

CITY OF OREM  
CITY COUNCIL MEETING  
56 North State Street Orem, Utah  
February 10, 2015

**3:00 P.M. STUDY SESSION – PUBLIC SAFETY TRAINING ROOM**

CONDUCTING Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS Councilmembers Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Chris Tschirki, Public Works Director; Karl Hirst, Recreation Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Steve Earl, Deputy City Attorney; Ryan Clark, Economic Development Division Manager; Brandon Stocksdales, Long Range Planner; Jason Bench, Planning Division Manager; Brandon Nelson, Accounting Division Manager; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder

EXCUSED Councilmember Hans Andersen

DISCUSSION – Economic Development Strategic Plan

Ryan Clark introduced Suzy Becker, with Zions Bank Public Finance Municipal Consulting Group (ZBPF), who presented information on the direction of the Economic Development Strategic Plan. The Economic Development Strategic Plan would be presented for adoption at the February 24, 2015, City Council meeting.

Ms. Becker said the study combined market analysis with economics and planning, which was a trend she had seen in her field. Many workshops were conducted looking at marketing, RDAs, housing, transportation, etc. with the idea to have all the information combined into an economic and planning document. She said the study looked at Orem to identify different economic districts, and the unique opportunities each could offer in order to balance the City with long-term sustainability.

Implementation Plan Goals:

1. Increase the sustainability of the City’s tax base through increased property values
2. Establish Orem as the employment hub of Utah County
  - a. Capitalize on investment at University Place – Orem’s “downtown”
  - b. Cluster of class A office space at the intersection of State and University

- c. Provide transition between mid-rise office and residential areas
  - d. Bring in hotels to serve business development
- 3. Maintain supremacy as the regional retail hub of Utah County
- 4. Improve the visual and physical appearance of State Street; develop and strengthen key economic nodes along State Street
  - a. Provide better connections between State Street and Orem Blvd.
  - b. Long Term: Future expansion of the City Hall
  - c. Use Form-based-code to transform 3-4 blocks of Center Street into Orem’s “Main Street” – development along Center Street would include residential and first floor retail
  - d. Retrofit existing shopping centers to have a more urban street frontage while maintaining big box retail
  - e. Transform Orem Boulevard into a pedestrian and bike-friendly corridor lined with residential and neighborhood-serving commercial uses
- 5. Redevelop Geneva Road – The “Wedge”
  - a. Current discussions with Vineyard, MAG, and UTA to align light rail through “@ Geneva” development
    - i. Veers west from Geneva Road at 1600 North to parallel FrontRunner southward to 400 North
    - ii. Avoids much of Orem, doesn’t benefit the Wedge
  - b. Near-term: City should influence alignment close to Geneva Road, BRT on University Parkway, and State Street
  - c. “The Wedge”
    - i. An underdeveloped area with potential for future redevelopment
    - ii. Potential “high visibility” class A sites along I-15
    - iii. Incubator sites within the interior of the Wedge
    - iv. Must be planned for the future
    - v. Anchor the west end of Center Street with a civic building and green
    - vi. Possibly a new park to incentivize development
- 6. Increase connectivity with Utah Valley University
  - a. Integrate more with community and connection with I-15
  - b. UVU – “Wolverine Hill” – Create a student village with a mixture of housing, retail and recreation amenities
- 7. Develop a new, progressive and sophisticated image for Orem
  - a. Branding:
 

*For the City of Orem’s economic development audience, Orem provides great value through a low cost of doing business and a quality workforce. Orem is the epicenter of Utah County, where start-up companies, established businesses and developers prosper.*
- 8. Encourage cultural arts activities
  - a. Potential for senior housing close to amenities
  - b. Enhanced park gateway and “parking plaza” – can double as farmer’s market
  - c. Enhance edges of park to better integrate with surroundings
  - d. Arts village clustered around the Arts Center
  - e. Connect park and Arts Center with Orem Boulevard
- 9. Thoughts on Implementation
  - a. Top 10 Business Decision Factors – EDC Utah

- i. Labor Costs
- ii. State and local incentives
- iii. Highway accessibility
- iv. Availability of skilled labor
- v. Energy availability and costs
- vi. Proximity to major market
- vii. Tax exemptions
- viii. Occupancy/construction costs
- ix. Corporate tax rate
- x. Availability of buildings

Ms. Becker said sales tax revenue generated from retail outperformed any other revenue generator in Orem, including business. Sales tax revenue was important but not always consistent. A more sustainable revenue generator would be class A office space, which would have higher property values. With many businesses in the valley relocating to Lehi, one suggestion was for Orem to develop more class A office space to attract and retain businesses. Ms. Becker said Orem was doing the right things to move forward with developing more class A office space and higher property values.

