

**Pleasant Grove City
City Council and Planning Commission
Joint Meeting Minutes
July 22, 2014
6:00 p.m.**

PRESENT:

Mayor: Mike Daniels

Council Members:

Cyd LeMone
Ben Stanley
Jay Meacham
Cindy Boyd

Excused: Dianna Andersen

Planning Commissioners:

Scott Richards
Eric Jensen
Levi Adams
Drew Armstrong

Staff Present:

Scott Darrington, City Administrator
David Larson, Assistant to the City Administrator
Dean Lundell, Finance Director
Kathy Kresser, City Recorder
Mike Smith, Police Chief
Marc Sanderson, Fire Chief
Tina Petersen, City Attorney
Sheri Britsch, Library and Arts Director
Ken Young, Community Development Director
NAB Chairperson, Libby Flegal

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 Council Members LeMone, Meacham, Boyd, and Stanley were present. He excused Council Member Andersen.

It was also noted that Planning Commissioners Scott Richards, Eric Jensen, Levi Adams, and Drew Armstrong were present.

2) Pledge of Allegiance.

The Pledge of Allegiance was led by Jack Freeman.

3) Opening Remarks.

The opening remarks were given by Council Member Meacham.

4) Discussion on storm drain impact fee study. *Presenter: Matt Millis, Zions Bank.*

Finance Director, Dean Lundell, emphasized the importance of keeping storm drain impact fees current. He then introduced and turned the time over to Matt Millis from the Finance Department at Zion's Bank, and noted that Mr. Millis has conducted numerous impact fee studies.

Mr. Millis explained that impact fees are one-time fees that are assessed at the time building permits are issued for new developments. Impact fees can only fund capital costs, rather than standard operations and maintenance expenses. Impact fees also cannot replace existing assets with identical facilities. Impact fees can, however, be used for upsizing and new growth. Mr. Millis presented the Impact Fee Facility Plan (IFFP) prepared by Horrocks Engineering. He explained that the plan assesses existing facilities and their capacities, projected rates of growth, required future projects, and other improvements that do not qualify for impact fees.

Mr. Millis described where Pleasant Grove City currently stands with respect to impact fees. He stated that the City's current storm water impact fee is calculated at \$2,713 per acre. In other words, for developments that are subdivided into one-quarter acre lots, it averages to about \$680 per home. The Capital Facility Plan outlines a substantial increase to almost \$3,100 for a single-family home. Mr. Millis stated that the impact fee per home will be assessed uniformly across the entire City. Based on the IFFP prepared by Horrocks Engineering, \$37 million worth of storm water projects were identified, which would be done within the next 10 years. He noted that of that \$37 million, \$8.6 million would qualify for impact fees.

He explained that approximately \$28 million will need to be allocated to replacement projects, and of that \$28 million, \$14 million will be for line upsizing. The line upsizing will serve both new and existing developments. The non-impact fees of a line upsizing has to be paid for by user rates, or in other words, all storm water users. A quick calculation predicted that user rates would need to increase by \$6.50 in order to help fund the \$14 million needed for the aforementioned line upsizing.

There was additional discussion to clarify which funds are qualified to be allocated as impact fees. Mr. Millis provided the example that if the full project costs \$1 million with a 10-inch line which increases to 14 inches in diameter, 30% can be attributed to the additional capacity. Therefore, 30% of \$1 million, or \$300,000, can be allocated to impact fees. The remaining \$700,000 would need to be funded by user rates. Mr. Millis stated that this is conservative approach and one that better fits the intent of the law. However, cases are reviewed on an individual basis. It was noted that State

law is clear that an impact fee is intended to simply address the costs of additional capacity needed for new growth. It is also clear that impact fees are not to be used for repair and replacement.

Council Member Meacham asked why the IFFP covers a 10-year projection, rather than full build out. Mr. Millis explained that this issue was addressed in the law in 2011. Up until that time, full build out improvements and land to be developed would have been assessed with the existing value of the facilities and then divided by the total number of homes. It is difficult, however, to plan what exact facilities will be needed 10 years into the future, as well how cost inflation will affect those projects. Therefore, it was determined that the aforementioned approach was unrealistic. Council Member Meacham wanted to know how often the impact fees are updated, as required by law. Mr. Millis explained that the law does not have a specific set time, however, fees are to be spent within five to six years of when they are collected. He then reviewed the costs associated with the line upsizing, as they were previously explained.

