

**Pleasant Grove City
City Council Regular Meeting Minutes
February 24, 2015
6:00 p.m.**

PRESENT:

Council Members: Dianna Andersen

EXCUSED: Mayor Michael W. Daniels

Cyd LeMone
Ben Stanley
Jay Meacham
Cindy Boyd

Staff Present:

Scott Darrington, City Administrator
Dean Lundell, Finance Director
Deon Giles, Parks and Recreation Director
Tina Petersen, City Attorney
Mike Smith, Police Chief
Dave Thomas, Fire Chief
Ken Young, Community Development Director
Lynn Walker, Public Works Director
Kathy Kresser, City Recorder
Sheri Britsch, Library and Arts Director
Degen Lewis, City Engineer

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 was excused from the meeting. Mayor Pro-Tem Cyd LeMone called the meeting to order and noted that Council Members Boyd, Andersen, Meacham and Stanley were present.

2) **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was led by Noah Hidton.

3) **OPENING REMARKS**

The opening remarks were given by Council Member Andersen.

4) **APPROVAL OF AGENDA**

ACTION: Council Member Stanley moved to approve the agenda as written. Council Member

Andersen seconded the motion. The motion passed with the unanimous consent of the Council.

5) **OPEN SESSION**

Council Member LeMone opened the open session.

Fire Chief, Dave Thomas, explained that second to former Fire Chief, Marc Sanderson's retirement, the Fire Department has been able to complete several promotions. Chief Thomas introduced individuals who have since filled the open positions. He first introduced Deputy Fire Chief, Corey Cluff. Chief Cluff has a Bachelor's Degree in Emergency Services and several certifications ranging from advanced fire and EMS skills to specialized rescue. Drew Engemann has filled the Battalion Chief/Fire Marshall position. Chief Engemann came from the Orem Fire Department. He began working as a part-time captain for several years. In total, Chief Engemann has over 25 years of experience.

Justin Whatcott was recently promoted to Captain and performed very well during the department's testing process. Captain Whatcott has worked with the City for a long time, and has a Bachelor's Degree in Emergency Services from Utah Valley University. Furthermore, he has several certifications in fire and EMS. Last, Scott Ash filled the Lieutenant position and will be the Shift Manager when Captain Whatcott is off duty. Lieutenant Ash works as a Cardiac Sonographer on his days off, which means that he has clinical skills in addition to EMS training, which is very valuable.

There were no further public comments. Council Member LeMone closed the open session.

6) **CONSENT ITEMS**

- a) **City Council and Work Session Minutes:
No minutes for approval at this time.**
- b) **To consider approval of Change Order No. 1 and Payment Request 1 & 2 for S&L Inc., for the Shannon Fields Softball Complex – Phase 2.**
- c) **To consider approval of paid vouchers for (February 10, 2015)**

The consent items were reviewed and discussed.

ACTION: Council Member Boyd moved to approve the consent items. Council Member Andersen seconded the motion. The motion passed with the unanimous consent of the Council.

7) **PRESENTATIONS**

- A) **RECOGNIZE THE PLEASANT GROVE JR. HIGH US HISTORY CLASS FOR TAKING FIRST PLACE IN THE STATE FINALS OF THE WE THE PEOPLE CONSTITUTION COMPETITION.**

Bill Spense expressed his appreciation for the opportunity to be recognized for this award and invited the students in his class to stand and be recognized. He read the names of all of his students.

Mr. Spense explained that every year he engages his honors class in a Constitution competition sponsored by Law Related Education in Salt Lake City. His class has placed every year they have participated and have placed first for the past four years.

In preparation for the competition, Mr. Spense's class does an in-depth study of the U.S. Constitution. There are six different units the class participates in and the students become experts on a particular aspect of the Constitution. The students then prepare a presentation highlighting their assigned unit. Mr. Spense reported that his students were exceptionally well prepared for their presentation this year. After the students give their presentation, the judges follow-up with questions. In conclusion, Mr. Spense expressed his pride for his class and all the effort they put forward in this year's competition.

8) ACTION ITEMS READY FOR VOTE:

- A) To consider approval of St. John Properties' request to develop less than REQUIRED 50% OF RETAIL USES IN ONE OF THE PROJECT AREAS IN THE GROVE INTERCHANGE SUBDISTRICT (PARCEL #1 ON MAP 2 "PROJECT AREAS" EXHIBIT 10-14-24-3) AND TO TRANSFER THE RETAIL USE REQUIREMENT TO PARCELS #2 AND #3 TO A MINIMUM OF 68% OF THE TOTAL ACREAGE OF PARCELS #2 AND #3 (APPROXIMATELY 26.85 ACRES MINIMUM).
*Presenter: Director Young.***

City Administrator, Scott Darrington, explained that there was a presentation given on this proposal during last week's meeting. He clarified that the buildings in the renderings are single-story office buildings. Additionally, in the directors' meeting that took place earlier in the day, staff decided that they want the proposal to all be one project. They do not want to see all of the office developed and then never see the retail portion developed.