Mr. Davidson said areas like Knudsen's Corner in Holladay had high property values and were able to have class A office space because they had built business towers, not two- or three-story office buildings. Ms. Becker agreed and said that was something for Orem to consider.

Ms. Becker said the University Mall area would be the "downtown" of Orem and of Utah County. Office towers and hotels could be developed to build up the area, which would transition between mid-rise and residential areas.

Mayor Brunst said two or three hotels were recently proposed in Orem.

Mr. Davidson said Guy Woodbury had said Orem's hotel occupancy was strong, but the price point was lower in Orem than surrounding areas. That limited the kinds of full-service hotels that could be built in Orem, so the price point would have to go up to attract those higher rated hotels.

Ms. Becker said having the class A office space would lead to attracting businesses with higher wages, which would allow for Orem to raise the price point for hotels and rent for office space.

Ms. Becker said along with developing higher property values, it was important to maintain Orem's status as the retail hub in the valley, which provided around of \$465 million in sales tax revenue. The University Mall brought in more sales tax revenue than any other retail center in the area. Nodes along State Street were doing well, but there was room for improvement.

At the request of Mr. Davidson, Mr. Manning provided clarification on the categories shown for sales leakage and capture rates.

Mayor Brunst asked if sales tax revenue would likely increase with the move and expansion of RC Willey. Mr. Manning said with the expansion, as well as Ashley Furniture coming in to

Orem, those numbers were likely to increase. He added that, when construction did well, home furnishings would do well, and they would mirror each other.

Ms. Becker said developing higher densities at nodes and clusters would increase buying power within the walkable district along State Street and Orem Boulevard.

Ms. Becker said redeveloping Geneva Road would provide opportunities to bring in industrial and business developments. Vineyard had large-scale plans to develop residential units along the corridor of Geneva Road. If Orem could situate businesses that would provide more tax revenue in the area, Orem could capitalize on the residential developments of Vineyard.

Ms. Becker said there were many good things about doing business in Utah and Utah County specifically. Of the top ten business decision factors, Orem was strong in eight of them. Two areas where Orem was lacking were offering state and local incentives and availability of class A office space.

Ms. Becker said in 1980 only about \$28 million was generated statewide in tax increments. Now redevelopment agencies (RDAs) had developed throughout the state. In 2014 more than \$170 million was generated in tax increments, which was used to provide infrastructure or incentives, etc. to encourage development. Almost all the existing RDA areas in Orem were set to expire, or had already expired and were given extensions.

Ms. Becker thanked Ryan Clark and the City for allowing them to work with Orem.

Mr. Sumner asked how Orem compared with Lehi on incentives.

Mr. Davidson said University Parkway had been done with incentive arrangements and the area had thrived. In Lehi, every project was incentivized, which made Orem not as competitive. Economic development, but also re-development, was important. Areas like Lehi had raw ground for development, whereas Orem had existing developments. In order for Orem to increase taxable value of existing parcels, they must be taken down and rebuilt which required significant infrastructure investment.

Ms. Becker said Mr. Davidson was correct, and that construction costs would go up as structures reached four and five levels. There were amenities in Orem that other areas did not have, which would be to Orem's advantage in charging higher rents, but Orem had not kept up with tax increments or incentives.

Ms. Becker said an area Orem was lacking in was the Information Technology (IT) field. Mayor Brunst said Orem incubated many of those businesses, and then they would move. Ms. Becker said the goal then was to lure those businesses downtown and keep them in Orem with class A office space and surrounding amenities.

Mr. Davidson said one of the jewels Orem had yet to polish was the Geneva Road corridor. The type of growth happening in Vineyard was astounding, which showed the potential for Orem in those same areas. There needed to be a greater amount of strategic planning on the part of the City to identify what they wanted that corridor to be with infrastructure, current users, zoning,

etc. and guide future development. Ms. Becker agreed, and said the first developers in the area would likely need more incentive than later developers.

Mr. Clark said the City had applied for the Brownfield White Area Planning Grant to put together a vision document for the Orem. They would likely hear back on toward the end of February if that grant had been awarded to Orem.

