

**Pleasant Grove City
City Council Work Session Minutes
April 12, 2016
6:00 p.m.**

PRESENT:

Council Members: Dianna Andersen, Mayor Pro-Tempore
Ben Stanley
Cyd LeMone
Eric Jensen
Lynn Walker

Staff Present: Scott Darrington, City Administrator
Denise Roy, Finance Director
Deon Giles, Parks and Recreation Director
Mike Smith, Police Chief
Barbara Johnson, Planning Tech
Ken Young, Community Development Director
Marty Beaumont, Public Works Director
Sheri Britsch, Library and Arts Director
Tina Petersen, City Attorney
Dave Thomas, Fire Chief
Andrew Engemann, Battalion Chief

Others: Lori Sanders, Center Stage
Will Page, Firehouse Subs

Excused: Mayor Mike Daniels

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

1) **Call to Order.**

Mayor Pro-Tempore, Dianna Andersen, called the meeting to order and noted that all Council Members were present. She excused Mayor Daniels who is out of town.

2) **Pledge of Allegiance.**

The Pledge of Allegiance was led by Council Member Jensen.

3) **Opening Remarks.**

The opening remarks were given by Council Member Stanley.

4) **Approval of Meeting's Agenda.**

ACTION: Council Member Jensen moved to approve the agenda as written. Council Member Walker seconded the motion. The motion passed with the unanimous consent of the Council.

5) **Center Stage Performance of "I Won't Grow Up."**

Lori Sanders announced that Center Stage will be putting on a production of Peter Pan, which opens in two weeks at the Covey Center in Provo. Participants then performed the song "I Won't Grow Up" from the show.

6) **Will Page, Firehouse Subs, Presentation to the City Council.**

Fire Chief, Dave Thomas, explained that he has an obligation to be a Safety Advocate for the citizens, which he takes very seriously. Therefore, his department is always looking for programs to enhance that initiative. In the City, the Fire Marshal stands out as the primary Safety Advocate. The Fire Marshal's job is Code Enforcement and various other safety activities and he is the one person in the department who is proactive rather than reactive. Currently, Pleasant Grove's Fire Marshal position is filled by Battalion Chief, Andrew Engemann. Chief Thomas explained that Chief Engemann recently applied for and was awarded a grant for the City. Chief Engemann explained that the grant money has provided 216 carbon monoxide detectors in Pleasant Grove residences.

Will Page from Firehouse Subs noted that they have three locations in Utah County; Provo, Orem and American Fork. Mr. Page explained that Firehouse Subs was founded by Firemen and not only do they make sandwiches but they also have their own foundation. After Hurricane Katrina in 2005, they donated just under \$17 million in equipment to nearly 2,000 departments. Firehouse Subs has donated \$100,000 in Utah County over the past five years, as well as nearly 500 carbon monoxide detectors. Mr. Page explained that 80% of the funds raised by Firehouse Subs is from the sale of empty five-gallon pickle buckets to their guests. The grant application was described as very simple.

7) **Team Member of the Year Presentation. Presenter: Assistant to the City Administrator Larson.**

City Administrator, Scott Darrington, noted that Assistant Larson assigned him to do this presentation. He then invited Gene Ellington to the podium. Administrator Darrington explained that every year the City gives out a Team Member of the Year Award, which is determined through a nomination process. This year Mr. Ellington was the recipient of the award. Administrator Darrington read a description on why he was nominated. Employee of the Year recipients are honored with a plaque that is displayed in City Hall, as well as a \$1,000 bonus check. Mr. Ellington remarked that he loves his job and colleagues. Council Member Andersen commented that Mr. Ellington is respected by those with whom he works.

8) Budget Discussion.

Administrator Darrington explained that the annual budgeting process begins with retreat over a weekend. This year's retreat took place in early February, at which point staff and the elected officials reviewed the potential revenues and needs of the City. Today they will review the latest numbers and receive feedback on the direction the City Council would like to go. He presented a chart of revenue updates, including sources and uses. Administrator Darrington noted that the City's annual sales tax revenue was \$400,454, which is additional revenue above and beyond last year's sales tax revenue. It is, therefore, referred to as new money. The Council asked staff to assess the current budget to see if there were savings that could be used for items that weren't already included in the budget. Administrator Darrington reviewed those items as follows: Budget Reductions – Salary/Benefits: \$41,920; Budget Reductions – Operations: \$54,000; grand total in Revenues/Budget Reductions: \$496,374.

