

MINUTES OF A SPECIAL CITY COUNCIL MEETING HELD MARCH 4, 2010 AT THE CIVIC CENTER, 83 WEST MAIN, HYRUM, UTAH.

**CONVENED:** 5:30 p.m.

**CONDUCTING:** Mayor W. Dean Howard

**ROLL CALL:** Councilmembers Martin L. Felix, Paul C. James, Thomas C. LaBau, and Craig Rasmussen present.

**EXCUSED:** Councilmember Stephanie Miller

**CALL TO ORDER:** There being four members present and four members representing a quorum, Mayor Howard called the meeting to order.

**OTHERS PRESENT:** City Administrator D. Brent Jensen. City Recorder Stephanie Fricke recorded the minutes.

**WELCOME:** Mayor Howard welcomed everyone in attendance.

**AGENDA:** A copy of the notice and agenda for this meeting was faxed to The Herald Journal, mailed to each member of the governing body, and posted at the Civic Center more than forty-eight hours before meeting time.

#### AGENDA

4. WORKSHOP:
  - A. Power rate increase.
  - B. Impact Fees.
5. ADJOURNMENT

#### **WORKSHOP:**

#### **POWER RATE INCREASE.**

City Administrator D. Brent Jensen said electric consumption and rates continue to increase but Hyrum City has not increased its electric rates since January of 2001. On December 1, 2005 the City Council approved a temporary surcharge of .005 cents per kilowatt hour for all energy consumed by customers of Hyrum City municipal power system. The surcharge was approved on a temporary basis for 42 months to allow time for a cost of service study to be conducted in anticipation of a rate adjustment to fund capital improvements and meet other needs of the utility. Comlink Land Services conducted a cost-of-service study and presented its findings and recommendations to the City Council on May 18, 2006. Comlink suggested the City make modest increases in the monthly customer charge over time to help recover more of Hyrum City's fixed costs and an immediate electric rate increase. However, the City did not raise the monthly customer charge nor

electric rates but continued to charge the .005 cents per kilowatt hour surcharge. Now that the surcharge has expired the City Council needs to decide whether it wants to extend the temporary surcharge and/or design new electrical power rates for all user classes. If the surcharge is not extended until power rates are increased the City won't make enough money to pay for the power it purchases.

The City Council discussed the temporary surcharge and the financial impact it would have on the City if it was not renewed until electric rates were revised.

The City Council asked City Administrator D. Brent Jensen to prepare two options for increasing electric rates.

### **IMPACT FEES.**

City Administrator D. Brent Jensen said Hyrum City's impact fees are among the highest in the county. In recent weeks he has spoken with officials from Logan City and Murray City, and both cities are likely going to eliminate electric impact fees. Logan may abolish all of its impact fees.

The electric impact fee is the one where people are the most sensitive. Developers already complain about our requirement to install the electric distribution system because it puts them at a disadvantage from the standpoint of development costs compared with other communities and then they have to pay an impact fee on top of that.

The City initially adopted the electric impact fee when faced with several million dollars worth of distribution system expansion by annexation plans for property on the south side of Hyrum Dam that could have doubled or tripled the City's population. Since the property across the dam was never annexed the City may want to eliminate the electrical power impact fee. If the property is ever annexed the City could reconsider imposing an electric impact fee.

Mayor Howard said Councilmember Miller could not be in attendance at this meeting tonight but she sent a letter addressing her concerns. The letter stated "When it is mentioned that builders and buyers complain about impact fees: New development requires more water storage, roads, eventually increasing the capacity of the sewer plant, new substations, etc. If it weren't for new development, we wouldn't be needing to increase capacity, build and maintain roads and parks, store more water, etc. We need to make sure the citizens of Hyrum aren't paying for new development. It costs what it costs - which cost has been determined through impact fee studies. As much as I would like to give people a good deal, we need to make sure new development is paying for itself. Capital costs should be part of the rate base to replace or update existing infrastructure. A few

thoughts about keeping impact fees: So, people don't want to build here..... We deliver more services to each household than is paid in taxes. So the more homes built, the more services delivered and less money to pay for those increasing services. Do we want to encourage a lot of growth? People wanting to live here might be more apt to buy an existing home (no impact fees) and fix it up, which would improve the City. Of course, for those who want to build, there are impact fees to pay. We need to look at our rates and adjust them so our margin of gross sales is around 30%, as was indicated in the memo we received. I'm not saying that my mind is made up about impact fees, but these are some things to think about."

The City Council briefly discussed the City's impact fees, but no decision or recommendation was made.

**ADJOURNMENT:**

**ACTION**            **There being no further business before the City Council, the Council Meeting adjourned at 6:25 p.m.**

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W. Dean Howard  
Mayor

ATTEST:

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Stephanie Fricke  
City Recorder

Approved:   March 18, 2010    
                  As Written