Mr. Manning said the more inviting the area looked to developers the more it would do for the sustainability of the future. Mr. Davidson said the Thanksgiving Point business development was a great example of this, with close proximity to the freeway which gave businesses exposure.

Mr. Davidson said transit was increasingly important to the success of business and other developments in the future by allowing more accessibility to areas Orem was trying to stimulate. The plan was for the City Council to consider adopting this Economic Development Strategic Plan as a component of the General Plan, and reference the plan in going forward as development projects were considered in key, strategic areas of the city.

Mr. Seastrand asked if modifications considering Geneva Road should be considered now before the plan was adopted. Mr. Davidson said staff's recommendation would be to adopt the General Plan and use zoning as a tool to guide development in the future.

#### DISCUSSION – CARE Survey

Steven Downs introduced Quin Monson, owner of Y2 Analytics, to present the results of a CARE survey that was conducted in December 2014. The goal of the survey was to engage residents on what they were interested in seeing CARE money spent on. The survey was well received, with a high response rate.

Mr. Monson said a survey was conducted first in June of 2014, and a second survey had been conducted in December of 2014. In reviewing the findings of the study, the five things to remember were:

1. The majority of Orem residents saw the city as moving in the right direction.
2. A supermajority of Orem residents approved of the CARE tax.
3. Residents strongly leaned toward using CARE money for upgrades to existing facilities rather than purchasing new ones.
4. The most popular upgrades focused on improving playgrounds, the Orem Fitness Center (OFC), and adding bike lanes
5. If the City decided to invest in new facilities, residents would lean away from larger projects and instead would prefer smaller projects.

Mr. Monson reviewed the survey methodology and said there was a 51 percent response rate for the survey, which was high. He said those invited to participate in the survey also had the option to opt out, which only twelve participants did. There was a good subset of random respondents, including those who subscribe to the Orem newsletter, UVU students, etc.

The survey asked respondents to answer questions related to the following:

- Environment and Direction
  - Overall direction

- CARE Tax support
- Family recreational priorities
- General preference for funds
- Recreation Demographics
  - Dog ownership & park demand
  - Children in the home
  - Recreational activities for children
  - Recreational activities for adults
- Maintenance Priorities
  - Park traffic
  - Favorite Orem city park or facility
  - Other parks outside of Orem used by Orem residents
  - Perceived park maintenance quality
  - Upgrade priorities
- New Facilities Priorities
  - General preference for funds
  - Large new facility vs. smaller projects
  - New facility priorities (ranked in order from survey)
    - Splash pad
    - Indoor kid-friendly play area
    - New playground, including handicapped accessibility
    - Bouldering wall
    - Dog park
    - Skate park
- Orem Fitness Center (OFC)
  - OFC membership
  - Respondents screened for responsibility
  - Activities at the OFC

Mr. Monson said the survey was almost entirely about recreation, but there was a push to get more information about arts and culture participation in the community. Most respondents leaned toward the parks and recreation side, but there was a stronger representation of arts enthusiasts than initially anticipated. He said a majority of respondents preferred the CARE money be used to upgrade and maintain existing parks, fields, and facilities. Respondents thought the parks were generally well-maintained but were looking to see improvements like added shade and weather protection, replaced and upgraded playground equipment, added bike lanes, and upgrades at the OFC.

Mr. Macdonald said it was easy to call a park a failure based on its use across the city, but the ratings were according to those who were using it. So those neighborhood or niche parks were viewed favorably, and those using them were looking to see upgrades and maintenance of those parks.

Mr. Hirst said the OFC was listed as one of the most heavily used recreation facilities, but was mismatched in terms of quality. Mr. Monson said respondents heavily favored upgrades at the OFC.

Mayor Brunst asked if there were many playgrounds that needed replacing. Mr. Tschirki said that several were older and in disrepair, many of which would cost approximately \$50,000 to \$100,000 to replace and upgrade. Mr. Downs added that much of the existing equipment was no longer available to purchase for upgrades, so older equipment was cannibalized to maintain those playgrounds.

Mr. Davidson some of the parks needing the attention were the smaller, neighborhood parks. Tennis was an item of interest for most respondents, and most of the courts in Orem parks were in poor condition, which could reflect badly on the park overall. He said Orem was heading into CARE season. There were established programs for both Arts and Rec enthusiasts, and it was anticipated that residents would speak to council members about their preferences of how CARE money would be used.

