

**Pleasant Grove City
City Council Regular Meeting Minutes
March 7, 2017
6:00 p.m.**

PRESENT:

Mayor: Michael W. Daniels

Council Members: Dianna Andersen
Eric Jensen
Cyd LeMone
Ben Stanley
Lynn Walker

Staff Present: Scott Darrington, City Administrator
David Larson, Assistant to the City Administrator
Denise Roy, Finance Director
Mike Smith, Police Chief
Kathy Kresser, City Recorder
Tina Petersen, City Attorney
Dave Thomas, Fire Chief
Marty Beaumont, Public Works Director
Ken Young, Community Development Director
Sheri Britsch, Library and Arts Director

Others: George K. Baum
Chris Nielson, AMAR Foundation
Randy Sant, Economic Development Consultant

The City Council and Staff met in the City Council Chambers at 86 East 100 South, Pleasant Grove, Utah.

1) **CALL TO ORDER**

Mayor Daniels called the meeting to order and noted that all Council Members were present.

2) **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by City Administrator, Scott Darrington.

3) **OPENING REMARKS**

The opening remarks were given by Council Member LeMone.

4) **APPROVAL OF MEETING'S AGENDA**

Mayor Daniels moved Item 12A to follow Item 6. Council Member LeMone mentioned that there is a group she would like to recognize during Presentations.

ACTION: Council Member Jensen moved to approve the agenda with the changes stated by Mayor Daniels. Council Member Walker seconded the motion. The motion carried with unanimous consent of the Council.

5) **ADJOURN AND CONVENE AS THE REDEVELOPMENT AGENCY OF PLEASANT GROVE**

ACTION: Council Member Jensen moved to adjourn and reconvene as the Redevelopment Agency of Pleasant Grove. Council Member LeMone seconded the motion. The motion carried.

6) **ADJOURN AS THE REDEVELOPMENT AGENCY OF PLEASANT GROVE AND RECONVENE AS THE PLEASANT GROVE CITY COUNCIL**

ACTION: Ms. LeMone moved to adjourn as the Redevelopment Agency and resume the City Council Meeting. Mr. Jensen seconded the motion. The motion carried unanimously.

Note: Item 12A was discussed directly following Item 6 and before Item 7.

7) **OPEN SESSION**

Mayor Daniels opened the open session.

Miss Pleasant Grove invited all to attend the Miss Pleasant Grove Pageant scheduled for the following Saturday at 7:00 p.m. at Pleasant Grove High School. Tickets can be purchased from her or any contestant for \$8.00 until Friday night. Tickets will be \$11.00 at the door on Saturday.

Jane Robinson expressed concern and asked for help from the Council. She had in her possession a folder with letters from 2001 and 2005 expressing her concern with Rocky Mountain Power wanting to cut trees in a "V" for safety. She explained that she owns the Bungalow that her family has had for generations on the southwest corner of the Old Fort wall. She values being part of the old town. She expressed concern that their trees do not look like the City of Trees logo. She presented a picture of the power company's "properly pruned trees". She explained that she has 16 mulberry trees that were planted by her family. She would like them to be exempt from the power company's value system. Sometime before 2001, Rocky Mountain Power would have needed permission from the City to do the work. She provided her phone number to the Mayor and noted that the subcontractors are good men doing their job and they know how she feels, but she wanted to address the Council in that regard. She cares about history and green space and asked for the Council's help in addressing her values as a property owner. She mentioned that she would like the trees to look like trees.

In answer to Council Member Stanley, Ms. Robinson stated that they plan to prune 16 trees. She has worked very hard in Pleasant Grove and their home will soon be 100 years old. She commented that the "V" shape is not actually safe to carry the weight of snow. She asked who deems what is ideal and questioned whether it is the property owner, the City, or Rocky Mountain Power. In answer to Mayor Daniels question, Administrator Darrington mentioned that Director Giles would be a good contact for Ms. Robinson. There has been discussion before, as mentioned by Ms. Robinson. He suggested staff conduct research on their agreement with Rocky Mountain Power and have a conversation on how to preserve safety while ensuring that the trees look nice. Ms. Robinson mentioned that she is a proponent of Rocky Mountain Power but requested again to be exempt.

Jacob Zonts, a seven-year resident, presented a Citizens' Initiative, of which he is a primary sponsor. Council Member Jensen asked if others were named on the initiative. Mr. Zonts explained that there are six sponsors and five who signed the document. It was submitted on Monday and Administrator Darrington noted that the Finance Director received it on Friday. Mr. Zonts read the document, which described an Ordinance that dedicates \$2.625 million to Road Funds. It states that road maintenance is essential to the residents, and the citizens have stated that road repair and maintenance is of highest priority. The initiative further states that each year during the budgeting process, the City should transfer the aforementioned amount from the General Fund to be used exclusively for road repairs and maintenance that fiscal year. No portion may be spent on administration and nothing in the section prohibits the City from tax increases. It was worded to take immediate effect upon approval. Mayor Daniels asked that this discussion be postponed until later in the meeting. He mentioned that it will involve more than the proposed ordinance.

Mayor Daniels closed the open session.

8) **CONSENT ITEMS**

- a) **TO CONSIDER APPROVAL OF PAYMENT VOUCHERS FOR (FEBRUARY 23, 2017).**

ACTION: Council Member Jensen moved to approve the consent items. Council Member LeMone seconded the motion. The motion carried with unanimous consent of the Council.

