

**Pleasant Grove City
City Council Regular Meeting Minutes
June 7, 2016
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
Denise Roy, Finance Director
Mike Smith, Police Chief
Kathy Kresser, City Recorder
Ken Young, Community Development Director
Marty Beaumont, Public Works Director
Sheri Britsch, Library and Arts Director
Tina Petersen, City Attorney
Dave Thomas, Fire Chief

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 Drew Armstrong.

3) OPENING REMARKS

The opening remarks were given by Christy Belt.

4) APPROVAL OF MEETING'S AGENDA

City Administrator, Scott Darrington, stated that an Executive Session needs to take place after tonight's Regular and Redevelopment Agency Meetings.

ACTION: Council Member Stanley moved to approve the agenda with the addition of an Executive Session. Council Member Andersen seconded the motion. The motion passed with the unanimous consent of the Council.

5) **OPEN SESSION**

Mayor Daniels opened the open session.

Charles Ray gave his address as 35 East Maple Lane and made mention of a leak on his street that needs to be repaired. He commented that it is a hazard to drivers and pedestrians. Mr. Ray also stated that Maple Lane is in dire need of repair.

Daniel Thomas gave his address as 299 South Main Street, in Salt Lake City, and acknowledged all that Mayor Daniels contributes to the City. He spoke about previous access restraints to his development and reported that he received word from UDOT the previous day that they plan to grant St. John Properties access off of Pleasant Grove Boulevard. This will greatly improve economic development in the City. Mr. Thomas stated that this would not have been possible without Mayor Daniels.

Mark Bezzant gave his address as 1192 East 200 South and commented that Mayor Pro Tem, Dianna Andersen, did a great job of conducting the last meeting. He expressed gratitude for various City Departments including the Cemetery, Police, Water and Engineering Departments. Mr. Bezzant expressed support for the proposed three-year road plan.

Michael Butt gave his address as 936 North 1420 West and explained that the Constitution is the foundation of both the Nation and Pleasant Grove City. He reminded City officials to always trust in this foundation and in God.

There were no further comments. Mayor Daniels closed the open session.

6) **CONSENT ITEMS**

There were no consent items.

7) **BOARD, COMMISSION, COMMITTEE APPOINTMENTS**

A) TO CONSIDER THE APPOINTMENTS OF KATHY WATKINS AND FELICIA AUNA AS BEAUTIFICATION COMMISSION BOARD MEMBERS.

Kathy Watkins introduced herself and stated that she was born and raised in Pleasant Grove. She lives in the String Town Neighborhood and loves gardening.

Felicia Auna reported that she recently moved to Pleasant Grove from Seattle. She teaches math at American Fork High School and works at the Pleasant Grove pool. She was excited to join the Beautification Commission and looked forward to getting involved in the Community.

ACTION: Council Member LeMone moved to approve the appointments of Kathy Watkins and Felicia Auna as Beautification Commission Board Members. Council Member Walker seconded the motion. The motion passed with the unanimous consent of the Council.

8) **PRESENTATIONS**

There were no presentations.

9) **PUBLIC HEARING ITEMS**

A) PUBLIC HEARING TO RECEIVE COMMENTS ON THE PROPOSED PLEASANT GROVE CITY FISCAL YEAR 2016/2017 BUDGET. THE FINAL BUDGET INCLUDES THE COMPREHENSIVE FEE SCHEDULE. (CITY WIDE) A COPY OF THE PROPOSED BUDGET IS AVAILABLE AT THE RECORDER'S OFFICE, 70 SOUTH 100 EAST; THE LIBRARY, 30 EAST CENTER; AND COMMUNITY DEVELOPMENT, 86 EAST 100 SOUTH.

Administrator Darrington described the budget process and stated that the process begins with a City Council retreat at the beginning of the year, at which time priorities are reviewed and discussed. After the Retreat, budgeting Work Sessions are held once per month until June, when the Final Budget for the new Fiscal Year is approved. Over the course of public hearings, staff continues to whittle down the City's priorities. The City is required by State law to adopt the Tentative Budget by early May. The Tentative Budget serves as an opportunity for the public to get a first glance at the budget. Once the Tentative Budget is adopted, the Council still has the ability to make changes prior to approval of the Final Budget. The City is required to hold a public hearing on the Final Budget, which must be adopted by June 22. Pleasant Grove has scheduled to approve the Final Budget on June 21.

One such item that was discussed during the process was the proposed Road Fee, which will be reviewed tonight. Staff noted that a separate public hearing for the Road Fee will also take place on June 21, thereby allowing staff time to draft it's proposal and create a separate Enterprise or Special Revenue Fund. Administrator Darrington stated that the Road Fee will not affect the adoption of the budget.

In response to a question from Mayor Daniels, Administrator Darrington explained that the Road Fee is modeled after the recently adopted fee in Provo, also known as the "Provo Model". Pleasant Grove has used some of the same language in drafting an ordinance. Mayor Daniels commented that he would like there to be significant input from the public on this issue.

Administrator Darrington outlined the presentation as follows:

General Fund – Denise Roy, Finance Director

Utility Rates and Projects – Marty Beaumont, Public Works Director

Cemetery and Recreation Fees – Scott Darrington, City Administrator

Road Fee Proposal –

- Scott Darrington, City Administrator

- Tina Petersen, City Attorney
- Marty Beaumont, Public Works Director

Director Roy stated that a nine-page summary of the Tentative Budget was distributed for the Council's review. She explained that the Final Budget must be adopted by the end of June per state law, unless the City is doing a Truth in Taxation Hearing for a property tax increase. Director Roy reviewed the revenues and expenditures of the General Fund and explained that beginning in January, staff begins to forecast revenues. This year the City is showing a sales tax revenue increase of just over \$400,000. Staff decided to recommend a merit and COLA increase for staff employees of 2%, which has been factored into the budget. Additionally, a 9% increase in medical insurance has been budgeted. Administration feels they should focus on employee retention, since many employees are leaving to take employment elsewhere. This year, they will primarily focus on retention within the Police Department. Director Roy noted that staff is proposing a transfer to roads, in addition to the \$195,000 that has already been budgeted. Director Roy explained that staff met with various department heads and identified over \$129,620 to cut from the General Budget for a total of \$324,620 to go towards roads.