Community Development Director, Ken Young, presented a concept map for the area on the northwest side of Pleasant Grove Boulevard as well as an architectural drawing of what the buildings will look like. The map currently does not include anything on the other properties located on the southeast side of the street. There will be a series of nine, single-story buildings. Director Young stated that staff reviewed various development scenarios and concerns with the developer at the most recent Design Review Committee Meeting. One question Director Young suggested be discussed by the Council is what the City needs from St. John Properties on the opposite side of the street.

Administrator Darrington stated that in speaking with Daniel Thomas of St. John Properties, Mr. Thomas indicated that they will ensure that development on the southeast side of the street takes place shortly after development of the northwest property, so that the City can view this as one project, rather than two separate projects. He turned the time over to Mr. Thomas to answer additional questions.

Council Member Boyd asked for clarification on what will be developed on Parcel 1. Mr. Thomas replied that traditional retail will not be developed on Parcel 1. He explained that Pleasant Grove has a great opportunity at this particular interchange, because it provides great visibility and access.

Mr. Thomas believes that there is an opportunity for the City to capture a new group of users, which would be unique to Utah County. He stated that St. John Properties has the perfect product to diversify the users that will be brought to the City, because it is functionally different than what other developers have built. Although the users will not be traditional retail, they will have a sales tax base. Therefore, Mr. Thomas was requesting that the requirement for a certain amount of retail be lifted.

Council Member Boyd commented that her observation had been that most single story office/retail buildings are empty in other cities. However, multi-level buildings are filled by large companies, which bring in more people. She was concerned that single-story buildings will not support many businesses. Council Member Boyd did not feel this proposal would be the proper utilization of the land. Administrator Darrington briefly clarified that the zoning currently does not restrict single-story buildings. The request being made by St. John Properties was in line with what is currently in the Code.

In response to a question from Council Member Andersen, staff explained that all the Council is approving tonight is the ability to utilize the provision in the Code that restricts professional services on the north parcel to less than 50%. The Council is not reviewing and approving a site plan. However, in a recent staff meeting, there were concerns with the risk that the developer could possibly develop single-story office buildings on Parcel 1 and then end up selling the 40 acres on the other side of the property. In other words, the City would not get what they bargained for from the developer. Council Member Andersen asked if there is a way the City can guarantee retail on those 40 acres, even if St. John Properties ends up selling the land. Council Member Boyd replied that the City also needs protection on the smaller parcel. Attorney Petersen explained that there are ways for the City to legally protect themselves but she was not prepared to provide a solid suggestion now since this request has come up so quickly.

Council Member Andersen asked what the average square footage will be of each office. Mr. Thomas reported that the buildings will range from 18,000 to 28,000 square feet. The average unit size is 3,000 to 10,000 square feet. The buildings are often filled by insurance agents, doctors' offices, and smart home vendors. Mr. Thomas stated that St. John Properties has about seven million square feet of this particular product in their portfolio. He explained that St. John Properties has been in business for 45 years. They have 2,000 tenants, which are surveyed every year to determine how the buildings can be improved. Mr. Thomas explained that often other projects are more architecturally driven for what is currently trending, and are not the best for a long-term investor. In response to a question raised by Council Member Andersen, Mr. Thomas stated that St. John Properties provides annual maintenance of their buildings.

With regard to timing, Mr. Thomas stated that both parcels are one project for St. John Properties. Council Member LeMone asked if they are envisioning the retail to be single-story buildings as well. Mr. Thomas replied that most suburban, anchor-based retail is grade level. Retailers hate being on the second floor, because it is more difficult for shoppers. They would much rather be in single-story buildings, unless there is a multi-level parking garage.

Council Member Boyd expressed additional concern with the idea of having less than the required amount of retail. He noted that the City is trying to build a stronger economic base. This is the

prime location in the City for retail and the City would be selling themselves short by allowing less than the required amount of retail. Mr. Thomas asked Attorney Petersen if the proposal reduces a single square foot of the retail that is currently required. Attorney Petersen replied in the affirmative but clarified that it will only be reduced on Parcel 1. Furthermore, the percentage of reduced retail on Parcel 1 will be added to the requirements on the other two parcels. There was continued discussion about access into Parcel 1.

Mr. Thomas understood well that retail is critical to the community. St. John Properties used their understanding of the market to formulate a plan on how to deliver that expectation. He firmly believed that if they were to build traditional retail buildings on Parcel 1 they would stand vacant and ultimately be bad for the City. It would be more beneficial to have a larger percentage of the retail on the other two parcels.

Council Member Boyd asked what master planning has taken place for the other two parcels. Mr. Thomas noted that St. John Properties was able to obtain the subject parcels under contract seven days ago. However, they have had 45 days to get market and engineering insight on Parcel 1. There is a timeline associated with producing a plan that will be realistic to what St. John Properties can deliver. He commented that master planning for retail is a much different than planning for office space. There are different types of retail, such as lifestyle, regional, grocery, etc. and it takes time for the developer to engage with and fully understand the retail market. Mr. Thomas explained that retail centers of this size are oriented in design around an anchor tenant. It does no good to construct three or four buildings without an anchor tenant because the anchor drives the location. Once an anchor tenant is established, other tenants follow. Currently, St. John Properties has a potential anchor tenant and negotiations are underway. Development, however, is not contingent on a commitment from this potential anchor tenant. It will take six to seven months to go through the design process with any anchor tenant.