Next, Mr. Millis explained that an impact fee credit will be added to an impact fee if it appears that there is double counting in either capacity or cost. For example, if the same project is included in both impact fees as well as user rates, expenses paid over time by the new user are calculated and then credited towards the impact fee, which is paid up front. Essentially, this would offset the additional \$6.50 per month that would be needed to fund the existing capacity portion of the line upsizing. Mr. Millis explained that it has been estimated that the present value of \$6.50 per month for 20 years is roughly a \$1,000. This has been applied toward the \$3,100 gross fee, and derived a fee of \$2,057 with the credit.

Mr. Millis explained that if the City doesn't proceed with the line replacements, there would be no rate increases, and likewise no corresponding credit. Furthermore, if the City doesn't move forward with the line upsizing, they would then reduce capacity for growth and delay other IFFP project timelines. Mr. Millis recommended that the City look carefully at the future storm water plan as proposed in the engineering analysis, and how it relates to user rates. He stressed that the City should consider which projects are essential and need to be funded within the next 10 years.

Administrator Darrington asked if the rate increase of \$6.50 would be implemented over the 10-year period. Mr. Millis replied that \$6.50 is what the average user would have to pay for a 20-year bond. However, that figure would be subject to change, because as there is more growth, there would be more users to help contribute to the bond. Furthermore, if the City does not have the capacity to raise the fees immediately, modifications would need to be made in order to push back the timeline on certain projects.

Mayor Daniels inquired as to what the law outlines for someone who has already paid to have the service installed, and how they will have to bear the burden later when additional growth occurs. Mayor Daniels asked for clarification on whether or not the upsizing projects take place independent of growth, or if they occur as a result of new growth. Mr. Millis replied that the upsizing projects occur based on the age of the pipes. Furthermore, there have been cities that have had undersized pipes, which is a deficiency that can't be cured using impact fees. Mayor Daniels concluded that in order to avoid approaching these situations on a case by case basis, a general rule is established and applied universally. Mr. Millis added that he trusts the professional opinion of Horrocks Engineering, who stated that the line replacements should be proportionate to a certain rate.

Council Member Boyd asked about the age of the City's storm drain system. Administrator Darrington and Director Lundell replied that there are various ages with each individual line, which are all reviewed by Horrocks Engineering. Council Member Meacham reiterated that impact fees are reduced to \$2,000 because of double counting, and this is based on the projection of impact fees less the storm drain fee. He pointed out that existing homes that have been in place for 30 years have a total cost that exceeds the amount of \$2,000. Administrator Darrington disagreed with this assessment. Council Member Meacham followed up that the initial installation of the infrastructure came from the General Fund, which comprises taxpayer dollars. Council Member Boyd asked how long the City has been charging impact fees. Director Lundell answered that they were implemented around 1994, though he was not positive on the date. It was noted that the City's impact fees have not been updated since 2002.

Director Lundell explained that the issues with the storm drain system have evolved over time, which is why there are so many repair and replacement costs. Council Member LeMone asked if there has been a reason why the storm drain system hasn't been repaired and the City's impact fees not raised over time. Administrator Darrington commented that he has asked the same question, and explained that the impact fees cannot be updated all at once. So far, the City has updated impact fees for roads and parks, and the storm drain impact fees will be next. Impact fees for sewer, water and public safety also still need to be updated.

Mr. Millis summarized several previous points made during his presentation. Mayor Daniels asked what the appropriate forum would be for providing feedback on the Council's decision. City Attorney, Tina Petersen, explained that a public hearing will be required if and when the Council decides to proceed to implement the proposed fees. Mr. Millis requested that the City reopen the financial projections that were the basis for the last storm drain water analysis, and refine the list of necessary upcoming capital projects. Administrator Darrington stated that staff will continue to work with engineers to identify those projects. Once the costs have been calculated they will be rolled into the formula to assess how user fees will be affected. Impact fees can then be determined.

