blackham.

Council Member Jackson said that he would not agree to remove the council review process for these types of items because it is good for council to know about these things and discuss them.

Shayne Scott commented that there is still a lot of discussion that would need to be done in regards to the agreement, as well as discussing with DWC if they would be willing to sign a new agreement.

Rick Smith added that as new development has occurred, Kaysville has retained water shares as part of the development process. Every year the city continues to obtain more DWC and Kaysville Irrigation water shares. DWC is the facilitator of getting water to the end customer. The difference between DWC and Haights Creek Irrigation and Benchland Water District is that the other secondary water providers are working directly with their customers, and not through the city.

Council Member Adams said that in the future he would rather see just a presentation of new water rate increases from DWC, rather than having it as an action item.

Rick Smith said the agreement between DWC and the City states that DWC share their financials with Kaysville City and to keep the system viable. DWC is here tonight to show that in order to keep the system viable, it is necessary to raise rates in order to pay off current and future debts and expenditures.

Shayne Scott added that amendments to the consolidated fee schedule is typically done as part of the budget process, however because DWC would like to implement these rates imminently, it needed to come before council now.

The vote on the motion was as follows:

Council Member Adams, yea
Council Member Hunt, yea
Council Member Jackson, yea
Council Member Blackham, yea

The motion passed unanimously.

WORK ITEMS

Power Commissioner Alan Farnes said that he has lived in Kaysville for thirty-seven years and has been serving on the Power Commission for six years. He has worked at Bountiful City Light and Power for forty-five years, and for the last fifteen of those years he has been the Generation Superintendent. He has a background in system reliability, project development and construction management. Mr. Farnes said that he was here tonight to try to help the council understand some of the challenges the Kaysville Power Department is facing now and will be facing in the future. The first issue they are dealing with is in regards to wholesale power costs that have been unusually high through 2022. The city did not have any months in 2022 where we paid less for power than we had in previous years. Several factors have contributed to this increase in cost. The first being the drought, which has limited the availability of hydropower. Some coal plants in the state have been closed down. The decreased coal supply has reduced availability of coal generation. The shutdown of the Nebo Power Plant (a natural gas plant) in Payson, Utah for scheduled and unscheduled maintenance has added to the power shortage. In the month of December, wholesale power costs to Kaysville amounted to over half a million dollars more than in previous years. The months of August, September and November were also very high. It is expected that rates will continue to be high in January as well. The Nebo Power Plant is planned to be back online soon, but will likely not affect power rates in January. Another issue that Kaysville Power faces is in regards to system reliability. ECI conducted a long-range reliability study for the city in 2020 that identified over five-million dollars of necessary system improvements that still need to be completed. That estimated cost for those improvements has gone up since then, and will likely continue to go up with the cost of inflation and because of equipment delays. Another issue is our aging power infrastructure. The city will always be doing some kind of investing into the system and upgrading older equipment. Another issue is the need for a new office and warehouse garage for the Power Department. Mr. Farnes said that the Power Commission met on January 10, 2023 and discussed the need for a power rate increase for the city, but they are unsure of how much of a rate increase will be needed. Staff is gathering more information for the Commission and they will meet again on February 7. It is anticipated that the Power Commission will be recommending to the City Council that they implement the power rate increase as of March 1, 2023. Implementing a rate increase sooner rather than later will help to try to curb the problem of not covering our costs for power. We will likely need to meet again after the summer to look at where we are at again, and if another rate increase will need to be done in the fall. The Power Commission has expressed concern regarding recent discussions the City Council has had about transferring power funds. The Commission would like to see the Council not change the current city Ordinance 4-2-7 because they do not feel that there are surplus funds to transfer from the power funds at this time, especially with the record increase to the cost of power.

Finance Director Dean Storey added that in regards to the power fund reserves, city staff feels that there are adequate reserves. However, if over the next several months we continue to see similar resource costs for power as we did in December, it would be cause for much concern. We are not in crisis mode yet as far as resource costs, but this substantial increase is enough to give us trepidation. Things have changed rather quickly.

Council Member Blackham asked about net power revenues.

Dean Storey said that in December, between what we sold power for and what we paid for it, the city had a loss of about $500,000. That amount does not include any operating costs. However, the opposite occurred last July where we had about a $634,000 gain. This has not been a typical year.

Mayor Tran asked if this might be an isolated situation.

Alan Farnes commented that he feels that the coal shortage is not going to be a temporary thing because the federal government is shutting down coalmines and we are losing resources with no backup plan. Until we get something to replace those resources from closed mines and nuclear plants, we will likely see a new plateau of power costs.

Dean Storey added that he feels that the city needs to continue to be aware of and monitor the situation, and to proceed cautiously at this point.

Council Member Adams commented that the city needs to proceed cautiously with rate increases, especially in a time when everyone seems to be struggling financially. Council Member Adams suggested waiting until the Nebo Power Plant is back in service and then review the cost of power at that point.

Power Resource and Service Manager Bruce Rigby responded that adding to this issue is that the Nebo Power Plant is a natural gas plant and natural gas prices have gone up three or four times what they have been in the past because of the war on fossil fuels. Even if natural gas prices do go down, it will not be at what it was before. Part of the issue with being able to have and use coal as a resource right now are problems with transporting the coal.

Council Member Adams asked how Rocky Mountain Power was handling this power cost increase.

Bruce Rigby commented that Rocky Mountain Power's public service commission will meet in March, and we will likely find out what they will do at that time. UAMPS recently asked their participating entities how many would need to raise rates and most of them responded that they would need to. Not just because of the cost of power, but also material and equipment costs. If costs continue to rise, the city will likely need to use our power reserve funds to help cover rising costs.

Mayor Tran asked Mr. Farnes what Bountiful Power was considering.

Alan Farnes responded that they are considering a rate increase, but was unsure of how much. Mr. Farnes said that in the last fifteen years, Bountiful Power has reinvested over forty-five million dollars into their power system. Mr. Farnes said he does not feel that Kaysville has reinvested much into their own power system and more reinvestment needs to be done before considering the transfer of any power funds to another use.

Council Member Jackson commented that he feels that the council should not decide to take funds from the power company if the power company needs those funds. If there are reserve funds, it should be used so that power rates will not need to be increased for our residents and not for other purposes at this time. We need to wait until the Nebo Power Plant comes back online to see how that will influence the current wholesale power costs. We respect what our citizens have done previously in regards to Proposition 5, but the city also needs to do their due diligence.

Mayor Tran suggested getting a report of the last five to ten years showing details of what the power revenue and expenditures have been.

COUNCIL MEMBER REPORTS

Mayor Tran said that the ULCT recently held a Day of Legislature at the Capital and invited elected officials and Youth Council to attend. Mayor Tran thanked the council members who were able to attend with Kaysville's Youth Council.

Council Member Hunt said that the Youth Court has gone through a few months of training and just recently reviewed their first case. They are a great group of students and are hardworking.

Mayor Tran added that she is appreciative of our Police Department for supporting the Youth Council. It is a wonderful program.

CITY MANAGER REPORT

City Manager Shayne Scott said that the City Council would be holding their yearly strategic planning retreat on Friday, January 27 beginning at 9:00 a.m.

ADJOURNMENT

Council Member Adams made a motion to adjourn the City Council meeting at 8:32 p.m. The motion was seconded by Council Member Blackham and passed unanimously.