Council Member Meacham identified a specific portion of land on the concept map and asked Mr. Thomas to elaborate on its intended use. The area in question was identified as Discovery Field. Council Member Meacham remarked that it appears from a financial standpoint that St. John Properties does not want to construct all eight single-story buildings at the same time. He asked Mr. Thomas if they could begin construction on half of the buildings on Parcel 1 and in the meantime better define what will go on Parcels 2 and 3. This would help St. John Properties show their commitment to the City. Mr. Thomas replied that they have not yet executed a listing agreement with Caldwell Banker on the retail, but as soon as they do, they will be on the market. This will allow St. John Properties to fully define the retail project. With this in mind, their goal is to get two or three of the single-story buildings built as soon as possible. If they are able to get the anchor tenant in place they will also begin master planning parcels 2 and 3.

Director Young explained that at the Directors Meeting, concern was expressed that the reasoning behind the developer's functional design does not match the City's vision for the area. Furthermore, the architectural drawings do not match the design criteria outlined in the ordinance. Mr. Thomas responded that there were several guidelines for the number of materials to be used on the various facades. Currently, the architectural drawings show four or five different materials on the buildings to accommodate those guidelines. Attorney Petersen noted that there will be a separate process for

the design of the buildings. However, in order for the Council to agree to the applicant's accommodation request, it would be helpful for them to feel comfortable about what is proposed.

Council Member Meacham asked Mr. Thomas if they can move forward on the parcel they have already been granted approval for and in the meantime, take time to develop more of a community plan for the other parcels. Mr. Thomas answered in the affirmative and stated that this is their plan. Council Member Meacham asked how Mr. Thomas would be affected if the Council tabled the item for further discussion and review. Mr. Thomas explained that the contract that St. John Properties has signed on the property includes a study period. At the end of the study period, Mr. Thomas needs to be able to determine whether or not or they will be able to develop what they believe will be profitable. From a timing standpoint, the only way Mr. Thomas could delay getting all of the questions answered, would be to negotiate an extension of the study period with the seller.

Council Member Boyd was of the opinion that there were too many unanswered questions for the Council to move forward and reiterated her previous comments and concerns. Mr. Thomas informed her that of 17 million square feet, St. John Properties has developed two million square feet of retail.

Council Member Stanley expressed respect for the concerns raised by Council Member Boyd. He was not on the Council when the 50% requirement was instituted. He agreed that the City has seen issues come up on more than one occasion when exceptions have been made. Council Member Stanley admired Council Member Boyd for her intellectual consistency on protecting the vision articulated at the time the 50% requirement was determined. He felt that it would be wise to continue this item until language has been created to guarantee retail on Parcels 2 and 3. There is a possibility that the developer will move forward with Parcel 1 and plans for the other two parcels will fall through. There was further discussion on what action the Council should take.

Mr. Thomas wanted to ensure that the project is done right. He was not confident that the City will get another developer with the same capabilities, qualifications, and money to pull this type of project off in the proposed time frame and at the same quality level. Mr. Thomas was at a tipping point in the study period, where, it will cost St. John Properties \$60,000 to \$70,000 to answer all of the questions. If he senses hesitation from the City, his next move might be to step back with the sellers to buy more time. He stressed that St. John Properties has the ability to deliver on their product. Mr. Thomas remarked that a great deal of thought and consideration had gone into the proposal and they are willing to work through any issues. Staff and the Council continued to deliberate on which action to take tonight.

Council Member LeMone asked staff how long the land in question has been vacant. Administrator Darrington stated that the Synergy building was completed in 2008 or 2009. At that point, the economy downturned, which was when the hotel and convention center was to be built. Currently, the City is in the economic recovery phase. Gardener was looking at the parcel next to BMW, and accommodations were made so that they could have 100% office on that parcel. In the end, their contract ran out and they never closed on the property.

Another developer then approached the City about the property in front of the Synergy building, which is Parcel 1. The proposal was for an office complex with retail on the side; however, this

developer's financing never came through either. The 40 acres of land had never been under contract because most developers come in and want the property to be in conjunction with the hotel and convention center. St. John Properties was the first developer to get the property under contract and is willing and able to develop retail regardless of whether the hotel and convention center is developed.

Administrator Darrington explained that the market will dictate what the City can or cannot do. He stated that Mr. Thomas and Brandon Fugal have a better feel for the market than staff and the elected officials. The City has a vision and if a developer proposes a plan that is outside of that vision the Council has the authority to decide whether to walk away. He provided an overview of tonight's proposal.

Mr. Thomas explained that if the City decides that they want more mid-rise office buildings, St. John Properties is not the right developer for Pleasant Grove. Unfortunately, the retail land is under the same contract with Dennis Baker as the office parcel. Therefore, if staff and the elected officials decide that they do not like the single-story office presentation, St. John Properties would not be able to build mid-rise office space and would move on. He did not mean to give an ultimatum, but does not want it to be a surprise later.

Council Member Andersen did not have a problem with the proposal to reduce retail on Parcel 1, and increase the retail on Parcels 2 and 3. She understood that accessibility is a critical component to a successful retail development. She had never been in the Synergy buildings, because they are destination office buildings. However, as a resident of Pleasant Grove, she saw herself entering Parcels 2 and 3 for retail, because they are laid out according to how consumers shop. She emphasized that the proposed layout is driven by the market and it will be friendlier to Pleasant Grove residents. Council Member Andersen stressed that the developer is not asking to change the zone, they aren't asking for money, and they aren't asking for incentives. She remarked that perhaps the City's vision for these parcels was not market driven.