Revenue uses were then reviewed. Salaries/Wages total \$208,721 and Benefits cost around 108,033. Administrator Darrington explained that the City has asked the broker to rebid health insurance services. The City rebids health insurance services every two or three years and Select Health has consistently come back with the most competitive bid. The City has budgeted a placeholder of a 9% increase. If increases come back higher than 9%, the additional cost will either be passed on to the employees or the benefits will be reduced.

Additional revenue uses were discussed and it was noted that \$50,000 has been budgeted for Employee Retention. The City had higher than normal turnover in the Police Department this year. Each year, staff analyzes salaries to ensure that they are competitive compared to other cities. Administrator Darrington reviewed other staffing changes that have taken place in various departments that have saved money. The City has a General Contingency Fund in administration, and most of the money has not been spent and can, therefore, be repurposed.

This year there is \$129,620 of one-time money available for either a transfer to roads or for use elsewhere at the Council's discretion. If the Council doesn't want to use this money for roads, requests will be submitted from other departments. Administrator Darrington explained that the Total Uses equate to \$496,374. Furthermore, there is no money that is unallocated, and the grand total of Planned Uses also equals \$496,374.

Capital Projects for FY 2017 were discussed. The amount available for capital projects is \$66,000, which is generally surplus from the previous year. Several requests came in from staff for this year's capital money, and projects were narrowed down to the following departments: \$33,000 for Parks (mostly equipment), and \$25,000 for Library improvements. This leaves a remaining balance of \$8,000. The Tentative Budget for FY 2017 will be presented to the Council on May 3. On June 7 there will be Public Hearing on the FY 2017 budget, and on June 21 official adoption of budget will take place.

Council Member Andersen asked at what point money is turned back over. Administrator Darrington explained that FY 2016 ends on June 30 and will be audited in November, at which point they will know the numbers. Capital money can then be used the following year.

Council Member Jensen asked if staff was looking for direction on the \$129,620 of new money, to which Administrator Darrington answered in the affirmative. He put together a spreadsheet with numerous scenarios on how to do the City's road funding. If the Council wants this funding to go somewhere other than to fund roads, now would be the appropriate time to make that change. Council Member Stanley expressed appreciation of the analysis and process and wanted to see all one-time money moving forward built into the base budget to benefit roads.

Administrator Darrington explained that the City has a bond payment of \$766,000 in FY 2017. In FY 2018 they will make a final partial payment of \$556,000, at which point the bond will be paid off. Once the bond is paid off, the City will have \$1.375 million per year going toward roads. Administrator Darrington then presented a spreadsheet of the budget and explained six different scenarios that each account for projected revenue flow into the General Fund base budget and new money, as well as new potential funding through implementation of a Citywide Road Fee for residential and commercial properties. Each scenario projects into FY 2023 and provides detailed breakdowns on Class C revenue, additional Gas Tax revenue, and reductions (one-time money). Overall, the goal was to allocate \$3.8 million each year specifically for roads.

Council Member LeMone asked if it would be possible to list multiple options for the residents to vote on the ballot. City Attorney, Tina Petersen, explained that it would be difficult based on the language in the State Statute. However, a public hearing would be allowed on the subject. Administrator Darrington commented that from staff's perspective, he recommended that multiple options not be placed on the ballot.

Council Member Andersen stated that they need to discuss what to do with the \$129,620 of new money, and how the Council feels about each scenario presented. She recapped that Public Works, Parks, and the Police Department have all been assessed for retention efforts. She asked which department will be next. Administrator Darrington mentioned that the Fire Department will be assessed next year.