9) **BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

- A) **TO CONSIDER THE APPOINTMENT OF SAM SANDERSON AND GARTH LOVELL AS PLANNING COMMISSION ALTERNATES.**

Garth Lovell reported that he has lived in Pleasant Grove City for 16 years. He has four children who all attended Pleasant Grove High with the exception of his junior high-aged child. He spent 24 years with Wal-Mart until last summer and currently works with Murdock Auto. He plans to remain in Pleasant Grove as his children are in school and beyond.

Sam Sanderson has lived in Pleasant Grove a few years, but his family roots go deeper. He is happy to be here and have a chance to serve.

ACTION: Council Member Stanley moved to approve the appointment of Sam Sanderson and Garth Lovell as Planning Commission Alternates. Council Member Jensen seconded the motion. The motion passed unanimously.

10) PRESENTATIONS

Council Member LeMone explained she invited a group of Honors History students from Pleasant Grove Junior High. She noted that Mr. Spence is their teacher and they recently won a Constitution Competition. She commented on the importance of recognizing groups like this and their achievements.

Bill Spence reported that the class consists of 30 students. He recognized them all by name and invited those present to stand. They took first place this year in the aforementioned competition and have done so four times in the last six years. Five out of the six units were in the top of the Constitution Competition. He explained that schools from across the State participate at a lower level first to reach the State Finals. The students study the Constitution thoroughly and divide into groups to be experts in one of six areas, where they prepare a four-minute presentation for the judges with a six-minute follow-up period.

Council Member LeMone mentioned that Mr. Spence was her teacher and expressed appreciation for his contribution to the community. She commented that his efforts prepare future Council Members, Governors, and leaders of the nation. She expressed her appreciation for the efforts of the students.

A) REPORT FROM GEORGE K. BAUM ON GENERAL OBLIGATION BONDS.

Matt Dugdale expressed appreciation for the opportunity to work with the Mayor and staff on the issuance of these bonds. He presented a Summary Sheet and congratulated the City on a successful bonding process. The bonds were sold on January 31 at a true-interest cost or APR of 2.827%. The City was successful in obtaining an AA credit rating, which is an achievement. He noted that selling in January was strategic because it translated to a lower bond cost. When meeting with rating analysts, they remarked in their report the City was very strong in budgetary flexibility and liquidity and had an envious cash position. They have demonstrated good financial performance and seen good sales tax growth. Mr. Dugdale mentioned that they closed the bonds on Valentine's Day. He congratulated the City on their bond sale.

Council Member Stanley asked them to speak of the par amount. Mr. Dugdale explained that the bond was for \$9.5 million. The par amount is \$9,060,000, upon which the interest payments are based. As the City budgets and the principal amortizes over 20 years, the payment will be \$625,000. In response to Council Member Stanley, Mr. Dugdale explained that the total transaction costs to issue the bond were \$130,000 with \$60,000 going to the winning bidder as an underwriters' discount. The remaining \$70,000 are fees for a bond counsel, a platform fee to host the bond sale, and additional fees for an agent. The City also had to purchase a register number as paper bonds are no longer used.

Council Member Andersen asked about the total amount being bonded. Mr. Dugdale explained the market place drives bond prices. Investors are concerned about rising interest rates, so bonds are structured to pay more than face value, which is called a bond premium. This generates additional proceeds in addition to the principal \$9 million. After closing costs, \$9.3 million was deposited into the construction account. To include those costs in the bond would have been more than the \$9.5 million.

B) AMAR FOUNDATION 5K EVENT. *Presenter: Chris Nielson.*

Chris Nielson was present on behalf of the AMAR Foundation, which helps refugees locally and throughout the world. He got involved after seeing the news and feeling troubled about how to help displaced people. AMAR's work helps locally and with camps for those displaced by violence. They are planning a 5K event to involve other community members from 5:00 p.m. to 8:00 p.m. on March 24th at Orem High School. It will include a local refugee farmers market, followed by a 1K and 5K run. Proceeds from the market will help the local refugees and proceeds from race participants will help AMAR's work for camps in Iraq. Their aim is to invite as many as possible to participate and share with others in the community. It helps those worldwide, locally, and provides opportunities for community members to help in other ways. There will be other groups with booths at the market as well. He stated that they want people to feel welcome regardless of political boundaries or safety measures.

Mr. Nielson reported that more information can be found on Facebook at their Running 4 Refugees page. Council Member LeMone expressed appreciation to him for his efforts and invited him to leave his flyer. Council Member Stanley reported that AMAR stands for Assisting Marsh Arabs and Refugees.

C) PRESENTATION ON RECREATION BRANDING. *Presenter: Recreation Manager Clint Warnick *Note: This item was continued to April 18 meeting.*

ACTION: Council Member LeMone moved to continue the above item to a later date. Council Member Stanley seconded the motion. The motion passed with unanimous consent of the Council.