Council Member Meacham asked what restrictions currently exist on Pleasant Grove Boulevard, specifically with regard to the turn lanes. City Engineer, Degen Lewis, indicated that UDOT owns the no access lane from the freeway all the way to Granite Way. Additionally, they own a limited access from Granite Way to North County Boulevard. Mr. Thomas stated that in speaking with UDOT officials, they indicated that they are not willing to negotiate.

Council Member Meacham asked if it is possible to approve the applicant's request, contingent upon the agreement. Attorney Petersen replied that it would be possible; however, she did not recommend it because the agreement would have to come back to the Council for approval anyway. Administrator Darrington suggested tabling the item and revisiting the matter next week when the agreement is in place. Council Member Boyd wanted to better understand the bigger picture and felt the developer hadn't provided that. Council Member Stanley thanked Administrator Darrington for articulating what many of the Council Members feel on the matter. Furthermore, he expressed interest in taking advantage of this opportunity and had tremendous respect for what St. John Properties is offering and bringing to the table. He stated that the City is interested in their proposal; however, they want some protection on their end as well.

Council Member Meacham asked if the 68% retail requirement on Parcels 2 and 3 will run with the land or apply just to St. John Properties, should the Council approve tonight's request. Attorney Petersen stated that because the request is being made by St. John Properties, the 68% retail requirement will not necessarily bind the next developer in the event that the contract falls through. She explained that if the City wants to make sure this requirement runs with the land, regardless of the developer, an amendment would need to be made to the Code.

Council Member LeMone pointed out that St. John Properties has millions of properties and a 45-year history. They are proposing the first development of its kind in Pleasant Grove. She noted that residents are anxious for more retail and revenue for the City. While many of the concerns expressed were valid, Council Member LeMone did not know what else could go on these parcels. As a Council Member and resident, she did not want to lose St. John Properties' business. She explained that if the City turns away every developer, years down the road they will have vacant land and no income. Council Member LeMone expressed a willingness to take a risk, and given the applicant's backing and financial investment, considered it time to compromise and make something happen. She was of the opinion that this is the type of opportunity the City has been waiting for.

ACTION: Council Member Stanley moved that the Council continue the approval of St. John Properties' request to next week and instruct staff to research whether a Development Agreement or a change to the Code would best effectuate the City's intent and guarantee, to the extent possible, the understanding related to Parcels 2 and 3. Council Member Boyd seconded the motion. A voice vote was taken. Council Members Stanley, Boyd, and Andersen voted "Aye". Council Members Meacham and LeMone voted "Nay". The motion passed 3-to-2.

Mr. Thomas remarked that the conversations were very helpful and had assurances based on what was discussed.

B) TO CONSIDER FOR ADOPTION A RESOLUTION (2015-05) ADOPTING AN AMENDMENT TO THE PLEASANT GROVE CITY CORPORATION CAFETERIA PLAN TO COMPLY WITH THE AFFORDABLE CARE ACT (ACA); AND PROVIDING FOR AN EFFECTIVE DATE. *Presenter: Attorney Petersen.*

Attorney Petersen stated that the above matter is a housekeeping item to amend the definition of "eligible employee" in the City's Cafeteria Plan, based on the recommendation of the Benefits Coordinator. There had been a change of definition for "eligible employee" under the Affordable Care Act (ACA), and consequently Pleasant Grove City changed their definition as well. Attorney Petersen read the definition. There was brief discussion on how the ACA has affected the City financially.

ACTION: Council Member Stanley moved that the Council adopt Resolution (2015-05) adopting an amendment to the Pleasant Grove City Corporation Cafeteria Plan to comply with the Affordable Care Act (ACA); and provide for an effective date. Council Member Andersen seconded the motion. A voice vote was taken. Council Members Andersen, Boyd, LeMone, Meacham, and Stanley voted "Aye". The motion passed unanimously.

9) **ACTION ITEMS WITH PUBLIC DISCUSSION**

- A) **PUBLIC HEARING TO RECEIVE COMMENTS ON THE FISCAL YEAR 2014/2015 BUDGET AMENDMENTS. THE PLEASANT GROVE REDEVELOPMENT AGENCY BUDGET IS INCLUDED IN THE FINAL BUDGET. CITY WIDE. A copy of the proposed budget amendment is available at the Recorder's Office, 70 South 100 East, the Library 30 East Center and Community Development, 86 East 100 South. Presenter: Director Lundell.**

Finance Director, Dean Lundell, stated that half of the budget amendment items are grants or donations. One of the largest is an increase of \$250,000 in the Engineering and Professional Services budget, which is something that was done last year as well. Engineering costs have fluctuated a great deal over the years. For example, they were much lower in 2009 and 2010 when there wasn't much development occurring, as opposed to what they are now. The base budget of engineering costs was never really increased in the opening budget. Essentially, in years when there is more development, there will be more building permit revenue. Therefore, the revenue is being used to fund the additional engineering costs this year.