There was discussion relating to the balance between user fees and impact fees. Mayor Daniels remarked that he would like additional information on how the formula and proposed figures were derived. He felt he needed to better understand the logic behind how staff arrived at the proposed numbers. Council Member Boyd asked if the proposed increase of \$6.50 would catch the City up from the past 12 years. Administrator Darrington stated that the rate increase would help fund the next 10 years' worth of projects. Therefore, it was not a matter of catching up with the past but how to provide funding for the future.

5) Discussion on General Plan Amendments.

Community Development Director, Ken Young, explained that the General Plan was prepared and last updated in 2007. He stated that there have been some significant concept changes that impact the General Plan. Additionally, he felt the City hadn't been using the General Plan as it was originally intended, which was to be a tool for future planning and allow the Council to have more ownership in the process. Director Young opened up the discussion by requesting feedback from the Council and Planning Commission on how to proceed with the General Plan from this point.

Director Young identified two major gaps in the General Plan, namely economic development and the downtown area. These two matters were held up for various reasons; however, he felt that now was the time to create definitive objectives and policy statements that reflect the City's current thinking. Director Young was interested in discussing the Public Safety Building, the Civic Center, and the economic sections of downtown. He presented a list of proposed activities that staff can pursue and facilitate to involve the public in providing input. He mentioned that the City conducted a survey a few years ago and he felt that another one could be done online with specific focus questions relating to downtown.

Mayor Daniels asked Director Young to speak about how State law fits in with Pleasant Grove's General Plan. Director Young explained that State law requires that each City have a General Plan and that there are certain areas that must be covered within that plan. For example, transportation, land use, and housing are the three required elements. Furthermore, Pleasant Grove City considers urban design, which focuses on the redevelopment of downtown. Council Member LeMone asked about staff's preferred timeline for the implementation of the proposed amendments. Director Young replied that staff will wait until a final decision about the Public Safety Building has been made. He then explained the methods by which the City meets the aforementioned State requirements.

It was noted that the Planning Commission has primary responsibility of the General Plan and the Council is able to weigh in heavily on it was well. Planning Commission Chair, Scott Richards, added that the Planning Commission should also coordinate with the Citizens' Advisory Committee to gather input. Chair Richards emphasized the importance of closer collaboration efforts between the Council and Commission. He explained that things will run more smoothly if both bodies remain on the same page. Last, Chair Richards suggested hosting a Community Vision Workshop and Open House, so that the public can have an opportunity to see how the City operates.

Director Young announced that Royce Davies will be joining City staff on August 6, and will be able to assist with the General Plan. Mr. Davies comes from Bountiful City, where he worked previously. Mayor Daniels acknowledged that Mr. Davies will have a difficult job. He explained that one of the frustrations that occurs during the General Plan process is that not even 1/10 of the City's voters get involved. However, there is plenty of involvement with specific projects, which may or may not conform to work that has occurred on the General Plan. Mayor Daniels asked how this could be corrected so that both projects are in sync. Director Young suggested that individuals who have been involved with the Public Safety Building also get involved in the General Plan process. Council Member LeMone referenced the bond process and noted that there is minimal public involvement until there is a specific trigger. Once that trigger goes off, the crowd comes. Director Young added that once the General Plan is updated he would like the City to review it on an annual basis.

Taylor Oldroyd noted that Provo City is taking a neighborhood by neighborhood approach, which generates a better turn out. He suggested that this neighborhood review will also be beneficial for Pleasant Grove.

NAB Chairperson, Libby Flegal, stated that it has been challenging getting people to attend meetings. Chair Richards remarked that when he moved to Pleasant Grove, he recognized that having the community divided into neighborhoods, which were then divided into various

committees, was a great idea. However, in speaking specifically of his neighborhood, there is no longer any representation. He suggested that for any neighborhoods also lacking representation, new individuals be asked to get involved. If greater organization can be established, the level of communication will increase.

Commissioner Eric Jensen commented that it has been difficult for him to find neighborhood representation from the Little Denmark neighborhood. He stressed that it is challenging to involve a neighborhood if there is a lack of interest. Chair Richards suggested that Mayor Daniels ask members of the community to step up in their neighborhoods. He felt there would be a better response if the request came from their leader. Commissioner Drew Armstrong added that the individuals already serving could also submit names of other potential representatives. Chair Richards commented that perhaps representatives could be asked to serve for a set amount of time so that people are less intimidated by the prospect of being in a position indefinitely.