11) PUBLIC HEARING ITEMS

A) PUBLIC HEARING TO CONSIDER FOR ADOPTION AN ORDINANCE (2017-12) TO REZONE APPROXIMATELY 1.06 ACRES FROM A R-R (RURAL RESIDENTIAL) ZONE TO A R1-20 (SINGLE-FAMILY RESIDENTIAL) ZONE ON PROPERTY LOCATED AT APPROXIMATELY 1890 NORTH 100 EAST (BIG SPRINGS NEIGHBORHOOD) (Blake Jumper applicant) *Presenter: Director Young.*

Director Young explained that the development rezone was approved in November, along with the accompanying plat. The proposed ordinance will rezone an additional one-acre parcel and a revised subdivision plat. The applicant was requesting approval of a rezone of approximately 1.06 on property located at approximately 1890 North 100 East. The proposal is to rezone property from the existing R-R (Rural Residential) Zone to R1-20 (Single Family Residential). The proposed rezone is next to Savage Estates Subdivision, a subdivision that recently received a

recommendation of approval from the Planning Commission and City Council. It is the intent of the applicant to subdivide and merge the 1.06 acres with Savages Estates Subdivision Plat A.

Much of the area was historically zoned for larger agricultural lots, but over the years most of the area has been rezoned to a higher density. The aforementioned property neighbors R1-20 zoned lots that were recently rezoned, on its north and east boundaries.

The Pleasant Grove General Plan identifies the land use designation of the 1.06 acres as Very Low Density Residential. In Chapter 2, page 16, of the Pleasant Grove General Plan, both R-R and R1-20 zones are recognized as part of the Very Low Density Residential Land Use, which is a designation for large lots and low density estate neighborhoods with single-family homes on individual building lots. It was noted that the proposed rezone meets the provisions of Pleasant Grove General Plan.

The property neighbors zones with smaller lot size requirements than its current R-R zone. There are recently approved subdivisions with R1-20 zone designations, including the aforementioned Savage Estates, which borders the property on both the North and East. Additionally, there is a strong presence of R1-20 zones West of 100 East. If rezoned, the lots would join the Savage Estates Subdivision. Staff recommended approval of the rezone of 1.06 acres.

Mayor Daniels opened the public hearing. There were no public comments. The public hearing was closed.

ACTION: Council Member Stanley moved to consider adoption of Ordinance (2017-12) to rezone approximately 1.06 acres from a R-R (Rural Residential) Zone to a R1-20 (Single-Family Residential) Zone on property located at approximately 1890 North 100 East (BIG SPRINGS NEIGHBORHOOD). Council Member Jensen seconded the motion. A voice vote was taken with Council Members Andersen, Jensen, LeMone, Stanley, and Walker all voting "Aye". The motion carried unanimously.

12) ACTION ITEMS READY FOR A VOTE

- A) TO CONSIDER FOR ADOPTION AN ORDINANCE (2017-13) ADOPTING THE GROVE TOWER COMMUNITY REINVESTMENT PROJECT AREA PLAN, AS APPROVED BY THE PLEASANT GROVE CITY REDEVELOPMENT AGENCY, AS THE OFFICIAL COMMUNITY REINVESTMENT PROJECT AREA PLAN FOR THE PROJECT AREA, AND DIRECTING THAT NOTICE OF THE ADOPTION BE GIVEN AS REQUIRED BY STATUTE; AND PROVIDING FOR AN EFFECTIVE DATE. *Presenter: Randy Sant, Economic Development Consultant.***

Mr. Sant reported that the Redevelopment Agency recently held a Public Hearing and adopted the Plan for the Grove Tower Redevelopment Project Area and forwarded it to the Council to adopt it by ordinance to be an official plan. This will allow them to implement the budget, interlocal agreements, and move forward with development of the project.

Council Member Stanley reiterated his comments from the RDA meeting as to why he is opposed. He expressed concern that the City did not negotiate as well as other entities. For that reason, he will oppose all items related to it for consistency, but he expressed that it is an exciting thing to see.

Council Member Jensen expressed his appreciation to Mr. Sant for bringing the City this project. Council Member LeMone expressed her gratitude for Mr. Sant negotiating on behalf of the City. She commented that the residents want incentives offered to bring anchor tenants to Pleasant Grove to help the community grow.

ACTION: Council Member Jensen moved to adopt Ordinance (2017-13) adopting the Grove Tower Community Reinvestment Project Area Plan, as approved by the Pleasant Grove City Redevelopment Agency, as the official Community Reinvestment Project Area Plan for the Project Area, and directing that notice of the adoption be given as required by statute; and providing for an effective date. Council Member Andersen seconded the motion. A voice vote was taken with Council Members Andersen, Jensen, LeMone, Walker voting "Aye" and Council Member Stanley voting "Nay". The motion carried 4-to-1.

B) TO CONSIDER FOR APPROVAL A REVISED FINAL PLAT FOR SAVAGE ESTATES PLAT A, INCLUDING THE ADDITION OF FOUR LOTS TO THE PREVIOUSLY APPROVED 12-LOT PLAT CALLED SAVAGE ESTATES PLAT A SUBDIVISION, LOCATED AT APPROXIMATELY 2150 NORTH 100 EAST IN THE PROPOSED R1-20 (SINGLE-FAMILY RESIDENTIAL) ZONE. (BIG SPRINGS NEIGHBORHOOD) *Presenter: Director Young.*

Director Young explained that the newly rezoned property would allow for three additional lots but noted that the revised plat includes an additional lot that is being added to the subdivision plat. He explained that the roadway improvements made it necessary to re-plat the boundaries of an existing lot, causing it to vacate its existing subdivision plat and adding it to this plat. He noted that there is no increased density. He explained that the preliminary plat was approved by the Planning Commission and staff.