Council Member Meacham asked if it was necessary to amend the budget, since this is a new revenue source that is outside of the General Fund. Engineer Lewis explained that the engineering costs have been budgeted and while the City has spent over the budget amount, they have also brought in more revenue. The Council now needs to retroactively approve spending more money because more funding has been available. The City could have budgeted \$350,000 at the beginning of the year; however, they decided to be conservative. The starting amount was lower, because if they would have budgeted too much revenue, and then subsequently started spending money based on the anticipation that there would be revenue to match that spending, it would have been problematic for the City in the event the revenue source didn't come through. Therefore, staff stuck with the \$100,000 engineering budget each year, and as revenue comes in and the money is spent, the budget is amended accordingly.

The other large item was budgeting the year end transfer. At the end of the last fiscal year, there was a total of \$446,307 in unspent money. Historically, surplus funding is used for capital projects in the subsequent year. In order to do this, the money needs to be moved from the General Fund and transferred into capital project funds. Other amendment items include water meter installation and the CCAP lawsuit. Council Member LeMone asked about a line item relating to the Murdock Trail maintenance and asked if this was an annual expense. Director Lundell explained that this item is part of next year's budgeted capital projects.

Council Member LeMone opened the public hearing. There were no public comments. Council Member LeMone closed the public hearing.

- B) **TO CONSIDER FOR ADOPTION A RESOLUTION (2015-06) ADJUSTING AND AMENDING THE REVENUES AND EXPENDITURES OF THE 2014/2015. THE PLEASANT GROVE CITY REDEVELOPMENT AGENCY (RDA) BUDGET IS INCLUDED IN THE FINAL BUDGET; AND PROVIDING FOR AN EFFECTIVE DATE. Presenter: Director Lundell.**

ACTION: Council Member Andersen moved that the Council adopt a Resolution (2015-06) adjusting and amending the Revenues and Expenditures of the 2014/2015 and provide for an effective date. The Pleasant Grove City Redevelopment Agency (RDA) budget is included in the final budget. Council Member Boyd seconded the motion. A voice vote was taken. Council Members Andersen, Boyd, Meacham, Stanley, and LeMone voted "Aye". The motion passed unanimously.

10) DISCUSSION ITEMS FOR THE MARCH 3, 2015 MEETING

Note: Item 10 was discussed after item 11.

Council Member LeMone stated that next week the 2015 Business Development Extra Mile Award will be awarded to the All-American Development for excellence of design and construction of the new Culinary Crafts Building. Director Young will present the award. Additionally, discussions will take place on the Recreation Center Use Policy and the parameters for the Public Safety Building Committee will be clarified.

Administrator Darrington referenced an email sent by a resident to the Council. In the email, it was proposed that a baseball coach bring his team into the Recreation Center for supervised workouts. The intent from staff's perspective was to not become overwhelmed by sports teams wanting to use the facility for this purpose. The policy set last year began with a private business requesting to use the facility for supervised workouts. The City decided that a Rental Fee and Agreement would be necessary to approve the request. According to the current policy, it doesn't matter if the coach overseeing the workouts is paid or volunteering their time. The worst case scenario is in the event that a citizen goes into the Recreation Center and is unable to access the equipment because all of it is in use by various sports teams. Staff discussed this and wants to have a discussion with the Council about whether to try a trial period to see how allowing coordinated workouts for large groups works. Council Member Andersen agreed that a trial period would be a good idea.

Council Member Stanley asked if the residents have been informed that the matter will be discussed on next week's agenda. Administrator Darrington indicated that he spoke with the gentleman after staff reviewed the policy. Council Member LeMone added that she emailed the resident to inform him that the matter would come back to the Council for a discussion. Administrator Darrington stated that the gentleman needs to be invited to next week's meeting. Council Member LeMone agreed to follow up with him. Council Member Andersen asked when they use the facility and what kind of workouts they are doing. It was noted that the team comes in on Wednesday and Friday evenings and they primarily do circuit training.

A few weeks ago, there was a discussion about creating a Public Safety Building Committee and a general sense of what that would entail. The intent with next week's discussion was to better define the parameters of the committee.

Last, Administrator Darrington stated that it is likely there will be a discussion next week on the 4000 North Sewer. Council Member Boyd would like Attorney Petersen to be present for that

discussion. A determination was made to move the discussion to the March 10 City Council Meeting.

11) ITEMS FOR DISCUSSION – NO ACTION TAKEN:

Note: Item 11 was discussed before item 10.

A) DISCUSSION ON THE FY 2015/2016 BUDGET.

Director Lundell noted that the internal uses include water, pressurized irrigation, sewer, and storm drain. He explained that the utility funds have not historically charged the General Fund for these services. There have been several issues through the State Legislature and the State Auditor's Office in the past few years regarding enterprise funds. The real concern was that cities aren't raising utility rates and transferring the money into the General Fund. In some ways, the Legislature seems like they would like these utility funds to be treated completely separate from the City. If these utility funds were a separate entity, the City would also be charging some sort of franchise fee as well.