In reviewing the General Fund Revenues, Director Roy explained that in general, they will remain consistent, with slight increases due to growth. She described how the formula for growth is calculated and accounted for in General Fund budget and stated that taxes fluctuate with the economy. Evaluations for this year's certified tax rates have not yet been published, but Director Roy did not expect them to be much different than they have been in the past. Sales taxes are the City's biggest source of revenue and Pleasant Grove is looking strong going into Fiscal Year 2017. She mentioned that ambulance services have been below budget over the last couple of years, but they are still looking positive. It was noted that Medicare changes were made, which allowed more to be billed to the State of Utah. She presented a pie chart of the City's General Fund revenues.

Next, the General Fund expenditures were presented, including transfers to other funds. Additionally, the total operating expenses, and how they are divided were shown. It was noted that Public Safety receives 44% of the budget, which is more than any other department.

Director Roy spoke about the 9% medical insurance increase and stated that the City will be changing insurance carriers next year. The new carrier imposed a 3.7% increase, and a not-to-exceed 10.9% increase the following year. The City will have a savings of about \$75,000, \$67,000 of which will go into the General Fund. Staff recommended keeping the savings as a contingency because of the anticipated medical increase in Fiscal Year 2018, which may be around \$180,000.

Mayor Daniels asked if this type of insurance growth is expected to take place each year. Administrator Darrington explained that the City has had the same insurance carrier for 18 years. However, their initial renewal for the new fiscal year was an increase of 18%, which the City was able to negotiate down to 13%. Staff requested that the broker rebid with other insurance providers, and that was when they found the new carrier who came in with the lowest bid of 3.6%. Administrator Darrington explained that a 9% to 13% increase has been typical in the past, so 18% was quite a bit higher. There are several reasons for the dramatic increase from the previous

provider; first, was the health of employees and their use of the insurance. Second, rates reflect the National trend, which also affects neighboring cities.

Next Director Beaumont addressed projected water projects, as well as the Sewer and Storm Drain Funds. He commented that roads are an integral part of the discussion, as several utility projects coincide with road projects. He presented a list of Capital Improvement Projects (CIPs) and noted that several utility projects directly relate to road projects, including 300 South, 900 South, 700 South, and the Blackhawk waterline. Director Beaumont stated that the pipes have leaks and combining projects will result in major cost savings to the City. He explained that as per a directive, the Project Funds will not be taken below 180 days of operational expenses. Administrator Darrington clarified that the 180-day requirement is not only a goal of the City, but is a bonding requirement.

Mayor Daniels asked Director Beaumont to explain how the aforementioned list is separated into funds other than the General Fund. Director Beaumont explained that the CIPs represent individual accounts. As the City receives revenue from user rates, they can only go into their respective enterprise funds. Enterprise funds can only be used for projects that fall specifically within those categories. He noted that water is a culmination of both culinary and secondary water.

Council Member Stanley asked if all 13 CIPs will take place this year. Director Beaumont answered in the affirmative. He clarified that the “development/special projects” are listed twice on the CIP list and are separate items that are Impact Fee and General Fund related. Council Member Andersen asked if there are restrictions on how funds from the Water Impact Fee can be spent, as opposed to funds from a utility fee. Director Beaumont explained that in each master plan, there are projects that will be paid for specifically with impact fee dollars, based on whether the need is a result of added impact.

Director Beaumont addressed the Battle Creek Springs project and noted that the estimated budget for the entire project is \$1.9 million. Since the City does not have all of the funding currently available, staff wants to finalize the overall plans and environmental process. He stated that they might not use the full \$100,000 that has been budgeted for this year, but the project will be continued into the future.

The sewer projects and utility rates were reviewed. Director Beaumont explained that some of the City’s needs in the culinary water system are reflected and what staff is recommending in terms of the rate. Staff estimated that 40% of the system is more than 40 years old and is continuing to age based on degradation occurring in pipes. Staff proposed a 10% increase in water rates, which is justified based on the need. For secondary rates, staff recommended a 5% rate increase. An audit of the storm drain system shows \$130,000 of additional funding and staff recommended reducing user rates. A 2% increase was proposed for sewer and no increases were recommended for garbage/recycling. The drought surcharge was dropped because Pleasant Grove is not renting water from Orem this year.

In response to a question from Mayor Daniels, Director Beaumont explained that users will see the data reflected in their monthly bills. Administrator Darrington explained that the estimated

rates were calculated based on an average of 8,000 gallons of usage; however, rates may vary depending on household size.

Council Member Stanley asked if it is problematic that secondary costs are exceeding culinary costs. Director Beaumont explained that the City has secondary water bonds they are paying off and over time as the bonds are paid off, water rates will level out. Administrator Darrington noted that the secondary water system was completed 10 years ago and the bond is for 25 years. Council Member Stanley asked about the administration fees paid out of the Enterprise Funds. Administrator Darrington explained that employees such as himself, Director Roy, Attorney Petersen and others, are paid from the General Fund as well as various Enterprise Funds based on the time that they spend working in each respective department. This practice is allowed according to State law to account for true costs. Director Roy explained that each of the Enterprise Funds has an 18% fee that is used to cover administration costs, which total approximately \$2 million.

Director Beaumont explained that the cost of culinary water would be much higher if the secondary water system was not in place. The tradeoff is that instead of paying a higher culinary water fee, citizens are paying less in water split between two fees. He explained that there would be other expenses if the City were to use only the culinary system, such as installation of a water treatment plant. Mayor Daniels asked Director Beaumont to describe the sources of the culinary and secondary systems. Director Beaumont explained that there are wells that pump out of the aquifers and feed the culinary water, which is treated. The secondary water system is surface water that comes from Battle Creek, Grove Creek, the mouth of American Fork Canyon, and the Provo River. Water in the secondary water system does not have to be treated, but it is filtered. People should not drink it. The City also has the Alpine aqueduct which is a major source for the secondary system.