ACTION: Council Member Jensen moved to approve a revised final plat for Savage Estates Plat A, including the addition of four lots to the previously approved 12-lot plat called Savage Estates Plat A Subdivision, located at approximately 2150 North 100 East in the proposed R1-20 (Single-Family Residential) Zone. Council Member Andersen seconded the motion.

Council Member Jensen amended his motion to include adoption of the conditions and findings identified by staff. Council Member Andersen seconded the motion. The motion carried with the unanimous consent of the Council.

C) TO CONSIDER FOR ADOPTION A RESOLUTION (2017-014) AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT AND NOTICE TO PROCEED WITH VANCON INC, FOR THE CONSTRUCTION OF THE PLEASANT GROVE CITY VAC-TRUCK DECANT FACILITY LOCATED AT APPROXIMATELY 400

NORTH 600 WEST IN THE AMOUNT OF \$308,900; AND PROVIDING FOR AN EFFECTIVE DATE. *Presenter: Director Beaumont.*

Director Beaumont explained that this item was awarded a few weeks ago. They are now finalizing the bonding and the contract documents are ready to sign. A pre-construction meeting was scheduled for the following Thursday.

Council Member Stanley asked about the difference in numbers from this week compared to what was approved previously. Director Beaumont explained when it was originally approved, VanCon was the low bidder. They awarded it based on that amount but the overall bid had an additive alternate option to add two more bays to accommodate the water department to be in there now. They recommended the \$308,900, but did not have enough budget to award the full amount. They budgeted an amendment a few weeks earlier. He noted that the next agenda item is for a change order for the additive alternate to add the two bays to the facility.

ACTION: Council Member Stanley moved to adopt Resolution (2017-014) authorizing the Mayor to sign the agreement and Notice to Proceed with Vancon Inc, for the construction of the Pleasant Grove City Vac-Truck Decant Facility located at approximately 400 North 600 West in the amount of \$308,900; and providing for an effective date. Council Member Walker seconded the motion. A voice vote was taken with Council Members Andersen, Jensen, LeMone, Stanley and Walker voting "Aye". The motion carried unanimously.

D) TO CONSIDER FOR APPROVAL CHANGE ORDER NUMBER ONE IN THE AMOUNT OF \$67,000 FOR ADDITIVE ALTERNATE A FOR VANCON INC. FOR THE PLEASANT GROVE CITY VAC-TRUCK DECANT FACILITY LOCATED AT APPROXIMATELY 400 NORTH 600 WEST. *Presenter: Director Beaumont.*

Director Beaumont reported that the change order is for the additive alternate.

ACTION: Council Member Stanley moved to approve Change Order No. One in the amount of \$67,000 for Additive Alternate A for Vancon Inc. for the Pleasant Grove City Vac-Truck Decant Facility located at approximately 400 North 600 West. Council Member Andersen seconded the motion. The motion carried with unanimous consent of the Council.

E) TO CONSIDER FOR ADOPTION A RESOLUTION (2017-015) AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT IN THE AMOUNT OF \$399,253.20, WHICH INCLUDES ADDITIVE ALTERNATE A, AND NOTICE TO PROCEED FOR ANY HOUR, INC. FOR THE BLACKHAWK DRIVE WATERLINE REPLACEMENT PROJECT; AND PROVIDING FOR AN EFFECTIVE DATE. *Presenter: Director Beaumont.*

Director Beaumont reported that a few weeks earlier he recommended the award go to Any Hour, Inc. He explained that it is the recommendation to sign the agreement and proceed with the project. The pre-construction meeting was scheduled for the following Monday. In response to a question from Council Member Stanley, Director Beaumont explained that the project starts at 1500 East

and goes all the way up Blackhawk Drive. He noted that there was a pressure deficiency in the Master Plan and this will resolve some of the issues.

ACTION: Council Member Jensen moved to adopt Resolution (2017-015) authorizing the Mayor to sign the agreement in the amount of \$399,253.20, which includes Additive Alternate A, and Notice to Proceed for Any Hour, Inc. for the Blackhawk Dr. Waterline Replacement Project; and providing for an effective date. Council Member Andersen seconded the motion. A voice vote was taken with Council Members Andersen, Jensen, LeMone, Stanley and Walker voting "Aye". The motion carried unanimously.

F) TO CONSIDER AWARDING THE LIONS CLUB BUILDING STRUCTURAL IMPROVEMENTS BID FOR ALTERNATIVE 2 IN THE AMOUNT OF \$33,390.79 TO BLU COMPANY AND AUTHORIZING THE MAYOR TO SIGN THE AGREEMENT AND NOTICE TO PROCEED UPON RECEIPT AND APPROVAL OF FINAL CONTRACT DOCUMENTS. *Presenter: Director Beaumont.*

Director Beaumont explained that Director Giles and staff are anxious to get moving on the Lions Club remodel. In the process, they selected three contractors to submit bids. Due to its timing, they met the previous week and were only able to receive two bids. The bids included Alternatives 1 and 2, which led to a misunderstanding with one of the bidders. They recommended the award of Alternative 2. Alternative 1 was to do the entire project as a lump sum cost assuming the floor is not reinforced. Alternative 2 was to complete the project if the concrete slab is reinforced. The second bidder was unclear on the alternatives, although staff felt they were very clear in explaining it. He explained that they felt it was most responsible to award it to the contractor that provided a complete bid. The amount for the reinforced concrete slab was \$33,390.79. They wanted to get a set price if it is reinforced. If it is not, it will be \$5,000 less for a total of \$28,071.19. The hope was that it is non-reinforced. They felt the contractor was qualified and has provided a good bid. He noted that it was within the engineer's estimate and were comfortable with the recommendation. Council Member Stanley asked if they had coordinated with the Lions Club. Director Beaumont responded that they had not coordinated the bid amount but did coordinate the schedule. They hoped to have it completed by April 15th, which is very ambitious and the reason they included the signing of documents in the resolution. Council Member Andersen asked which budget was used for the project. Administrator Darrington explained that it is coming from Capital Projects and a budget amendment has already been made. Director Beaumont noted they have the budget to complete the project.