The State Auditor's Office issued guidelines last year, which explain that cities need to show the expense in the General Fund. Therefore, beginning this year, the City will be required to pay the cost of City-owned utilities to the General Fund. This will show revenue in the Utility Fund and a transfer out of the Utility Fund. The General Fund would then show an expense for the amount of the utilities. The Council needs to determine how they would like to show this expense in the General Fund. Staff calculated the charge at approximately \$135,000. If the Council chooses not to take action, the General Fund budget will need to be cut by this amount to offset the new requirement.

Director Lundell made suggestions as to how the City could show this expense. First, they could transfer an equivalent amount from the utilities to the General Fund. A separate notice on the utility bill informing residents that Pleasant Grove City will be transferring money from the Water Fund to the General Fund. However, this would be hard to explain to residents, and likely confuse them. The second option was to institute a franchise fee for City utilities. They could find a way to charge a transfer fee that would be equal to the amount of the charge incurred. Last, the City could simply cut the General Fund.

Director Lundell was of the opinion that instituting a franchise fee would be the easiest because the matter would be addressed once and wouldn't be an issue every year. Council Member Stanley asked if he had a sense of what the majority of other cities do. He replied that last year, the vast majority didn't do anything. Therefore, everyone will be wrestling with the same issue this year. He noted that there are at least two or three cities that charge the franchise fee. Council Member LeMone asked if notice would need to be given for the franchise fee. Director Lundell replied that there would be a public hearing on the matter, and after it is in place, notice will not need to be given. The fee would replace the amount of additional expense incurred by the General Fund and there would be no impact on utility rates. The anticipated fee would be between 1.5% and 2.0%.

Council Member Boyd expressed interest in having Attorney Petersen further explain the legalities of pursuing a franchise fee. Director Lundell agreed to work with her on this item. He stated that he would like to have the matter worked out so that it can be implemented next month. Council Member Andersen remarked that she has no expertise in this area and will rely on the professional recommendations made by staff. Council Member Meacham reviewed the three options as they were presented.

Council Member Stanley asked if the City were to actually pay the enterprise funds for the water and the sewer, whether they could theoretically lower the rates for the rest of the users. Director Lundell explained that if the City declared that they would simply pay the enterprise funds, there wouldn't be any additional revenue to the utility funds. Administrator Darrington added that the General Fund is always very tight, because the money can be used for anything.

Blaine Thatcher asked if staff has studied whether the usage by the General Fund is equivalent to what is normally charged. Director Lundell explained that a lot of the properties are not metered. As a result, Engineer Lewis did some calculations to collect the necessary data. He further explained the franchise fee and stated that regardless of how the matter is handled, the General Fund needs to show an expense for where water is being used. Council Member Stanley was comfortable with whatever staff recommends.

Administrator Darrington explained that the City's main revenue sources are property taxes, sales taxes, and franchise fees. Staff was not anticipating Council-imposed increases; rather, most of the increases are due to growth. There is also an additional revenue for charges for services and administrative fees. Essentially, the City has \$440,000 in new money, which is above and beyond last year's budget. Administrator Darrington presented a list of recommendations on projects for which the surplus could be used during the upcoming fiscal year. Initially, staff was considering a 3% increase to employees; however, they reduced that amount to a 2% increase, which was the same as last year. This would include 1% COLA that every employee would receive. The remaining 1% would be merit, which is based on evaluations by the department head. Staff was uncertain at this point what the increase will be for health insurance so currently there is an estimated amount of 9% as a placeholder. Part-time increases at a rate of 2% would cost just under \$40,000.

Administrator Darrington described a line item relating to Public Works wage adjustments, which is a program to ensure that employees are categorized properly. For each position in the City, there is an analysis conducted to create a range. The analysis incorporates what other cities pay their employees for the same positions and was established to retain employees. A range is then determined, which sets salary guidelines within a position based on certifications obtained by the employee. The ranges are categorized in tiers. Administrator Darrington described the various requirements that have to be met in each tier. The program creates a road map for the employee, who then can set progress goals for themselves.

It was noted that there are three management positions in the Public Works Department, which are foreman, superintendent, and director. In response to a question from Council Member LeMone, Administrator Darrington explained that these wage adjustments, which are based on the aforementioned criteria, are at the current market level. Council Member LeMone asked if the road

map is available to other departments. Administrator Darrington answered in the affirmative. He stated that he would like to ensure that this process is consistent across every department in the City. The infrastructure in Police and Fire is already in place, because they have ranking officer positions. Director Lundell added that the COLA/Merit increases are only for full-time employees. It was noted that there are 20 Public Works employees with the average increase being around \$2.25. There is a portion of the budget needed for what employees will currently earn, as well as what they will potentially earn in the future. The intent is to make the salary adjustment and then make the COLA/Merit increase.

The recreation wage adjustment is a separate study that staff has been working on to compare the wages for recreation employees with those of other cities. This same type of study has already taken place for dispatch, fire, and courts, and part-time wage increases were conducted over the past three years to remain competitive with other cities. The wage increases do not include seasonal workers, which are handled differently. Administrator Darrington identified three additional line items on the Projected Additional Revenues Sources/Uses for the FY 2015/2016 document, including funding one full-time police officer, one full-time parks employee and one full-time recreation employee. The recreation position is currently a part-time position and the additional funding would be to increase it up to full-time hours and benefits.