Council Member Stanley asked for more clarity on what the City contributes versus what the public contributes. He pointed out that there is an escalator built into the Road Fee that the public would pay, and thought it would be worthwhile to explore the possibilities of having an escalator built into the General Fund. Administrator Darrington explained that if all new money gets used toward roads, the Council will need to determine whether to reduce increases in other areas such as employee retention or benefits. He stated that it is difficult to decide whether to have a built in escalator because there are new developments coming to the City, none of which are currently being accounted for in the spreadsheet. The City does not dare to start accounting for the revenue from new developments until it has actually been realized the first year. Furthermore, the spreadsheet does not account for possible economic recessions. Attorney Petersen clarified that the spreadsheet is merely a road map. The Council cannot bind future Councils to budgetary decisions such as this.

Public Works Director, Marty Beaumont, appreciated the Council taking on this difficult subject, and noted that there are a couple of things to remember. First, the starting point will be critical in determining what money the City will need. If they postpone getting the \$4 million estimated for roads at an earlier point that means they are putting off needed improvements that in three years

will be more expensive to undertake. He suggested holding the higher number that is averaged out at the beginning rather than escalate it each year. The \$4 million does not account for the new roads that will come as a result of development. Staff and the elected officials discussed different land use categories.

Council Member Stanley was comfortable with the overall proposed budget as demonstrating incremental improvements. He suggested a seventh scenario for road funding that shows that they are valuing the citizens' dollars as much as the City's dollars. He appreciated the level of diligence and thoroughness that was put into developing the budget proposal presented. Administrator Darrington stated that there are going to be some hard choices to make, in that they will need to ask for a substantial amount of money from the residents.

Council Member LeMone commented that it appears that staff has thoughtfully gone through the budget line by line to determine where cuts can be made that will not affect the level of service to the residents. She stated that it is important to realize that there are other departments with a lot of needs in the City in addition to roads. While she agreed that roads are a top priority in addition to the Public Safety Building, she reiterated there are other needs elsewhere. Council Member LeMone felt like they were headed in the right direction, however, if they put every dime toward roads over the next 20 years they will be neglecting a lot of other things. She felt that a more balanced approach would be best. Administrator Darrington agreed.

Council Member Andersen asked if the projected budget takes into account road repairs from replacing water and sewer lines under the roads. Administrator Darrington answered in the affirmative. He explained that the Council will discuss utility fees next as part of this overall budget discussion and explained that part of combining projects is to make sure that utility projects are also funded. Council Member Andersen asked about land use categories. Administrator Darrington clarified that public use is not broken out in the non-residential categories; however, churches and schools are included with commercial. Council Member Walker stated that every day that the City delays getting the \$3.8 million into roads, it costs money at a greater rate on the other end. He noted that at this point he was looking at Scenario 5 favorably. He agreed with Council Member LeMone that roads are not the only area in the City that needs to be addressed. After further discussion, the Council decided to use the \$129,620 of new money for roads as planned.

Administrator Darrington turned the time over to Director Beaumont to discuss utility rates. Director Beaumont applauded the City for making big decisions over the last few years. From his vantage point, he was seeing a lot of water needs in the City. He reported that they just finished the Storm Water Master Plan update and are currently working on the Pressure Irrigation Master Plan Update, which should be done in the next month. Afterward they will begin working on the Culinary Master Plan, which should be done around July. They still need to make updates on the Sewer Master Plan and should have all of the plans updated by the end of this year. He explained that Pleasant Grove has very old and aging infrastructure. As master plans are updated, Director Beaumont believes they will begin to see that some catch up is needed to get back on top of system replacement needs. He was of the opinion that they need to consider making rate studies to ensure that they can identify specific needs.

Director Beaumont presented a chart showing average monthly rate comparisons for 2015, 2016, and 2017. This year they are recommending a 5% rate increase to culinary and secondary water. Staff conducted an in-depth audit on the Storm Drain Utility Fee and the amounts being charged to residents and commercial development and are seeing huge discrepancies in amounts between businesses. Storm drain utility rates are determined by Equivalency Service Units (ESUs) and some businesses are being undercharged based on the amount of ESUs they have. They want to bring this information forward at the May 3 meeting and present a proposal on how to move forward.