ACTION: Council Member Stanley moved to award the Lions Club Building Structural Improvements bid for Alternative 2 in the amount of \$33,390.79 to Blu Company and authorizing the Mayor to sign the agreement and Notice to Proceed upon receipt and approval of final contract documents. Council Member Walker seconded the motion. The motion carried with unanimous consent of the Council.

13) ITEMS FOR DISCUSSION

A) DISCUSSION AND DIRECTION REGARDING ROADS FUNDING. *Presenter: Administrator Darrington.*

Administrator Darrington reported that he has a spreadsheet showing nine different ways to do road funding. The Council wanted to see scenarios showing how to do things a different way. He presented Scenario 1, which is the base line, using funding already received. It includes a Class C revenue of about \$1 million a year, \$180,000 in additional gas tax, and \$325,000 earmarked for roads. He mentioned that they have a partial bond payment from a bond 10 years ago. He explained that the reason the numbers do not tie back into the Road Plan is because the funding associated with the plan is money received each year. They will spend more than \$948,000 in Fiscal Year 2018 on roads because of that situation. With no new General Fund money or road fees, \$1.5 million per year in funding will be needed. He mentioned that their goal is to get the roads up to a PCI Index of 70 (very good) or greater in 20 years. Accomplishing this would require \$3.8 million for 20 years. It is a lot of money over time to get the City's roads back in that position.

Administrator Darrington explained that a scenario was requested with full funding in 2019, averaging the commercial into one rate. An initial study was completed, breaking down the commercial via trips. He reviewed the average monthly bill each commercial business would pay. With the base budget, the funding gap becomes \$2.3 million. That equates to \$11.27 per month for residential and \$138.46 per month for each business. If implemented immediately, it would get the City to the \$3.8 million. Administrator Darrington mentioned that if using the trips breakdown, residential would stay the same but a business that generated less than two trips would pay \$46.69 per month. Two to four trips would pay \$138, four to 20 trips would pay \$431, and businesses in excess of 20 trips would pay \$1,132. He explained that if businesses with four or more trips were charged the \$431.94 per month, it will reduce it by over \$75,000 and generate \$3.725 instead of the \$3.8 million. Scenario 7 stated that for every \$100,000 of General Fund money there would be \$250,000 generated in Road Fees, and would be proportionate over time. To reach the \$3.8 million all at once, the City would need to set aside an additional \$650,000 of General Fund money and \$1.6 million in Road Fees, which would cost \$8.00 per month for residents and \$39.13 per month for businesses. In response to Mayor Daniels, Administrator Darrington explained that this would not be a one-time deposit. The \$650,000 would roll into the General Fund each year. Their base budget going forward would be \$975,000.

Scenario 9 proposed to put more on residential than commercial. It would include \$25,000 of General Fund new money each year. By the year 2023, it would accumulate to \$450,000. The Council asked how to reach the \$3.8 million by that time. Administrator Darrington explained that it would begin in 2018 with a 5% annual increase. He clarified that the scenarios are not guaranteed and the City Council would have to agree to it each year. In this scenario, the residential would cost \$10.85 per month and commercial road fees would start at \$63.21. He showed the 5% increases and the General Fund money needed to reach the \$3.8 million by fiscal year 2023.

Administrator Darrington reviewed a scenario implementing a \$1 million Road Fee with no additional General Fund money and a 5% increase per trip. In this scenario, the residents would pay \$4.90 now. With 5% increases, the fund would reach \$625,000 by Fiscal Year 2023. Based on trips, businesses would pay \$20.30 now, and with 5% increases would reach \$25.91 for less than two trips and up to \$628.44 for more than 20 trips. This would equal a \$1.2 million road fee; with the other funding in place they would have \$2.7 million by 2023. He showed that if the City

took the nine businesses that are over 20 trips and included them in the other group, there would be \$33,200 less than the numbers he presented.

Mayor Daniels added that this scenario is also \$1 million shy of fully-funded roads. Council Member Stanley asked if he considered adjusting the other groups instead of just eliminating that category. Administrator Darrington indicated that he did but the calculations became very difficult. More analysis would be required to make those numbers whole, but it was possible. He explained that doing so would not change the formula if done across the board.

Administrator Darrington stated that on Wednesday the City received a Citizens' Initiative, which he reviewed with the City Attorney. He explained that residents of any city have the ability to create an ordinance to be voted on by the public. According to the ordinance, the City would fund the roads first and figure out the rest of the General Fund money from there. It would be calculated on a yearly basis and the City could increase fees or taxes to fund other services, if desired. Administrator Darrington assumed that they took into account the \$325,000 already in the base budget. The \$2.3 million is the gap currently not funded. Mr. Zonts said he went with the 2017 budget he found online and figured the amounts to reach \$4 million.