Administrator Darrington presented the proposed Cemetery, Pool, and Recreation fee changes and noted that the revenues generated from the Cemetery go back into a separate fund rather than into the General Fund. The City's Cemetery rates are determined based on surrounding areas. One such issue they have run into in recent years is that their non-resident fee was lower than resident fees in other areas. This led to non-residents buying plots. As a result, the rate was increased about four years ago. Administrator Darrington reviewed the following rates:

	<u>Resident/Ranking</u>	<u>Non-Resident/Ranking</u>
Plot and opening & closing (adult)	\$50 4th	\$300 8th
Opening & closing (infant)	\$25 4 th	\$100 8th
Cremaains	\$50 3rd	\$100 4th
Double Deep	\$100 4th	\$100 4th
Disinterment	\$200 5th	\$200 5th
Weekend, Holiday, After Hours	\$50 4 th	\$50 4th

It was noted that the City anticipates additional revenue in the amount of \$170,000 to fund the growing needs.

The City purchased a portion of the Pipe Plant Property to use for future growth of the Cemetery. The Cemetery Fund has to pay back the Storm Drain Fund, which initially purchased the property.

Staff requested that as fees are increased, it is done so with intent to pay back the Storm Drain fund.

In response to a question raised by Council Member Stanley, Administrator Darrington confirmed that the Cemetery pays the same amount to the Storm Drain as the original purchase price of the land. It was noted that there is no interest on the payment at this time. In response to a question from Council Member Andersen, Attorney Petersen explained that the property is not currently being used by the Cemetery so the City is getting a head start on paying it back. Once the land is used for Cemetery purposes, they will create an Interloan Fund and there must be interest attached to the remaining balance.

Administrator Darrington reviewed the following:

Recreation Center Memberships and Day Passes:

The City is looking to increase memberships by approximately \$5 per annual and semi-annual pass, and \$1 per monthly pass. Day pass prices will increase by \$.25. Surrounding area recreation centers were looked at in helping to evaluate these prices. Staff took into consideration that, unlike most of those facilities, Pleasant Grove does not have an indoor pool. Staff thought it would be best to keep prices lower than those centers but still keep up with the increases seen in the area over the last few years. The last time pass prices were increased was three years ago.

Pool Passes:

The City is looking to increase pool passes by \$5 for the seasonal passes. Family passes will increase from \$175/\$260 (resident/Non-Resident) to \$180/\$265. Staff looked at other passes as well, such as the odd/even day passes. While they could see advantages to cancelling that pass (more whole season passes sold) they thought that the volume of sales they would see would make it very unpopular to do away with it. Day pass prices would also increase from \$4.50 to \$5. Some pools charge for everyone one year of age and older. Currently the City does not charge for anyone under three years of age. Staff recognized the advantage of charging children aged one through three a small fee such as \$1. Staff indicated that while this might also be unpopular, they see surrounding pools charging at least this, if not more, for this age group. Increasing day pass and membership prices will also affect the discount tickets that are offered. The discount would go from about \$3.50 per ticket to \$4.50 per ticket.

Recreation Programs:

The City is looking for small increases in many of its Recreation programs. Generally, they hope to increase by \$1 - \$3 per participant. The biggest program increase will be to add a new sports software, Quick Scores. The program charges about \$1 per participant to use, and will greatly help participants be able to view standings, games, and import schedules directly to their phone calendars. The other sources of increases stem from increases in wages to where the market shows they should be. The City is currently underpaying several supervisors and aides. This increase will put Pleasant Grove more in line with the market. Other programs also have small supply needs that are included in the proposed increase.

Mayor Daniels inquired as to how close the recreation programs are to being self-sufficient. Staff explained that the subsidy for the pool is currently \$180,000. The Recreation Center's annual

subsidy is \$76,958. Mayor Daniels asked how much the fees will decrease the annual subsidies. Director Roy explained that overall they would be reduced by \$20,000. It was also noted that some of the fees will not be implemented until next year, and therefore the revenue will not reflect the change until Fiscal Year 2018.

Administrator Darrington reviewed the following general information regarding the proposed road fee:

Road Analysis

Each road was analyzed and graded a few years ago by JUB Engineers, at the request of the City Council. Each road was given a Pavement Condition Index (PCI) Scale 1-100 (100 being best possible condition, 1 being worst possible condition). An engineering study determined the cost of maintaining every City road at a level of 70 PCI (Very Good-Excellent) as being \$3.8 million a year over the next 20 years. Lewis Young Robertson & Burningham (LYRB) performed an analysis and created a formula based on trips and square footage to create a standard rate for residential. The initial report provided to the City showed that Pleasant Grove had a rate for multi-family versus single-family homes and that multi-family homes were slightly less. The Council asked staff to combine the numbers into one average residential rate.

Current funding situation

Current Funds

Class C Revenue (State Gas Tax).....	\$1,000,000
Additional Gas Tax Recently Imposed.....	\$180,000
General Fund Revenue Earmarked for Roads.....	\$195,000
Budget Reductions added to road funding (Builds into base).....	\$130,000
Current Revenue for Road Maintenance and Repair	\$1,505,000

Proposed Funding

\$4.90 per month residential user (multi-family and single family housing)

\$60.20 per month for each individual business

Generate \$1 million per year to the transportation utility fund

Class C Revenue (State Gas Tax).....	\$1,000,000
Additional Gas Tax Recently Imposed.....	\$180,000
General Fund Revenue Earmarked for Roads.....	\$195,000
Budget Reductions Added to Road Funding (One Time Money).....	\$130,000
Proposed Road Fee.....	\$1,000,000
Proposed Revenue for Road Maintenance and Repair.....	\$2,505,000

Administrator Darrington explained that the Council requested that staff put together a three-year plan for roads, which Director Beaumont and the Public Works Department invested significant time into developing. He explained that projects will be prioritized based on need and if all goes according to plan, all of the roads outlined will be upgraded and maintained. The Road Fee is calculated based on current revenue, and what is still needed. In order to fully fund roads, even after implementing the Road Fee the City will still fall short of \$1.3 million.