Mayor Daniels asked when the neighborhood committees were first established. Council Member Boyd stated that Vic Hammond introduced them about 18 years ago. Director Young remarked that there is greater value in taking input from citizens who have the most interest. He felt that rather than worrying about what percentage of people are involved, the City should ensure that the invitation has been extended. Mayor Daniels agreed with Director Young's position on the matter.

6) Discussion on 4000 North Sewer.

Administrator Darrington explained that several discussions regarding the sewer at 4000 North occurred about two or three years ago. The overall issue predates his time working for the City. Currently, a portion of the sewer line is owned by Cedar Hills. However, 4000 North is one of Pleasant Grove's roads, and several of the City's residents who live along that road do not have access to the sewer line. The stance of Cedar Hills City has always been that if the boundary line was to adjust and the residents along 4000 North were to be annexed into Cedar Hills, they would be allowed to hook onto the service. Furthermore, they later suggested that Pleasant Grove residents alternatively be allowed to hook on to the sewer line right away, with the agreement that if a resident sells their property or passes away, it will automatically be annexed into Cedar Hills.

Administrator Darrington described three different options that the Pleasant Grove City Council considered nearly three years ago, when the matter was last discussed. The first option was to consider the Cedar Hills boundary adjustment. The second was for Pleasant Grove to buy into the Cedar Hills infrastructure. Essentially, Pleasant Grove would pay Cedar Hills a fee or lease so that Pleasant Grove residents could hook onto a portion of the sewer line. Alternatively, Pleasant Grove could build their own sewer line down 4000 North, which seemed like a less feasible option. Option three was for Pleasant Grove to provide their own infrastructure, which at the time was estimated at around \$330,000. When adjusted to current rates, the cost would be around \$360,000. Administrator Darrington explained that there had been discussion about the third option as to whether or not the residents along 4000 North would help pay for the infrastructure or if it would be the City's primary responsibility.

Administrator Darrington stated that two years ago, the City Council decided to send a proposal to Cedar Hills whereby Pleasant Grove would pay \$200,000 to allow their residents to connect into the sewer line. This would have created joint ownership of the sewer line and the rates would have

been paid to Pleasant Grove. The City would then have in turn paid Cedar Hills. In response to the Council's proposal, Cedar Hills sent a counter proposal with alternative financial figures, which generated more conversation between the two cities. Since that time, Cedar Hills has had turnover with their elected officials, namely the Mayor and City Administrator. Administrator Darrington noted that most of the discussion with Cedar Hills City occurred with those two individuals.

Administrator Darrington explained that in a joint meeting which occurred at the time, the conversation shifted from having joint infrastructure to joint public safety. Last summer, Pleasant Grove submitted a proposal to Cedar Hills to have them contract their services; however, Cedar Hills ultimately decided not to proceed. It was noted that Mayor Call and Mayor Gygi had begun to discuss the sewer line again but little progress was made. Administrator Darrington asked the Mayor and Council if they would like to reengage with Cedar Hills on the matter, and if so, how they would like to move forward. He stressed the importance of putting any proposals in writing in order to warrant any action. In conclusion, Administrator Darrington remarked that staff prefers that the City pursue the second option of buying into Cedar Hills City's infrastructure.

Council Member Stanley agreed that the second option would be the best approach and commented that he was not a fan of the proposed boundary adjustment. He remarked that they have good working relationships with the members of the Cedar Hills City Council, and was in favor of reengaging with them on the matter. Council Member Boyd suggested that Pleasant Grove approach Cedar Hills with a letter and let them react first. Once they respond to the letter, negotiations can begin. She explained that when they met as two separate groups it was easy for them to get sidetracked. Council Member Meacham added his voice of support to Council Member Boyd's suggestion.

Mayor Daniels asked how many residents are affected by this decision. Administrator Darrington stated that when staff last counted, there were 10 connections. Mayor Daniels asked if the cost of the infrastructure would be divided among the parties that are directly affected or if would be implemented City-wide. Administrator Darrington explained that the initial proposal suggested that the City use its sewer fund. He also noted that Cedar Hills only has three connections on that sewer line, which was verified by TSSD.