Administrator Darrington explained that once received, the City Recorder has three days to accept the petition for the Initiative and review it and then pass it on to the Finance Office. The City has 25 days to determine a fiscal response. There are certain criteria such as whether there is an increase or decrease in taxes, the dollar amount, etc. The money requested is currently in the General Fund and would not affect taxes. The dollar amount stated is \$2.6 million. He noted that they would have to address whether this would change the bonding. Some bonds are paid for out of different funds with a backstop of General Fund money. For example, Pleasant Grove Boulevard was bonded with the intention to use Road Impact Fees to make the payment. In 2010 and 2011, Road Fees were too low to make the payment so General Fund money was used.

Administrator Darrington commented that an analysis needs to be conducted to determine how taking \$2.3 million from the General Fund going directly to roads will affect other services. That is a \$2.3 million reduction in the rest of the services that are provided. Staff will also analyze the cost of services. Director Roy will work with the department heads to determine the costs of services and the number of employees it takes to provide them. He mentioned that this analysis was done in 2011 and again a few years ago. Since many of the numbers are in place, the same method will be used. They will provide the list to the Council to determine how to carve out \$2.3 million. With that done, they can provide the public the fiscal impact response required. He hoped to have that by March 21, so they can write a summary statement for the citizens that is 100 words or less. At that time, the citizens must get 1,636 registered voters to sign their petition.

Attorney Peterson explained that that number of signatures required is calculated as a percentage of people who voted in the last General election. To be qualified to sign the petition, one has to have voted in the last three general elections. *(Please note Utah Code states: to be qualified to sign the petition one has to be registered to vote in Utah and be at least 18 years old and meets the residency requirements.)* Administrator Darrington mentioned that the people signing the petition are saying that they are in favor of adding the ordinance to the ballot for public vote. Signatures must be obtained by April 15th to be on the November ballot. If they cannot accomplish that they

will have 316 days to gather the signatures. The issue will then be on the next municipal election ballot in 2019. He mentioned they met the requirement for the five signatures on the initiative.

Recorder Kresser stated that they are waiting on the County to verify that everyone on the petition is a registered voter. Administrator Darrington commented that he and Director Roy will be meeting to determine the services to be eliminated, reduced, or funded another way. The ordinance specifies that money is to come out of the General Fund. The Council will need to determine whether to raise property taxes to compensate for the \$2.3 million.

Attorney Petersen explained that State statute prohibits binding future Councils regarding budgetary items. The proposed ordinance may be problematic in that regard, so she was still researching whether it would be legal to adopt. She had spoken with Justin Lee at the Lt. Governor's Office He rendered an opinion but she was still conducting additional research. She was concerned that the ordinance will mandate future Councils in perpetuity to put the \$2.6 million in the Road Funds. That is problematic because the future legislative authority of a City Council cannot be bound over the budget.

Mayor Daniels asked if it is to be found legal, what the process would be after the signatures are gathered. Administrator Darrington explained that they are sent to the County for verification. Before going on the ballot, it will come to the City Council. They then have the option to enact the ordinance without voting, enact the ordinance and keep the public vote, or reject it and leave it to be voted on by the public. Mayor Daniels asked if the public adopted it by vote, what the next step would be. Administrator Darrington explained that it is unclear whether it would start immediately or in the next fiscal year budget. Attorney Petersen explained that if approved by the voters, the ordinance would be placed on the agenda for the Council to formally adopt. Since it would occur in the middle of the fiscal year, it would more than likely not be appropriated until the next fiscal year.

Mayor Daniels explained that there are five proposals to review. One is to fully fund on year one, another is to fully fund on year one with \$650,000 from the General Fund, another is to step it in overtime adding \$25,000 per year, another is to not fully-fund it but raise it to \$2.8 million. The Citizen Initiative was to fund it first and fund other services afterward. The goal tonight was to give staff direction to prioritize information for the summary statement. Administrator Darrington noted that next week is a Work Session that will focus on the 2018 Budget.

Council Member Jensen asked if Mr. Zonts had done any research showing how this would affect the General Fund. He mentioned that he went on the record the previous week to show how \$2 million would affect the General Fund. The General Fund is \$12.5 million. A \$2 million reduction to other services would be significant. Mr. Zonts indicated that he looked at the City and identified three groups that would want the roads funded. The first wants fully-funded roads and innovative budgeting to find additional funds without raising taxes with the possibility of cutting services. The second wants fully-funded roads and innovative budgeting, as well as tax increases for roads and services. The third wants fully-funded roads without reducing any budgets by raising taxes and fees without cutting services. He was in the second group and proposed a 50-50 plan that entailed taking \$1 million from fees and \$1 million from the budget.

Mr. Zonts disagreed that a significant reduction of funds to other services would have a significant impact. Council Member Jensen asked Mr. Zonts to describe his idea of innovative budgeting. Mr. Zonts indicated that in the last year there was a new hire in the Legal Department that could have been postponed to put extra money in the Road Fund. There may be a need for changing employees if they are not as efficient as they need to be, find someone who is more efficient. He read part of the initiative, which states that nothing would prohibit the City from imposing taxes to fund other parts of the City. Council Member Jensen stated that \$2.3 million from a \$12 million fund is affecting levels of services the City provides. Mr. Zonts commented that the Council has tools to implement fees and taxes. Council Member Jensen stated that he is wholeheartedly opposed to the Citizens' Initiative because of the harm it will do to the City. They will have to explain to residents that they had to cut \$2.3 million and then raise property taxes. He asked Mr. Zonts if all the signers feel the same way. Mr. Zonts mentioned that they do not, but they do fall in the first two groups he mentioned.