Exemptions & Administrative fees

Potential Exemptions include: churches, schools, 501(c) (3) non-profit organizations, and government buildings. It was noted that Provo City negotiated an alternative arrangement with schools. Furthermore, it was noted that government buildings in Pleasant Grove include the National Guard Armory, Forest Service, and the Provo Water Users Association. These possible exemptions would reduce revenue by approximately \$36,000. Administrative fees would account for approximately 18%. If the City were to charge the fund as other enterprise funds are charged. Staff is considering whether to charge an administration fee or not. If a Road Enterprise Fund was created, the Road Fee would be consistent with the other current enterprise funds.

With regard to exemptions, the City could take any of the following actions:

1. Exempt them altogether.
2. Exempt them and negotiate another associated fee.
3. Treat them like any other business.

Mayor Daniels explained that Provo City met with all of these types of entities prior to implementing their fee. Administrator Darrington noted that in Provo City, Brigham Young University and Intermountain Healthcare are the two non-profits that are exempt, whereas Pleasant Grove doesn't have any similar organizations. In Provo City, they organized another fee with LDS churches, but Administrator Darrington could not recall the specific details. It was noted that no other entities in Provo have challenged the fee. In Provo, an analysis was performed on all other types of entities and the impact was significant, prompting the negotiations. Some Provo organizations were exempted and then required to pay a voluntary fee.

Staff explained that they need to discuss possibilities for channeling the Road Fee revenue into either an Enterprise Fund or Special Revenue Fund. The purpose of the discussion was to identify the specific restrictions on spending the money based on the type of fund used. Council Member Jensen asked if Provo City is charging an administrative fee. Administrator Darrington explained that Provo collects administrative fees on all other enterprise funds except for roads.

Council Member Stanley asked how the \$195,000 that is currently earmarked is handled. Administrator Darrington explained that when the revenue was generated, there was a franchise fee being collected at 5%. State Law states that the City can collect up to 6%. The City has collected 6% on all other fees except for this one. The transfer goes into Class C Road Funds, which does not have an administrative fee attached to it. Director Roy clarified that Class C Road Funds are their own fund, but according to State Code, the City is required to report them to the General Fund. Council Member Andersen asked if they could add the road fee money into the Class C Road Funds and then get an accounting each year on how much was spent on which projects. Administrator Darrington stated that they could potentially do this, which would follow the same model used for the \$195,000 that has been earmarked. In this case the funds would not be restricted by ordinance, which staff recommended. If the fee were implemented, an ordinance would specifically state what purposes the funding could serve. The City could also possibly retroactively restrict the current funds by ordinance as well.

Attorney Petersen explained that pursuant to Section 10-6-106 of State Code, cities are obligated to create a budget each year for special revenue and enterprise funds, which the City has the power

to create. An enterprise fund is used by a municipality to report an activity from which a fee is charged to users for goods or services. Provo and Vineyard have used an enterprise fund for their Utility Transportation Fund Account, with the analysis that the municipality has a facility (roads), which are being used by the taxpayers. Therefore, taxpayers need to pay a fee to use and maintain that infrastructure. Attorney Petersen explained that both types of funds are regulated and have budgetary restrictions.

With regard to the administrative fee, Attorney Petersen stated that obviously they want to put as much of the Road Funds into the actual roads. There are concerns with the notion that not all of the enterprise funds will be treated equally if all other enterprise funds are charged an administrative fee and the Transportation Enterprise Fund is not. Attorney Petersen explained that enterprise funds are their own business and are designed to take care of all of their expenses based on revenue generated by the users of the facilities or infrastructure. This philosophy makes sense with other enterprise funds because businesses have to pay for utilities, a financial officer, and legal counsel. The Utility Transportation Fee is slightly different because its sole purpose is to upgrade and maintain roads. Therefore, there is less of a need to charge fees for administration because those costs are not really relevant to a maintenance fund. Any administration costs associated with fixing the roads would be covered by the General Fund Balance. Attorney Petersen stated that legally she can articulate a reason for not charging an administrative fee from the Transportation Enterprise Fund. She reiterated that the other option is to not create an Enterprise Fund and instead designate the Road Fee as a Special Revenue Fund. Functionally, they operate the same and the State would allow transfers out of both funds after a public hearing takes place.

Director Beaumont explained that projects were determined based on the following four criteria:

1. Roads moving from a less expensive treatment to a more expensive treatment.
2. Projects where the City can benefit from coordinating road and utility projects.
3. Focusing on roads with higher traffic volume.
4. Use of available budget to do a variety of treatments.

Staff did not want to do full reconstructions on all roads because many other roads would not get done. Their preference was to spread out the funding. The three-year road plan, which was passed in December 2015, has not assumed additional funding other than what is currently being received into the budget. If additional funding comes in by way of a Road Fee, staff would project what they would be able to incorporate into the plan. Funding from the Transportation Fee would go directly into the planning process in determining which roads to do.

Council Member Andersen stated that crack seal and micro surfacing treatments took place on 1100 North. Director Beaumont explained that this treatment will extend the life of 1100 North for up to seven more years and will stop water from seeping into the road. This treatment cost \$.16 per square foot. It was noted that micro cracking occurs because of oxidation and this treatment is used to prevent water from permeating into pavement and causing additional damage. The budget for micro surfacing for all three years of the road plan is around \$300,000. To date they have spent \$254,000.

Administrator Darrington noted that staff's recommendation is that funds from the Road Fee be used for repairs and maintenance only, and not for new roads. Typically, new roads are built by new developments.

Mayor Daniels opened the public hearing.

The Mayor informed the public that no decisions will be made tonight. Attorney Petersen stated that tonight's public hearing is mainly for the budget. A separate public hearing on the proposed Road Fee will take place on June 21.

Kevin Heiner gave his address as 2325 North 1300 West and expressed concern with the Road Fee. He stated that he owns three businesses in Pleasant Grove. At \$60/month times three businesses, he will relocate to another City. He thought the concept was cowardly and that the City should just raise property taxes.