Council Member Boyd provided additional history on the 4000 North sewer. In 1995, the land on the east side of Canyon Road was purchased and that individual then donated it to LDS Church. The LDS Church's Real Estate Department then installed the sewer line along the trunk line, anticipating that it would serve all of the residents on the east side of the road. It was later determined, however, that this was not the best route and the sewer line remained empty up until three or four years ago. There was then further discussion on what action to take next. Mayor Daniels directed staff to draft a letter to Cedar Hills for the Council to review.

7) Discussion on water rates for commercial and residential properties.

Director Lundell explained that the water base rate for commercial and residential customers for the first 5,000 gallons and the next incremental portion is the same. After that, the commercial rates become less expensive than the residential rates. Director Lundell made brief mention of one email he received from a resident who felt this was unfair. He explained that the rates serve a valuable purpose in that they cover the cost of the system. Director Lundell noted that residential customers

are higher users, and therefore pay a higher rate. Other types of higher users in the City were also mentioned.

Director Lundell explained that in assessing the rates, staff looked at how much revenue would be lost if the residential rates were lowered to match the commercial rates. Staff calculated that the loss would be significant, with a difference of \$175,000 to \$200,000 per year. He explained that the City's cost does not vary greatly with incremental water usage as long as it is within a normal range. He reiterated that a fixed amount is necessary because the cost of the infrastructure needs to be covered. Director Lundell expressed reluctance in changing the rate at this point and explained that whatever the Council determines, any rate changes need to generate the same amount of revenue as the current structure.

Council Member Stanley relayed correspondence he has had recently with various residents. One resident explained that she only uses 2,000 gallons of water per month and still pays the 5,000-gallon base rate. This resident mentioned to Council Member Stanley that she plans on letting the other 3,000 gallons of water drain down the street in protest of the fact that she is paying for water that she doesn't use. Council Member Stanley stated that he asked this resident not to waste the water, however, the conversation reflected a certain attitude that some people have toward the system. They would like the base rate to be more equitable by starting lower. Furthermore, with regard to secondary water, some residents expressed a desire to not see a cap on yard size. Council Member Stanley concluded that he would like to see a comprehensive study done on creating narrower tiers for water rates.

Administrator Darrington pointed out that 93% of the costs associated with secondary water are fixed, such as infrastructure expenses. Only 7% include the cost of the actual water. He was not sure if similar numbers also described the culinary water system. It shows, however, that the base rate needs to remain intact in order for the City to pay its bills.

Mayor Daniels added that this same type of issue is raised in the State Legislature regarding the funding for other areas such as education and roads. The conclusion is often the same, in that if just the usage is taxed, the tax base is unstable and therefore unable to fund the needed resource. Mayor Daniels asked if citizen requests could be accommodated if the City reduces the fee down to per gallon only. Council Member Meacham stated that this would not be possible because the base rate is too high. Administrator Darrington added that if the base rate is eliminated, the first 1,000 gallons would be very expensive. Everything after that would be slightly incremental. Director Lundell was not opposed to the change if it is what the Council wants. There will, however, still be people who will think that the system is unfair. There was further discussion on potential ways to change the City's billing system.

Commissioner Armstrong suggested that a sheet be drafted to explain how rates are calculated and include it with every bill. Mayor Daniels explained that the problem is complex and a matter that has been given a lot of attention. He implied that the City's billing method needs to be changed in order to eliminate questions relating to the base rate and how the minimum of 5,000 gallons was determined. The Council and staff then discussed ways that other cities have conducted their water billing. Council Member LeMone suggested that the City conduct a test study and calculate a usage rate based on the data.

Administrator Darrington explained that in recalculating the rates, staff will pursue mirroring the residential and commercial rates and try to arrive at one set rate, regardless of the user. The population segments paying more and less will then be identified. If changes are made, staff will need to be prepared to ask questions of residents. Mayor Daniels added that all questions regarding the rates will be deferred to Administrator Darrington or Director Lundell.