Mr. Monson said if the City wanted to maintain the popularity of the CARE tax, the smart thing to do was make noticeable upgrades parks and recreation facilities, and make sure residents knew that CARE money paid for those upgrades. Most respondents said they would prefer the upgrades at existing facilities to a new facility but gave feedback on the types of new facilities they would like to see if the City went that direction.

Mr. Hirst said Mr. Spencer and Recreation Advisory Commission (RAC) members had visited recreation facilities in Wasatch, American Fork, Springville and other neighboring communities and gathered information to present a recommendation to the City Council. No vote had taken place within the RAC, but there had been discussions. A “freshen up” plan for the OFC and City parks was being considered, as was the building of a large indoor multisports facility. The RAC had no official position or recommendation yet but would continue to meet and discuss to eventually present an official recommendation to the City Council.

Mrs. Black said the survey provided important feedback and asked if the recommendation was to use all CARE money on one facility or divide it.

Mr. Hirst said to build a new facility would require a bond that would be \$6.5 million or so, which would take a significant portion of the CARE money over the next ten years.

Mr. Macdonald said there was a temptation to build the large, new project because fixing up existing facilities and parks was not as flashy or exciting. However, the feedback was that the public wanted those existing parks and facilities to be nicer and more used. Bonding would likely not be popular to build a new facility when the public was asking for upgrades and maintenance.

Mayor Brunst said it would be important to listen to public opinion on the use of CARE money.

Mrs. Black said a splash pad was a popular idea she had heard from many people. Mr. Hirst said there had been discussion about changing the fencing of the Scera Park Pools to put the existing splash pad outside of the park, which was not ideal but was an option that had been discussed. That option would cost significantly less than building new.

Mayor Brunst asked where a large indoor recreation facility would go. Mr. Hirst said there was no easy or clear location currently, but a preferred spot would be across from the OFC at the Community Park.

Mr. Seastrand said a large facility like that reminded him of the Smith Fieldhouse, and thought it would be utilized by the community. He wondered how significant a drain on CARE monies upgrading smaller parks would be.

Mr. Davidson said they would need upwards of \$2 million or more for improvement in the parks for updating play structures, parking, pavilions, bathrooms, resurfacing tennis courts, etc.

Mr. Bybee said that playground equipment had greatly improved over the years, so improving and upgrading those might be a more exciting project than was perhaps perceived. The parks would become more heavily used because the playground play structure would be much improved.

Mr. Sumner asked about the splash pad issue. As popular as it could be, it could have a negative impact on the Scera Park Pools. They were expensive to install and maintain, especially for a facility that would not generate revenue but would require parking, bathrooms, etc. Mr. Hirst agreed and said it would cost between \$750,000 and \$1 million or more to build a new splash pad.

Mr. Spencer said the gymnasium-type facility would be a return on investment, because it would sustain itself. The facility in Heber was most often full and would generate revenue. He said constructing a new facility would use CARE money to be built but would sustain itself for maintenance into the future.

Mrs. Black said she saw the value in that, but people wanted to use their neighborhood parks and have them be safe, functional, and attractive. She did not support having everything shift to a large, new facility and leave family neighborhood parks in the dust.

Mr. Hirst said it was a complicated topic, and the RAC would continue to review and look at the possibilities.

Mr. Tschirki said he had \$1.5 million scheduled to go toward big-ticket upgrades at smaller parks, which would only cover a small portion of the maintenance and upgrades that were needed at all the parks.

Mr. Hirst said if a large facility was built, the \$2 million left over would not go very far at the OFC and smaller parks. They were coming to a crossroads, and a decision would need to be made.

Mr. Davidson said one of the things the City staff was trying to do was identify and plan for five-year capital improvement plans, which included parks, streets, and other improvements.



Mr. Seastrand asked if any future budget was scheduled for the repairs Mr. Tschirki had mentioned. Mr. Tschirki said playground improvement and maintenance budget was minimal. Mr. Hirst said only \$50,000 was dedicated overall for park upgrades across the board.

#### BUDGET DISCUSSION/PREVIEW – Fiscal Year 2015/2016 Revenues

Richard Manning said the budget discussion would be focused on general fund revenues. Putting a city budget together was not just looking at what the budget was the year before, but looking at where the budget was supposed to go according to direction received from the Council and what was specified in the Master Plan. Mr. Manning said revenues supported many things in the general fund for everything to come together and support the big picture. With that it was hard to say that certain taxes like sales, property, or franchise tax only paid for certain things when realistically they each fed into the general fund.