Charles Ray gave his address as 35 East Maple Lane and explained that he is in the business of crack sealing and slurrying. He asked how much drain water flows through Pleasant Grove and stated that his neighborhood takes care of storm water, which is the real problem. He felt that other neighborhoods should also address their individual problems.

Larry Adamson gave his address as 22 South 500 East and reported that he has lived in Pleasant Grove for 50 years. He stated that local citizens can no longer afford utilities. Mr. Adamson stated that he worked for Provo City for 28 years and knows that Pleasant Grove does not have the equipment or funds. The City, however, cannot expect citizens to pay every time they need money. Four years ago, the City went through a four-year increase, which most cities take six years to accomplish. This doubled most utilities. If the City continues in this same trajectory, they will lose families and businesses. Mr. Adamson stated that the City needs to improve how they handle citizens. He noted that the Mayor and Council were voted in to take care of the citizens, not vice versa.

Scott Lott gave his address as 120 North 600 East and expressed concern that every time there is a funding issue, the City brings up the issue of exemptions. Mr. Lott stated that high school students use roads as much as anyone else and he did not think the City should put all of the onus on businesses. Many residents live on fixed incomes and he did not think property taxes were the answer either. Mr. Lott explained that everybody who uses roads should pay for the impact. He commented that while rates being presented tonight appear to be less than the original proposal, the Gas Tax also just went up. He encouraged everyone to talk to their legislator instead of passing other bills that don't affect Pleasant Grove.

Lori Williams gave her address as 175 South 1300 East and asked for specific details on the differences between Enterprise and Special Revenue Funds. Director Roy explained that Enterprise Funds are more of a business type fund, from an accounting standpoint. Special Revenue Funds are restricted monies. For example, the Cemetery is a Special Revenue Fund. Enterprise Funds can completely support themselves whereas Special Revenue Funds cannot. Both have restrictions per State Code.

Christy Belt gave her address as 266 East 1640 North and asked about the Pool and Recreation fees. She noted that the Pool and Recreation Center fees combined in Pleasant Grove are \$50 more than Lehi, \$85 more than American Fork, and \$100 more than Orem. Ms. Belt also asked if any of the road funds will go toward rebuilding sidewalks. Mayor Daniels replied that currently they are just looking at fixing and maintaining roads and preventing further deterioration. Last, Ms. Belt stated that if schools are being exempted in Provo from paying the fee, they should also be exempt in Pleasant Grove.

Rulon Jensen gave his address as 1483 West 920 North and commented on the 2% increase to City workers. He stated that there are a lot of social security workers in the room tonight who have not received any increases. Mr. Jensen explained that all of the tax and rate increases add up and it is very difficult financially for people who live on fixed incomes. The City needs to help older people in the community. He commented that if he had a business in Pleasant Grove, he would relocate due to the high fees.

Tim Nelson gave his address as 486 East 400 North and asked why the Road Fee is being called a fee and not a tax. He stated that there is road money from previous years that the City has yet to use on road repair and maintenance.

Jeanie Nunn gave her address as 1045 West 160 North and asked why the Public Works Department cannot manage road improvements. She explained that if she wants to improve her home, she has to budget for it. Ms. Nunn also mentioned that this meeting was announced as a public hearing for Utility and Road Fees over which there was a lack of communication. She stated that a lot of people present tonight might feel misled. Ms. Nunn asked how the fee will be worked out for HOA communities.

Larry Iverson gave his address as 575 South Loader Avenue and expressed support for fixing the roads. He stated that there is a right and wrong way to accomplish the desired objective. If the City plans to repair roads they should combine road and utility projects to save money. If not approached correctly now, the City will continue paying for these projects into the future. The City has streets that were cut into for various utility projects and not repaired correctly. Mr. Iverson stated that compaction tests should be conducted and greater efforts be exercised to save residents money.

Billy Hesterman, a Bluffdale resident, was present representing the Utah Taxpayers Association. He recognized that the Council makes difficult decisions and that Pleasant Grove has a need with regard to roads. This has been a frequent discussion on the State Legislative level as well. Mr. Hesterman expressed two concerns. First, transportation and water should be paid by the users. Moving the costs into a fee appears to be socializing them. They are moving away from charging users by putting the burden on everyone. Second, Mr. Hesterman was not certain as to the legality of the Transportation Utility Fee. He explained that States such as Kansas, Washington, Florida and Idaho all have transportation utility dollars that are classified as taxes and not fees. Mr. Hesterman expressed concerns that cities are looking at this as an option, when it might not actually be viable. He wanted to see cities go back to the State Legislature to request additional funding. He stated that the Utah Taxpayers Association is not excited about funding mass transit; not because it is not needed but because UTA needs to get their house in order before receiving more

funding. Last, Mr. Hesterman stated that the Utah Taxpayers Association is happy to discuss the B and C Road formula or raising gas taxes again so that users are paying for roads.

In response to a question from Council Member Andersen, Mr. Hesterman stated that he has been in communication with Council Member Stanley and Administrator Darrington. Council Member Andersen asked Mr. Hesterman if he realizes that the proposed road rate is based on a user study. Mr. Hesterman replied that the Utah Taxpayers Association has spoken with attorneys within the State Legislature concerning the matter. There was continued deliberation on the matter.

Rod Perschon stated his address as 1485 East Navajo Drive and reported that he moved to Pleasant Grove eight years ago. In the process he tried to sell a home in another part of the State. Because it didn't sell, he became a landlord. To protect himself, he formed a Limited Liability Company (LLC) for a home occupation license. Since he is technically a local business owner, it will cost him \$720 year to manage a property in another city, which does not generate any traffic on Pleasant Grove roads. Mayor Daniels stated that that is not the City's intent and that home occupations such as his will not be affected. Mr. Perschon suggested that the City perform crack seal treatments throughout the City in order to save money.

Peter Steele gave his address as 644 South 1050 West and voiced support for taking any action necessary to fix the roads. He was also in favor of a higher fee, if needed. Mr. Steele pointed out that even after implementing the fee, the City will be \$1.3 million short per year. In terms of sidewalks, he suggested that the City offer to create Special Assessment Areas (SAAs) so that street improvements can be made in neighborhoods at same time. He suggested that while working on roads, the City keep bike and pedestrian traffic in mind. He noted that it doesn't cost much to put in bike lanes. It was reported that the three-year road plan has identified six roads for bike lanes.