Director Beaumont noted that the proposed sewer rate increase includes TSSD estimates as well; however, increases only apply on the City's end. Staff recommended that the garbage increase by 1% and recycling by 5%, for a total average increase of 4%. Administrator Darrington explained that the recycling rate has been \$5.90 since the program was implemented six years ago. There have been a couple of cost of living adjustments that have taken place over the past six years, but the City has never charged the residents more as a result. They are at the point now that changes need to be made to reflect those increases. Council Member Stanley's understanding of garbage and recycling was that this was a straight pass through of the exact costs. He asked who is subsidizing the excess costs. Administrator Darrington explained that there are administrative costs involved with this service. The City has the collection of the garbage, but they haven't taken into account fees for the landfill, which is also increasing.

The drought surcharge for this year is -100%. Director Beaumont explained that they are not planning to rent water this year. If there is a lot of precipitation they will be in a very good position; however, if it is dry he feels there is enough in reserve. Currently, the City has just over 1,000 to 1,200 acre-feet of storage water available, which is about 20% of total usage in the system. There was further discussion on water.

Council Member LeMone stated that the proposed rates are too high for right now, especially with the addition of a new road fee. While she recognized the need for certain increases, she preferred to find a better balance. Director Beaumont explained that water is critical because they cannot make progress on the roads because the water system is so dilapidated. Council Member LeMone commented that she would like to see more of an incremental increase, with garbage and recycling, for example. Administrator Darrington spoke about either bonding now or increasing rates and paying for projects later, which would save interest. Either way, the rates will have to be increased. If rates are raised now, more money can be aside for projects. Staff and the elected officials discussed the possibility of raising rates by 3% across the board. They also discussed when public hearings can take place on the matter.

Council Member Walker commented that the reason the City is in a position of lacking so much funding across the board is because the elected officials have been despondent and haven't been able to move things forward. It is easier to make excuses and walk away from a problem than to address the issue.

Parks and Recreation Director, Deon Giles, explained that for as long as he has worked for the cemetery, a rate study had not been done until 2012. Rates for plots were increased from \$400 to \$700. At the time they also wanted to create a fund that would support some of the programs and

need improvements, namely the purchase of more land and an automated irrigation system. He presented a recommended fee schedule, which was created in comparison to other nearby cemeteries. Director Giles described the importance of keeping fees comparable to others because lately people will shop around for the least expensive plots. He predicted that within the next four to seven years they will need to start using the pipe plant property for more cemetery space.

Director Giles discussed traditional burial needs versus cremations, and noted that cremations are becoming more popular on a National level. If there continue to be cremations in Utah, they have the option of creating a niche, where multiple urn burials can take place. In response to Council Member LeMone, Director Giles explained that if the rates are increased by \$100 this year, they will make around \$171,000. Of that, \$75,000 will go toward purchasing the Pipe Plant property. The remainder will be used for equipment and staffing, particularly staffing needs for Saturday burials. The Council agreed that the recommended cemetery fees were reasonable.

Community Development Director, Ken Young, presented recommended fees for Community Development. He stated that some of the fees haven't been updated in nine years. Although they did not perform a comprehensive analysis of where the fees should be, they did do a comparative analysis of different cities in the area including Lehi, Lindon, American Fork, Orem, Provo and Springville. Fees are all over the board in Utah County, and coming up with average fees was a challenge. Currently, increases have been recommended in the following areas: Board of Adjustment variances and appeals, site plans, conditional use permits, subdivisions, rezones and Code text amendments, amendments to the General Plan, annexation, and street vacation. Director Young thought it was reasonable to raise all of the aforementioned fees based on the comparative analysis. The Council gave authorization to proceed with the proposal.

Council Member Jensen mentioned that he spoke with Lewis, Young Robertson & Burningham, and they expressed a willingness to educate the Council on impact fees. Administrator Darrington noted that certain impact fees were updated a few years ago. However, an analysis of the police and fire impact fees had not been updated since the early 2000s. Administrator Darrington explained that the purpose of updating impact fees is that when new growth takes place, new revenues need to be allocated properly. In the past, staff performed an impact fee study and presented recommended fees to the Council. The general feedback from the public in the past has been to reduce them. Administrator Darrington reviewed the costs of having a consultant come in and conducting said analysis.