Mr. Manning said Utah was ahead in the job growth employment rate in the west. Unemployment and wage growth were inversely related. The wage rate was not going up as fast as history said it should be. When unemployment came down, well-qualified employees had more leverage and negotiating power because there was a smaller pool of candidates to hire from. Wages would come up to meet the demand, but with the most recent recession so many unemployed workers were so glad to get a job they did not negotiate for a higher wage and so wages stayed lower generally.

Mayor Brunst asked if the jobs being created, on average, were paying less than the jobs they were replacing. Mr. Manning said that was the case.

Mr. Manning said total fertility was incredibly important in the long-run. If enough children were being produced per family, the culture would remain whole. Utah's total fertility numbers were above the sustainability line. The national average was below the sustainability line, which was not a good thing for the country long-term because it kept employees in the work force longer because there were not enough to replace them. That would also lead to fewer opportunities for advancement because employees stayed working longer and held their positions longer.

Mr. Manning said sales tax was composed of retail sales, business investment purchases, and taxable services. Utah economic indicators for sales tax projections were (1) population, (2) nonfarm employment, (3) unemployment rate, (4) average pay, (5) home prices, and (6) retail sales. The rate of change was slowing down but was still positive, with 5 percent growth projected in retail sales tax.

Mr. Manning showed graphs of where and when sales tax was generated, as well as sales projections for Fiscal Year 2016. He said general merchandise made up 25 percent of sales tax revenues, with automotive coming in second. Automotive was a growing industry in Orem.

Mr. Manning said sales tax were not as dependent on the items bought at Christmas as they had been in the past.

Mr. Seastrand asked if that was perhaps a byproduct of more people making purchases on the Internet.

Mr. Manning said he did not see that as a significant factor but the State had not been tracking that data long enough to say for certain. He said it was difficult to guess sales tax in the future, but there were good things happening in Orem to boost that.

Mr. Manning said making conservative projections for property and franchise taxes was always better than projecting too aggressively. Mr. Macdonald asked about Orem's share of the \$80,247. Mr. Manning said 10 to 12 percent.

Mr. Davidson said the current projects and growth Orem was having would not be visible in the next fiscal year but more likely the following year. Orem's property tax was still very low, and he cautioned that there should be no expectation of dramatic growth for the next few years' property tax revenues, even with new projects.

Mayor Brunst asked how much of Orem's franchise tax was what categories. Mr. Manning said the biggest was electricity, then Questar natural gas, and telecommunications. If telecommunication providers shifted to providing internet, there would be no franchise tax.

Mr. Manning said Orem was strong in the number of business licenses, more than population would suggest. Orem was near the top for the state in business licenses.

Ambulance fees had seen a change over the last few years. The laws allowed for billing according to the services paramedics were capable of providing. Industry practices were shifting to only billing for services provided instead, which was what Orem had done.

Mr. Davidson said the State set the rate a city could assess, but Medicare/Medicaid set the maximum rate they would pay. Every time a truck rolled, the bill might be \$1,000 but would only get a \$300 return because that was the ceiling Medicare had set.

Mr. Sumner said that, regardless of paying the \$300, those people with a \$1,000 bill were sought after for collection on the difference. Mr. Manning agreed—if they had supplemental insurance—but one could not “squeeze blood from a turnip”.

Mr. Manning said Orem's cemetery was doing well. The City wanted it to lead the market but not be the low-cost alternative.

He said Orem was doing very well in business permits, but they were one-time fees that could not be looked at as a growing revenue generator. Because of that, they purposely kept building fee projections below expectations.

Mr. Manning said Orem's Justice Court was running efficiently, and their operation costs were low. Small claims brought in less revenue than originally projected, but the court revenues were strong.

Mayor Brunst asked why court fines were up. Mr. Davidson said that could be a philosophical focus of the department on traffic enforcement.

Mr. Manning said all together these areas generated \$51 million in revenues for the general fund. 2015 to date had been the best year Orem had seen in a long time, with sales tax just slightly under the high before the bubble burst. Housing had taken a nose dive during the recession, but it was building back, and there was pent up demand now being felt.

#### UPDATE – Arson Investigation

Chief Gurney updated the City Council on recent events in Orem involving fires at construction sites. He said fires at construction sites were a worrying trend not only in Orem and Utah generally, but across the country. Construction projects valued as high as \$50 million had seen fires, with a recent fire at a \$40 million residential project in Los Angeles, California that was linked to arson.