Drew Armstrong gave his address as 995 East Center and reported that he owns a business, a rental property, and a home in Pleasant Grove. Mr. Armstrong stated that while he appreciates Mr. Hesterman's comments, there is a fundamental difference between fees and taxes. He also stated that the City cannot wait another 20 years to do something about the roads. By imposing the fee now, a single-family residence gets a 45% discount on their property tax. As a business owner, he will pay twice as much in a Road Tax, versus a residence. In terms of the fee, businesses will pay about four times as much as a residence, whereas they would pay double as a tax.

Steven Moon gave his address as 895 South 1550 East and explained that in speaking with people in neighboring communities, they pay in one year what Mr. Moon pays in one month. Mr. Moon did not understand all of the tax and rate increases. Furthermore, he was concerned about not increasing to the full \$3.8 million. He asked where inflation will factor in. Mr. Moon expressed concern with the 18% administrative fee and felt that the flat fee does not make sense. He wanted some assurance that they have figured out a way to address the road deterioration issue, so that citizen money is not wasted.

Michael Butt stated his address as 936 North 1420 West and asked how the City got to this point. He stated that as a City, they do not think enough about those who have given the residents what they have today. Mr. Butt stressed the importance of considering how the City's decisions will

affect everyone, especially those who need the most care and consideration. He remarked that the City does not need to have the best of everything.

Karl Kuhni gave his address as 2115 North 180 West. With regard to exempting schools, Mr. Kuhni argued that the Alpine School District does not exempt anyone. They do not exempt him because he sends his children to a private school. He asked the Council to think outside the box across the board, and fix the problem or not start at all. Mr. Kuhni also said that the City should not compare DoTERRA with smaller businesses. A \$60 flat fee is unfair and is not the answer. He encouraged the City departments to pony up and make more cuts because \$150,000 is not significant enough.

Melissa Finch gave her address as 1061 East 1010 North and explained that as a child she spent her summers in Green River on her grandparents' watermelon farm. She remembers as a child, that the City said that everybody needed to contribute to the building of a community center. Every night after farming, they got together and built the community center and her family did not complain. Ms. Finch stated that she is more than happy to contribute to this community and is happy to support the Road Fee.

Jacob Zonts gave his address as 65 East 1100 North and referenced the Secondary Water Fee. He noticed that at one point it changed from around \$15 to \$30. He asked for clarification on why this change was made. Administrator Darrington explained that initially when the system was put in, the City charged \$15 a month. When he and former Finance Director, Dean Lundell, first started at the City, they performed a rate fee study based on what the secondary water bond payments were. They found that if they did not increase the fee on the secondary water system, they would not have enough revenue to meet that obligation. The fee was subsequently increased. Outside of the bond, there are other projects that are being built within the system to complete it. Mr. Zonts asked if after 25 years the payment will be reduced. Administrator Darrington answered in the affirmative. Mr. Zonts commented that the roads have been deteriorating for 20 years and wondered why the level of service has not been maintained. He proposed that the City match dollar-for-dollar what the citizens pay. While this will require additional budget cuts, they would also be able to reach the \$3.8 million goal.

Chris Williams gave his address as 845 North 100 East and commented that he does not mind paying his share to fix the roads. However, he was concerned with where the money is going. He wanted every dollar to go to pavement and none toward snow removal or administrative fees. Mayor Daniels replied that the City is looking at a Special Revenue or Enterprise Fund so that the money can only be used for roads.

John Johannesmeyer gave his address as 1069 West 810 North and wanted to make sure that funds generated from the fee will actually increase existing funds. He did not want there to be a bait and switch with money once the new revenue begins to flow into the budget. While generally he did not want more taxes, he recognized the need. He remarked that the City needs to either get the job done right, or not do it at all.

Roland Nix gave his address as 1528 North 390 West and commented that he listened to the first portion of this meeting via YouTube streaming. He was touched by Mr. Butt's comments. He has

lived in the same home for 24 years but has not seen a road touched in his neighborhood during that time. He expressed gratitude for the service of the Mayor and City Council.

Donna Jolley gave her address as 1380 East 180 North and explained that if the City plans to take 20 years to fix roads, by the time they hit that deadline they will have to start over. She stressed that roads need to be factored into the budget. In the 42 years she has been a Pleasant Grove resident, her road has been treated only three times.

Blaine Thatcher gave his address as 120 North 1400 East and expressed several concerns with the budget. He pointed out that there are small revenue increases and the proposed budget includes tax rate increases in almost every category. He stated that in addition, a new tax is being proposed. Mr. Thatcher stated that the solution to the City's problems is not to increase taxes. He asked why it costs so much more in Pleasant Grove to provide the same services that are provided for much less in other cities. He stated that the Public Safety Building hasn't even been discussed tonight yet there is hearsay that another bond will be on the ballot this fall.

Sarah Hunter gave her address as 680 East 300 North and stated that she was born and raised in Pleasant Grove. She described the lessons she learned from her parents about working hard to pay for things and expressed full support for the proposed Road Fee.

Christian Burrell gave his address as 797 South 1100 East and voiced his support of the proposed budget and fees. He stated that Pleasant Grove's amenities are part of what attracted his family to the area. He considered the Mayor and Council to be honest people who are trying to address the concerns raised by the public on multiple occasions.

Jason Hunter gave his address as 680 East 300 North and acknowledged that roads need to be fixed. He wasn't, however, sure that a flat fee for every business was the right way to go. He echoed previous comments regarding comparing DoTERRA to other smaller businesses. He was concerned that smaller businesses would not be able to sustain the fee.

Casey Larson gave his address as 1000 West 1000 North and agreed with many of the comments made previously. He was in favor of paying the fee if the City can guarantee in the proposal language that will ensure that the money is actually used for roads. He liked Mr. Zonts' proposal of having the City match the citizens' contributions dollar-for-dollar.

There were no further public comments. Mayor Daniels closed the public hearing.