Additionally, funding will be allocated for the equipment for the new officer and streets vehicle replacement funds for snowplow trucks. Director Lundell noted that on the capital list, staff budgeted to purchase one snowplow truck. The Streets vehicle replacement fund will be used to purchase a new snowplow every two or three years. The snowplow trucks are kept for about 16 years, which also takes into account that they have not been used as much for the past couple of years. Administrator Darrington stated that with regard to vehicle replacement, police are on a great system. The City has an arrangement where they rotate vehicles out and sell them and get a large majority of their money back. Public Works vehicles are driven until they can't drive anymore, because their department does not have a fleet replacement program in place.

Currently, the City is \$116,000 in the red. Therefore, they don't have all of the money to fund everything that has been presented. Additional information may be gathered later, particularly relative to the City's revenues. Staff was looking for guidance from the Council regarding the three positions. Council Member LeMone requested more information on the needs in the departments to better justify the positions. Council Member Boyd added that a little history would also be helpful. Council Member LeMone wasn't sure if the wage increases and COLA/Merit increases are both necessary. She asked if there has been a loss in part-time employees, which has spurred the wage increases or if the City simply is overdue on giving increases. Administrator Darrington stated that they mirror the increases of full-time employee wages with part-time employee wages.

Note: The Council took a break from 7:50 p.m. to 8:00 p.m.

In response to a question from Council Member Boyd, Administrator Darrington stated that last year the City did a 1% COLA and a 1% Merit. Supervisors know that they have this amount to work with for the employee. Administrator Darrington also noted that currently the City has \$350,000 in one-time money. In other words, this is unspent money left over from last year's budget collected from additional revenues. As a result, it was turned around and used for one-time

costs. On March 31, staff and the elected officials will have a discussion on the utility funds utility rates and capital projects. Staff tried to reserve the last Council Meeting for specific budget discussion. Furthermore, sometime within the next two weeks, staff will present the justifications for the new positions. If revenues start to move, it will help on the expense side. Administrator Darrington stated that at this point, he did not anticipate any additional expenses.

One item that needed to be discussed was the Utah Lake Commission. Administrator Darrington explained that for a while, Pleasant Grove City participated in the Commission, which is about a \$5,000 per year financial commitment. When the City was experiencing a financial downturn in 2010, it was decided to drop it out of the budget. The Executive Director of the Utah Lake Commission gave a presentation last summer and invited the City to participate again. Additionally, there was another meeting that took place with Administrator Darrington and Mayor Daniels and a couple of other Mayors from neighboring cities who also attended the meeting. At that time, the Pleasant Grove City Council declined the invitation to participate. However, last week a Council Member from Saratoga Springs extended another invitation.

Administrator Darrington was of the opinion that Pleasant Grove does not need to participate in the Utah Lake Commission because the cities that border the lake are ones who primarily benefit from it. The primary goal of the Commission is to remove all of the carp from the lake in order to create a better environment for fish. Furthermore, they are working toward removing the phragmites, which overcrowd the lake's beaches. The main reason they continue to approach Pleasant Grove, is because the Department of Environmental Quality could one day require at the Federal level, that the City treat storm drain water before it goes into Utah Lake.

Council Member LeMone asked how the City's participation could affect this possibility. Administrator Darrington replied that the Commission believes that Pleasant Grove City is involved on the State level as far as this matter is concerned. However, they will not lobby any less intensely without the City's participation. Engineer Lewis mentioned that there is a Storm Water Coalition in Utah County, which is a group that the City participates in. The general consensus among the Council was to again decline the invitation to participate in the Utah Lake Commission.

Council Member Stanley was impressed with the department heads and the effort that goes into making tough budget decisions. Administrator Darrington added that everything presented tonight required hours to prepare on the part of the department heads. Council Member Boyd remarked that she would like to know where the City is going next once the changes to the Public Works Department have been made. She explained that the employees need to know what is in store for them as well. She felt that time frames also need to be outlined for the Parks and Recreation departments. Administrator Darrington replied that this can be further discussed during Executive Session.

12) **NEIGHBORHOOD AND STAFF BUSINESS**

Director Young informed the Council that Planning Commissioner James Malone has resigned. Commissioner Malone was formerly the Chair and Commissioner Eric Jensen has replaced him in this role. An alternate position now needs to be filled. Director Young noted that Mr. Malone

served on the Planning Commission for a few years and was on the Board of Adjustment prior to that assignment.

Parks and Recreation Director, Deon Giles, announced that he will be out of town the first part of next week for the annual Cemetery and Parks Convention in St. George. Director Giles informed the Council of the other staff members in his department who will also be attending.

Police Chief, Mike Smith, mentioned that Becca Mallorej, the City's Victim Advocate, manages the grant that funds a portion of her salary. Chief Smith announced that she was awarded \$20,983.88 this year. Council Member LeMone asked Chief Smith about Everbridge, and stated that she received a text notification the previous week. When she clicked on the link, she was informed that it may charge her phone. Chief Smith replied that this additional charge is contingent upon individual provider plans, and is not related to Everbridge. Last, Chief Smith reminded those in attendance about the upcoming Association Banquet scheduled for this Thursday night at 7:00 p.m.