Mayor Daniels asked for clarification on his suggestion to take money from services already funded to pay for roads and then raise fees to pay for other services. Mr. Zonts commented that it is not just about the fee, but forcing the City to look into their budget. He did not think they would need a fee of \$2.3 million to fund other services.

Council Member Andersen used the example of the pool as another service and asked if he meant that the pool would be closed and then voted on again. Mr. Zonts stated that it does not bind the City Council. Even if it passes, they could eliminate the ordinance the next day. Attorney Petersen explained that any action taken by the Council would be subject to a referendum, which she assumed would be referred by the group supporting the Initiative. It would stay the Council action during the pendency of the referendum. If the Council was to rescind the ordinance, it would be subject to referendum and stay any action by the Council to fund those services.

There was continued discussion regarding closing down the pool. Council Member Andersen then asked about the Recreation Center, a service for which 62% of residents voted. The Recreation Center requires operations, which uses General Fund money and capital expenses.

Mayor Daniels suggested the Council discuss the exercise required due to the Initiative before them. He explained that the City needs to come up with a 100-word summary as well as provide direction to staff. He commented that the actual decision of where the General Fund will be impacted is a function of the City Council prioritizing services. Administrator Darrington commented that that process is done every year through the budgeting process of the General Fund. Mayor Daniels explained that it is not done at this level of detail. An analysis identifying where \$2.3 million would come from and if there will be a corresponding revenue created to not impact the services needs to be completed. Obligations and debts need to continue to be met. \$2.3 million needs to come from other areas and the Council needs to determine how other areas of the City will be impacted if all of the funds come from the General Fund. Attorney Petersen mentioned that a summary of the fiscal impact statement will go into the Voter Information packet.

Council Member Andersen mentioned that she has gone over what that number represents in the budget. She would be anxious to understand how innovative budgeting is defined. Council Member Stanley spoke the previous week about finding different ways to minimize the pain for

budget adjustments. One suggestion was to put a moratorium on overnight stays for travel and local use training opportunities. He would like to get a dollar figure of what that restriction would save. He mentioned that ICSC would be off the table without another level of approval to encourage less spending.

Council Member Stanley stated that the City should assess the cost of perks such as free Recreation Center passes for employees and families. It could generate some of the savings that the public has requested. He explained that there are several categories where they could assess fees and rate structures without impacting levels of service. He wrote down several first steps that could be taken to implement change in easiest way possible. He proposed a Citizens' Budget Committee be organized to assess an innovative approach. Council Member Stanley stated that he has proposed a modified zero-based budgeting strategy every year he has been elected. He commented that there are a lot of options to explore and he was looking for shared sacrifice. He supported the Citizens' Initiative for encouraging activity to correct representative government. He asked what could be saved if the City eliminated car allowances for directors and staff and free passes to activities. This process would instill confidence in the public. In response to Council Member Andersen, Council Member LeMone stated that the free passes would save \$7,000 to 8,000.

Council Member Stanley explained that he posted his proposal to his Facebook page this past week, which contains broad categories. Council Member LeMone expressed that with his claim for being responsible for zero-based budgeting, he should be responsible for providing specific dollar amounts. Council Member Stanley commented that his style is not to micromanage. He suggested cutting a set percentage across the board to fund the roads. It was not within his purview to tell each department where to cut spending.

Council Member Jensen opined that this is their duty as a City Council. Council Member Stanley explained that their duty is to set budgets and hire directors to do the managing. He supported implementing the process started by the Initiative. He expressed support for the funding the roads first. He commented that with few exceptions, it is the highest priority for the public. Council Member Jensen agreed with the need for road funding and asked if Council Member Stanley supported the Initiative. Council Member Stanley liked the idea of getting the roads fully funded. He commented that it is a fundamental role of municipalities to fund roads and felt that the Initiative made sense. He commented that there is not a single service in the City that could not be outsourced. He identified options in Fox Hollow such as a fee to reduce the subsidies the City makes.

Council Member Andersen explained that the annual Library budget \$638,250. She expressed appreciation to the directors for doing an amazing job with the money they have, and noted that operating budgets have not increased since 2008 or 2009. Administrator Darrington stated that in general, there is no money set aside for increases in operations. Since he began working for the City in 2010, they have not given any more money to the Police Department, despite rising costs of ammunition and bullet-proof vests. Council Member Andersen noted that the directors have served the City tremendously. They conduct an analysis each year and usually give money back to the City. She mentioned that the number of employees has not risen despite the increase in population. The City Hall bathrooms have not been fixed and the carpet has not been replaced. She commented that the City has done a very good job of managing its money. She stated that the

best measurement of road usage is how much fuel is purchased and commented that property tax is not a measurement of road usage. She stressed the importance of the State Legislature coming together to increase the gas tax to help pay for roads.