Council Member Andersen addressed comments made regarding Pleasant Grove's utility rates. In researching the issue, Council Member Andersen discovered that Pleasant Grove is within \$5.00 to \$10.00 on either side of many utility fees. Furthermore, several cities are currently working on modifying their fee schedules. She requested that someone provide proof that Pleasant Grove's rates are actually higher than surrounding areas.

With regard to roads, Council Member Andersen stated that the City has been waiting on the State Legislature for a long time. She did not think they will work out a solution anytime soon and asked Mr. Hesterman to pass the remark onto his contacts on Capitol Hill. Pleasant Grove has to

do something because the State is leaving cities in a situation where they have to take action independently. Pleasant Grove cannot wait any longer as they have 120 miles of road. To reconstruct a road costs \$1 million. If the City has only been collecting \$200,000 to \$500,000 annually, they will not see a significant amount of work occurring on the roads. Last, Council Member Andersen inquired as to what services would be cut from the budget if a Road Fee is not implemented. She pointed out that those services were voted on by other citizens.

The issue relating to HOAs was briefly discussed. It was noted that the City determined it would be best to charge a flat rate for residences. Council Member Andersen was uncomfortable implementing a flat rate for businesses.

Mr. Zonts suggested that the City cut 8% from the general budget, which is enough to match the funds raised by citizens. He proposed that each department cut 6%, rather than slashing an entire department. Council Member Andersen stated that cutting 6% from the Police Department would mean laying people off, which will result in a reduction of Public Services. She was not willing to do that. Furthermore, there were 144,000 visits to the Library last year, and it takes personnel to manage those visits. The City is already very understaffed and underfunded in most departments and a 6% cut would eliminate services. A great deal of scrutiny has been exercised on the part of department heads regarding what they can and cannot cut. In 2011, personnel and services were cut significantly, and the directors haven't seen much of an increase. Since then, the cost of living and population have both increased in the City.

Council Member Walker stated that the City needs to fix roads properly and needs to be done now. He seconded Council Member Andersen's remarks about City Departments already being underfunded. He had received several phone calls and emails from citizens who expressed a willingness to pay the Road Fee.

Council Member Jensen explained that at one point, they discussed addressing businesses various ways. He noted that there are about 466 businesses that generate zero to six trips per day. In those cases, the road fee could be reduced to \$21.75. Larger companies with higher traffic volumes could pay \$124.40. Rates to residences would remain the same. Council Member Jensen stated that the City still needs to have discussions about possible exemptions. He liked the idea of establishing a Special Revenue Fund and channeling all money to roads. Council Member Jensen stated that it is time to start getting things done, which is why he ran for office. Administrator Darrington stated that they would review Council Member Jensen's suggested rate changes at the next meeting.

Council Member LeMone explained that sometimes making the right decision is not always the popular choice. She stated that roads and infrastructure are part of having a safe community, in addition to other essential services. She recently volunteered at the new bike and trail system and 120 people showed up. She stated that citizens do not want to cut these services, as evidenced by the numbers. Council Member LeMone was open to ideas other than what have been presented. However, cutting the budget too severely would be both sad and disappointing and is not something she was willing to do. Council Member LeMone expressed disappointment that a fellow Council Member would contact the Utah Taxpayers Association and give the City bad press for something they are trying to accomplish. They have been working diligently on this issue for

several years and she thought they were more of a team. Council Member LeMone thought the proposed fee schedule was fair and echoed previous remarks from Council Members Andersen and Walker.

Council Member Stanley asked Mr. Hesterman to address concerns regarding their interactions. Mr. Hesterman stated, for the record, that Council Member Stanley did not contact the Utah Taxpayers Association; they contacted him. A group of citizens contacted the Utah Taxpayers Association to make them aware that Pleasant Grove was considering implementing a Road Utility Fee, which piqued their interest. Mr. Hesterman emailed Administrator Darrington one month ago for information that was being considered and read through meeting minutes to gain a context on the issue. Mr. Hesterman recalled that he asked Council Member Stanley a legal question. Council Member Stanley deferred the question to avoid an upset with the rest of the City. Mr. Hesterman stated that Council Member Stanley has remained a trusted confidant for the entire Council.

Council Member Stanley stated that he has advocated for a number of important points that should be considered. He expressed concern with the Constitutionality of the way that the City is approaching this issue, in terms of both structure and representation. He outlined the following concerns:

1. Reducing/balancing burdens to businesses.
2. Respecting every tax dollar.
3. Addressing exemptions.
4. The desire to see every penny spent on pavement.

Council Member Stanley particularly liked the Special Revenue Fund over an Enterprise fund. He has advocated for hybrid solutions to bridge a divide between two groups. Overall, he felt that the best solution was to turn the matter over to the public by way of a vote. He felt that tonight's proposal was premature and that the City stills needs to discuss options with possible tax-exempt entities. Furthermore, an ordinance needs to be crafted that contains all of the pertinent details.

Council Member LeMone apologized to Council Member Stanley for the misunderstanding and for calling him out publicly. She stated that the way the aforementioned interactions with the Utah Taxpayers Association was presented in a way that made her believe otherwise.

Mayor Daniels recapped some of the thoughts expressed throughout the discussion. With regard to the budget itself, some questions were raised about why the budget increases year after year, while the level of service remains the same. At the same time, there isn't enough funding to cover new items being requested. Many questions were specifically directed to the Road Fee and specifically how it will affect business owners. Mayor Daniels stated that he is a business owner in the City and relies heavily on traffic.

In 2015, which was a slow year, they had 250,000 people visit the business, or approximately 62,000 vehicle trips when averaging four people to a car. This equates to about 1.2 cents per car. The Water Gardens brings in an average of \$5.00 per person. This is a cheap investment for him if it encourages people to patronize his business. Mayor Daniels stated that while he is satisfied with amount proposed, he was not sure it was the right approach. He felt that the amount charged to businesses should be in proportion to the usage that each business generates. He was of the

opinion that the roads have been neglected for a very long time, and something needs to be done. He also believed that the proposal was more of a long-term solution rather than a onetime solution. Even though it will take seven to eight years to get to the point where they are able to put the full \$3.8 million toward roads annually, moving forward with the proposed plan will ensure that the City will not have to cut all of the programs that so many members of the community have come to enjoy.