Council Member Stanley asked what will happen if funds expire. Administrator Darrington explained that most of the time they are returned to the developer. Attorney Petersen explained that the City has six years to use impact fees. Council Member Stanley asked if they are prohibited from setting impact fees differently between categories, such as high density housing versus retail development. Attorney Petersen explained that it depends on the impact fee. She commented that impact fees could be potentially determined based on trips; however, that would probably not be the case with park impact fees. Council Member Stanley stated that some citizens have expressed concern that the City missed opportunities to collect impact fees several years ago when several high density housing developments came into the City. Their argument was that Public Safety personnel spent a disproportionate amount of resources in high density housing developments. Attorney Petersen replied that they may be able to have different fees for Public Safety Impact

Fees, if an increased need can be proven. Generally, however, there are well paid lobbyists and attorneys that are starting to challenge cities that have made separate types of charges for multi-family developments. In fact, she was recently approached by someone who wanted to challenge Pleasant Grove's utility rates for a similar reason.

9) Discussion on Agenda Items for the April 19, 2016 City Council Meeting.

The agenda items for the April 19, 2016 City Council Meeting were briefly reviewed and discussed.

10) Neighborhood, Staff, Council and Mayor Business.

NAB Chair, Libby Flegal, noted that a representative is needed in the Big Springs Neighborhood. Director Young reported that he sent around updates on the Planning Commission. Library and Arts Director, Sheri Britsch, reported that they recently finished installation on the self-checkout machines at the Library and they should be fully functional in the next few days.

Director Beaumont reported that there are a lot of construction projects going on right now. Center Street is on schedule and will be finished by June. The following day is the pre-bid meeting for the Locust Avenue Reconstruction Project, and they are hoping to have a recommendation on bids to the Council by the end of the month. Construction on the project is anticipated to begin mid-May and finish by mid-August. Both new staff engineers will be starting in the next two weeks, and the new City Planner will start on Monday.

Attorney Petersen reported that 40 people applied for the Prosecutor position, and 16 will be interviewed starting tomorrow. Administrator Darrington acknowledged a Boy Scout group that attended all of tonight's meeting. Director Giles announced that the baseball season opens this Saturday at 4:00 p.m. Fire Chief, Dave Thomas, reported that the testing for the full-time position has been completed, and they have offered conditional employment to a firefighter from Farmington. The new hire is also a Paramedic and if he passes the background and medical check, he will begin on May 4.

Police Chief, Mike Smith, reported that Utah County now has a new state-of-the-art X-box system, which is located in Provo. The system has 320 degree screens and is used as a simulator to train officers. There is a system operator who can change the scenario as it is playing out, thus training officers to properly deescalate. It is an expensive system and the County was able to get funding for it through the State. Chief Smith noted that this will be the third system in the state, and all agencies in Utah County are partners in the system. This Monday there will be a media release on the system, and elected officials are welcome to attend.

Council Member Stanley reported that he and Council Member Andersen attended the Tree City USA luncheon earlier in the day to recognize the Parks Department. They have received the recognition for 17 years. Council Member Stanley explained that it was a wonderful event. He briefly spoke about community involvement, namely work the three City service clubs do in the community. He stated that he would like the Lions, Kiwanis, and Rotary clubs to be scheduled on the agenda so that they can make a presentation to the Council on the work they are doing.

Council Member Jensen requested that the City become part of the Governor's list of business-friendly cities. This will include an opportunity to reach out to local businesses and have open forums.

Council Member Andersen reported that she and Council Member Jensen recently attended the Utah League of Cities and Towns Conference, which was very informative.

11) Adjourn.

ACTION: Council Member Stanley moved to adjourn. Council Member Jensen seconded the motion. The motion passed with the unanimous consent of the Council.

The City Council Work Session Meeting adjourned at 8:53 p.m.

The minutes of April 12, 2016 City Council meeting were approved by the City Council on May 3, 2016.

Kathy T. Kresser, City Recorder, MMC

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