Administrator Darrington clarified that to get the \$2.3 million for roads, the Gas Tax would need to increase by dollars on the gallon. The money goes to the State and the City gets 30%. The last Gas Tax increase generated \$180,000 for the City. The new proposal contains an inflationary ability and will increase by a few thousand per year. He further explained that cities issue General Obligation Bonds for a certain number of road projects at one time. He noted that Class C Road Funds are never enough to meet road funding. There are a few cities that use General Fund money, whereas Pleasant Grove uses a blanket number.

Mayor Daniels stated that the Council needs to spend more time discussing the matter so they can provide thorough, concise answers to the public. They need a prioritized list to back up the summary, assuming the issue goes to the ballot. He had some proposals in mind but wanted to make sure that the Council is prepared to move past the reaction and to the assignment. It is required by March 28, so they need to give staff as much time as possible and give them direction.

Mayor Daniels stated that staff provided a list of services in 2015. At this point, a report has been given on how much things cost but it is not current and a priority is not assigned. The City needs to identify the fiscal impact if the Initiative were to pass. He recommended they group items by services, as the public receives them. The Initiative would change the way services are funded. He explained that they have the option to raise taxes or fees to cover or cut the services with the lowest priority. There was further discussion regarding the prioritization of services within the City.

Mayor Daniels clarified that until tonight, he thought there would be a list of services that would no longer be provided. There was an option to provide them by raising taxes or fees, which is a decision the Council would have to make. The City Attorney suggested they discuss alternative language in the fiscal note stating that there are services and programs that will be eliminated to reach the \$2.3 million. Alternatively if those services aren't cut this is how high the property tax would be raised in order to get to the \$2.3 million. If the ordinance is adopted and the City designates money to fund roads first, they cannot go back and raise a Road Fee in all good consciousness because they just funded the roads. The only option would be to raise property taxes to fund the deficit. She mentioned that they perform an analysis every year in the budgeting process to compare user fees for the Recreation Center. The City has made adjustments every year to increase revenue. Given the percentage of what needs to be found, raising user fees would be miniscule. Property taxes are the only taxes that can be raised.

Council Member LeMone asked if the City could privatize fees for programs such as soccer. Administrator Darrington and Attorney Petersen stated that those programs would just be cut. She mentioned that the City is not allowed to use fees for revenue generation. They have to be substantiated for the cost of services.

Mayor Daniels stated that to substantially affect the \$2.3 million, the only real source of revenue is property tax. He reminded the Council that the Initiative is only one option of how to fund

roads. The City can look at fees and services in a proactive way, which would result in finding road fees or property taxes to fund services legally. Council Member LeMone expressed support for using the alternative language. Mayor Daniels stated that the City can present the General Fund budget and list the priorities of what would be affected after taking \$2.3 million for roads. The City cannot come up with an analysis for raising fees in the next two weeks, but it can be done during the year.

Council Member Andersen asked if the cost of servicing the Recreation Center would be different in today's market than in 2007 when it was built. Administrator Darrington explained that the capital cost is already determined and her questions will be answered when the analysis is completed. He explained that the cost of service is not the same now as it was in 2007. The cost of the services is different every year as is the money from the General Fund needed to cover costs. If that number is reduced, the Recreation Center could no longer operate unless revenues were increased or program costs raised. He described the alternatives and mentioned that staff will have a cost for the services, but does not have time to determine how much to raise user fees to bridge the gap.

In response to a question from Council Member LeMone, Attorney Petersen stated that online signatures will not count. They will need to obtain a form with certain requirements from Recorder Kresser. Regarding the fiscal note, the 100-word summary has to be at the top of each page of the petition for the Initiative in 12-point, bold type, which will state that they will lose services or make up the money in property taxes or increased fees. Council Member Jensen stated that he would like to see staff move in that direction, showing how the \$2.3 million gap will affect them.

In response to a question from Council Member Walker, Administrator Darrington stated that staff will get a list of services to the Council in 10 days so they can make decisions by March 21. He mentioned that Director Roy is presenting the rest of the budget next Tuesday. The matter will be discussed again in April.

14) REVIEW AND DISCUSSION OF THE MARCH 14, 2017 CITY COUNCIL WORK SESSION MEETING AGENDA

The agenda for the above stated meeting was briefly reviewed and discussed.

15) NEIGHBORHOOD AND STAFF BUSINESS

Assistant to the City Administrator, David Larson, reported that the Safety Committee received the TAP Award, which will be a \$7,500 credit to their insurance premium. Fire Chief, Dave Thomas, noted that the State Street Grill and another building will be razed to make room for a car wash. American Fork, Lone Peak, and the Pleasant Grove Fire Departments will be doing some training in that location.

16) MAYOR AND COUNCIL BUSINESS

Council Member Jensen went on record stating that he is opposed to the Citizen Initiative.

17) SIGNING OF PLATS

There were no plats to be signed.

18) REVIEW CALENDAR

Administrator Darrington mentioned that on Tuesday, April 4, there will be no City Council Meeting due to spring break. On March 22nd, there will be a special meeting to interview General Contractors for the building.

19) ADJOURN

ACTION: Council Member Jensen moved to adjourn. Council Member LeMone seconded the motion. The motion carried.

The meeting adjourned at 9:25 pm.

The City Council Minutes of March 7, 2017 were approved by the City Council on April 18, 2017

Kathy T. Kresser, City Recorder, MMC

(Exhibits are in the City Council Minutes binders in the Recorder's office.)