Administrator Darrington stated that there will be another opportunity to discuss the proposed Road Fee on June 21. He stressed that because it is not tied to the budget it can be implemented at any time. Therefore, there is time to continue to address questions and concerns. The Council discussed the importance of separating the Road Fee and the budget into two separate items.

10) ACTION ITEMS READY FOR VOTE

- A) TO CONSIDER FOR ADOPTION A RESOLUTION (2016-026) AUTHORIZING THE MAYOR TO SIGN A LEASE/PURCHASE AGREEMENT WITH ZIONS FIRST NATIONAL BANK, SALT LAKE CITY, UTAH, FOR THE PURPOSE OF ACQUIRING PUBLIC SAFETY VEHICLES, COMPUTER AND FITNESS EQUIPMENT; AND PROVIDING FOR AN EFFECTIVE DATE. *Presenter: Director Roy.***

Director Roy stated that Council action is needed to enter into the proposed contract with Zions Bank. She explained that staff put out an RFP and they were the lowest bidder. The other two bidders were Chase and Wells Fargo. The interest rate is 1.68%. Director Roy presented a list of items for which the funds will be used. She noted that none of the items will be purchased until after July 1, but according to the bid they will be funded on June 26. The funds will go into the Capital Equipment Fund as lease proceeds and used to make purchases in Fiscal Year 2017. The rate is only held for 60 days after the RFP.

ACTION: Council Member Jensen moved to adopt a Resolution (2016-026) authorizing the Mayor to sign a Lease/Purchase Agreement with Zions First National Bank, Salt Lake City, Utah, for the purpose of acquiring Public Safety vehicles, computer and fitness equipment; and providing for an effective date. Council Member Andersen seconded the motion. The motion passed with the unanimous consent of the Council.

11) ITEMS FOR DISCUSSION

There were none.

12) DISCUSSION ON THE JUNE 21, 2016 CITY COUNCIL MEETING AGENDA

Staff and the elected officials briefly reviewed the agenda items for next week's Council Meeting. It was noted that Items 10D and 10E will be moved. While discussion on the Road Fee will still take place, there will be no input from the public.

13) NEIGHBORHOOD AND STAFF BUSINESS

Members of staff shared various updates pertaining to their respective departments. Police Chief, Mike Smith, announced that this Saturday there will be a Colonels' Car Show from 11:00 a.m. to 4:00 p.m. Director Young reported that he met with the Downtown Advisory Board the previous week and they decided to have a presence at Strawberry Days. They will be setting up a booth on the corner of 100 South and Main Street to promote downtown and will be selling T-shirts. Library and Arts Director, Sheri Britsch, reported that as of today, 965 children have signed up for weekly Summer Reading Program activities. She announced that the Sarah Eden fundraiser for the Library will be on Thursday during Strawberry Days. Ms. Eden is a popular regency romance writer.

Fire Chief, Dave Thomas, reminded those present of the breakfast from 6:00 a.m. to 11:00 a.m. on Saturday morning at the station. Director Beaumont reported that he was updating the construction projects on the website. He was not able to schedule equipment for Pleasant Grove Boulevard for this Sunday, so the project will be completed on July 10. It was reported that the Locust Avenue project started earlier in the day and will not impact Strawberry Days. Last, he reported that there are several micro surfacing projects taking place throughout the City.

14) MAYOR AND COUNCIL BUSINESS

Council Member Andersen reviewed the Strawberry Days events. Council Member LeMone reported that she helped volunteer on the Bike Trail and remarked that it will be an awesome addition to the community. There were volunteers of all ages and from other communities who came in and helped. Council Member Jensen thanked Chief Smith for the fun activity at the sheriff's shooting range. Council Member Stanley mentioned the development project on Loader Avenue noting that the developer will be defaulting on their bond soon.

15) SIGNING OF PLATS

The East Grove Estates plat was signed.

16) REVIEW CALENDAR

No additional calendar items were discussed.

17) ADJOURN AND CONVENE AS THE PLEASANT GROVE CITY REDEVELOPMENT AGENCY

ACTION: Council Member Walker moved to adjourn and convene as the Pleasant Grove City Redevelopment Agency. Council Member Andersen seconded the motion. The motion passed with the unanimous consent of the Council.

Note: The City Council adjourned and convened as the Pleasant Grove City Redevelopment Agency at 10:05 p.m.

18) ADJOURN AS THE PLEASANT GROVE CITY REDEVELOPMENT AGENCY AND RECONVENE AS THE PLEASANT GROVE CITY COUNCIL

ACTION: At 10:12 p.m. Board Member LeMone moved to adjourn as the Pleasant Grove City Redevelopment Agency and Reconvene as the Pleasant Grove City Council. Board Member Jensen seconded the motion. The motion passed with the unanimous consent of the Redevelopment Agency.

19) CLOSED MEETING

CLOSED MEETING TO DISCUSS PENDING OR REASONABLY IMMINENT LITIGATION. (UCA 52-4-205 1 (c))

ACTION: At 10:13 p.m. Council Member LeMone moved to adjourn into an Executive Session. Council Member Jensen seconded the motion. The motion passed with the unanimous consent of the Council.

PRESENT:

Mayor: Michael W. Daniels

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

Staff Present: Scott Darrington, City Administrator
Tina Petersen, City Attorney
Kathy Kresser, City Recorder

ACTION: At 11:22 p.m. Council Member Stanley moved to adjourn the Executive Session. Council Member Walker seconded the motion. The motion passed with the unanimous consent of the Council.

Mayor Daniels noted that there is no action to be taken regarding the Closed Meeting and called for a motion to adjourn.

ACTION: At 11:23 p.m. Council Member Stanley moved to adjourn. Council Member Walker seconded the motion. The motion passed with the unanimous consent of the Council.

Minutes of the June 7, 2016 City Council Meeting were approved by the Council on July 5, 2016.

Kathy T. Kresser, City Recorder, MMC

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