Chair Richards commented that education doesn't necessarily solve the City's water problems. He explained that as a realtor and member of the Government Affairs Committee, he assesses what factors affect property ownership. As Utah County continues to grow, water will become even more of an issue. He stressed that the County needs to pursue greater conservation efforts. He pointed out that as the City plants additional trees and plants they need to ensure that they can conserve water. These are factors that will affect the County long term because the water issue will only continue to get worse over time as the population doubles over the next 25 years. He stressed that the City needs to be more visionary as they move forward.

Commissioner Armstrong referenced Administrator Darrington's point made about 93% of the secondary water expenses being for the infrastructure alone. He felt this is the system where citizens should be incentivized to save because this is where the City will go through the most water. Furthermore, Commissioner Armstrong asked the Council if they really want to make it more expensive for a business to operate in their City. He did not feel that they should treat commercial the same as residential.

Commissioner Adams commented that the public is probably unaware that a large amount of the cost goes toward the infrastructure. He felt that educating the public on the matter and providing an incentive to conserve water would be the best approach. Commissioner Jensen added that staff should run all of the numbers. He acknowledged that it is challenging to determine what is fair and equitable for everyone.

Mayor Daniels remarked that this discussion also spans to every rate in the City. He stated that it has got to a point where the City receives questions about every rate charged to a homeowner. When staff and elected officials cannot provide a clear, concise answer, citizens continue to ask the same questions. He stressed the importance of simplifying the process and system altogether, by building the education into the rate. Commissioner Armstrong suggested that some of the terminology be changed, so that instead of a "base rate," the bill reads "infrastructure cost." Administrator Darrington concluded that staff will brainstorm on ways of adjusting terminology.

8) Discussion on agenda items for the July 29, 2014 City Council Work Session Meeting.

Administrator Darrington informed the Mayor and Council that the July 29 meeting will include one presentation from an individual who is requesting usage of the rodeo grounds for an event. The Council will also discuss items for the August 5, 2014 meeting.

9) Neighborhood and staff business.

Library and Arts Director, Sheri Britsch, reported that an Eagle Scout group that will be painting the bathrooms at the library. Lowes will donate the paint for the project. Additionally, the library will be receiving a grant of \$6,000 to buy 36 Kindles, a charging station, and books to put on the

Kindles. The Kindles will be available for check-out and will be beneficial for the high school's summer reading assignments. With regard to the elevator, Administrator Darrington added that they were quoted between \$40,000 and \$50,000, and the dumbwaiter was quoted at \$20,000. Neither of those costs reflect the expenses of putting in the shaft. The Council was generally supportive of pursuing the installment of an elevator. Administrator Darrington stated that staff would put together an overall project budget.

Assistant to the City Administrator, David Larsen, announced the Walmart Neighborhood Market Grand Opening. He stated that there will be a ribbon cutting on August 1, 2014, at 7:30 a.m.

City Attorney, Tina Petersen, added that a new prosecutor has been hired, and all new City employees will be introduced at the meeting on August 12, 2014.

Police Chief, Mike Smith, reported that he sent an email out to everyone with his department's new app for the "Tip a Cop" program. The app will also provide maps of any activity going on in a given area, such as the location of sex offenders or recent crimes. Chief Smith also announced that the City's K9 has retired, and that there is a non-profit organization in Draper called Havoc K9. The organization has brought four canines to Pleasant Grove and one German Shepherd has shown high aptitude for drug detection. They have named the dog "Havoc". Mr. Glenn Giles will be the new Canine Handler. Mr. Giles and Havoc will be going to school the following week and will graduate in September.

10) Mayor and Council Business.

Council Member Stanley informed the Mayor and Council that he will be gone next week. Council Member Boyd asked about doTerra. Administrator Darrington replied that they have agreed to give staff and elected officials a private tour.

11) Signing of plats.

There were no plats to sign.

12) Review calendar.

There were no additional calendar items to review.

13) Adjourn.

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

The City Council and Planning Commission Joint Meeting adjourned at approximately 8:29 p.m.

Minutes approved by the City Council on August 19, 2014.

Kathy T. Kresser, City Recorder

Minutes approved by the Planning Commission on _____

Barbara Johnson, Planning Secretary

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