Library and Arts Director, Sheri Britsch, reported that during the Amazing Race earlier in the day, Clint Warnick commented that his kids have read over 370 books towards the 1,000 Books before Kindergarten program. Director Britsch remarked that this is evidence that these programs make a difference in kids' lives.

Administrator Darrington announced that the walk through will take place on Wednesday, March 11, at 2:00 p.m. Also, there was discussion about the meeting scheduled for April 7, which will take place over Spring Break. Staff and the Council decided to cancel the meeting because so many people will be out of town and unable to attend. Administrator Darrington advised those present to meet at the Council Chambers for the walk through. He updated the Council on the road funding, as it has been discussed during the current State Legislative Session. The current Senate proposal is a for a \$0.10 increase in the gas tax per gallon. This equates to \$300,000 to \$400,000 to the City. The House currently has a proposal that includes a sales tax component.

Administrator Darrington read the current update and stated that there is a chance that the City will need to start lobbying their legislators. The sales tax increase would incorporate a one-quarter of \$.01 sales tax increase. .1% would go to cities, .1% would go to transit, and .05% would go to counties. If this were enacted, Utah County would get 1/10 of 1% for transportation and the County would get .05%. Additionally, there would be a transit component, where 1/10 of \$.01 one cent would be earmarked for transit. To some cities, transit is a big need; however, transit is not as big of a deal in Pleasant Grove.

If the transit component were pursued, certain cities would be lost from the support base. The allocation of funds would be based on the sales tax distribution formula, which is 50% point of sale and 50% of population, rather than the B & C formula. Some cities prefer the B & C formula, whereas other cities want the sales tax distribution. The Utah League of Cities and Towns has recommended that cities stay with the sales tax formula, because it the most consistent. Administrator Darrington noted that the sales tax distribution would be enacted through the County, and put on the ballot for a public vote. The ULCT has stated their preference that the cities have the ability to enact the sales tax distribution just for their city, so that they can capture that revenue.

Council Member Meacham pointed out that this would create a variable cost throughout the County. Attorney Petersen replied that in speaking with Roger Tew, his assessment is that there wouldn't be a significant enough cost variable to motivate residents to drive further away to save one-quarter of \$.01 on sales tax. There was further discussion on the issues that still need to be worked out.

Last, Administrator Darrington spoke about the maintenance effort, meaning that they want each city to determine how many dollars of General Fund they have used for roads. If the tax is enacted, the City then cannot turn around and collect the tax and use that other General Fund money elsewhere. The purpose of enacting the tax is to earmark the funds for transportation. Administrator Darrington spoke about the Legislative Policy Committee, which is comprised of a group of city representatives that meets weekly to discuss policy issues. He noted that Attorney Petersen attends the more intensive meeting, which is a smaller circle. In discussing this particular matter at that meeting, opinions varied.

Attorney Petersen added that the ULCT has supported local control all along in order to maximize funding. The gas tax and sales tax bills are both going forward. If they both pass, Pleasant Grove will be further ahead. She mentioned that the ULCT was unable to get sponsorship from any legislators for the proposed bill they drafted. As a result, the bills currently under review were drafted by individual legislators rather than in collaboration with ULCT. The ULCT is doing their part to have legislators make amendments based on what they feel will be best for individual municipalities. Attorney Petersen wanted members of the public who are opposed to funding transit to know that she personally reiterated to the ULCT that Pleasant Grove City amended their Resolution on the Transportation Coalition, to make it specific to the local position on the matter. There were other municipalities who did the same. Last, Attorney Petersen indicated that she would be out of town the following week.

13) MAYOR AND COUNCIL BUSINESS

Council Member Andersen that the Pleasant Grove High School Basketball team won their quarter final game against Alta High School. They would be playing Davis the following night in the semifinals.

14) SIGNING OF PLATS

There were no plats signed.

15) REVIEW CALENDAR

There were no further calendar items to review.

16) EXECUTIVE SESSION TO DISCUSS THE CHARACTER, PROFESSIONAL COMPETENCE, OR PHYSICAL OR MENTAL HEALTH OF AN INDIVIDUAL (UCA 52-4-205 (1)(a))

PRESENT:

Council Members: Dianna Andersen

EXCUSED: Mayor Michael W. Daniels

Cyd LeMone
Ben Stanley
Jay Meacham
Cindy Boyd

Staff Present: Scott Darrington, City Administrator
Tina Petersen, City Attorney

ACTION: At 9:36 p.m. Council Member Stanley moved to go into executive session to discuss the character, professional competence, or physical or mental health of an individual. Council Member Andersen seconded. The motion passed with the unanimous consent of the Council.

ACTION: At 10:59 p.m. Council Member Stanley moved to continue the meeting past 11:00 p.m. Council Member Andersen seconded. The motion passed with the unanimous consent of the Council.

ACTION: At 11:35 p.m. Council Member Stanley moved to come out of executive session. Council Member Boyd seconded. The motion passed with the unanimous consent of the Council.

Mayor Daniels asked if there was any other items to discuss, being none he called for a motion to adjourn.

17) ADJOURN

ACTION: At 11:35 p.m. Council Member Boyd moved to adjourn. Council Member Stanley seconded. The motion passed with the unanimous consent of the Council.

Minutes of February 24, 2015 meeting were approved by the City Council on March 17, 2015.

Kathy T. Kresser, City Recorder

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