Chief Gurney said he was proud at how staff had come together to address the situation, particularly the cooperation between Fire, Police, and City Manager's departments in working together to find solutions. He said the City was proactively working toward resolving the issue, and that Fire Marshall Bret Larsen and Fire Battalion Chief Ryan Peterson had visited every multifamily complex project that was under construction. A special meeting took place on February 9, 2015, to inform developers and contractors in the area of investigation updates.

Mr. Downs said Pete Wolfley in the City Manager's office and Battalion Chief Peterson had put together a flier that was being mailed to over 2,400 businesses in Orem. The flier had information and suggestions of strategies business owners could implement to protect their businesses and property against further incidents. A similar flier with information for home owners would likely be distributed later.

Chief Giles said arson investigation would be in conjunction with the Fire Department, with investigators from both fire and police. He joined Chief Gurney in praising staff for working together so well. Chief Giles said ongoing investigations were not public information so he could not give details, but gave a brief update of the two arson incidents in Orem on December 20, 2014, and February 5, 2015, respectively. He said the fires had similar patterns, of a smaller fire being set likely to distract fire personnel while larger fires were set at construction sites nearby. Because of that precedent, fire and police personnel were directed to check surrounding areas if smaller fires were reported.

Chief Giles said at this point they had reason to believe the Orem fires were not connected with recent fires that had taken place in Provo. He said it was unclear if those fires were part of a trend or a political statement, but police and fire officers would continue to conduct extra patrols and exhaust every lead. Chief Giles said a possible reward had been discussed with some businessmen interested in protecting their businesses and projects.

Mr. Macdonald asked if multiple people were involved because of the distraction fires being set at a separate location. Chief Giles said at that point they did not know.

Mrs. Black asked if the City would offer a portion of the reward. Mr. Davidson said the City could, and also the City Council would have discretionary money they could contribute. He continued that the amount of the reward was not as important as the statement a reward made. If the reward was never claimed, no one was out any money.

Chief Giles said that offering a reward would often draw someone out who otherwise would not come forward.

Mr. Davidson asked what the recommended reward would be. Chief Gurney said the Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) indicated a standard reward for arson information would start at \$5,000.

Chief Giles said the smallest thing could lead to the person(s) responsible being caught. Concerned citizens calling in suspicious vehicles or people could give the police leads they may not already have.

Mayor Brunst and Mr. Davidson recognized the efforts of both Orem and Provo's police and fire departments for their diligence and hard work in protecting the community.

### **5:00 P.M. STUDY SESSION – PUBLIC SAFETY TRAINING ROOM**

#### **CONDUCTING**

Mayor Richard F. Brunst, Jr.

#### **ELECTED OFFICIALS**

Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

#### **APPOINTED STAFF**

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Chris Tschirki, Public Works Director; Karl Hirst, Recreation Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Steve Earl, Deputy City Attorney; Ryan Clark, Economic Development Division Manager; Brandon Stocksdale, Long Range Planner; Jason Bench, Planning Division Manager; Brandon Nelson, Accounting Division Manager; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder

#### **EXCUSED**

If applicable

#### **Preview Upcoming Agenda Items**

Staff presented a preview of upcoming agenda items.

#### **Agenda Review**

The City Council and staff reviewed the items on the agenda.

City Council New Business

There was no new City Council business.

The Council adjourned at 5:54 p.m. to the City Council Chambers for the regular meeting.

**6:00 P.M. REGULAR SESSION**

CONDUCTING

Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS

Councilmembers Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner

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**INVOCATION /  
INSPIRATIONAL THOUGHT  
PLEDGE OF ALLEGIANCE**

Bob Wright

Nicholas Parker

**APPROVAL OF MINUTES**

Mr. Macdonald **moved** to approve the January 13, 2015, City Council meeting minutes. Mr. Spencer **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

Mr. Macdonald **moved** to approve the January 14, 2015, Joint City Council meeting minutes. Mr. Spencer **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

Mr. Macdonald **moved** to approve the January 27, 2015, City Council meeting minutes. Mr. Spencer **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

## **MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL**

### Upcoming Events

The Mayor referred the Council to the upcoming events listed in the agenda packet.

### Appointments to Boards and Commissions

There were no appointments to boards and commissions.

### Recognition of New Neighborhoods in Action Officers

There were no new Neighborhoods in Action Officers recognized.

## **CITY MANAGER'S APPOINTMENTS**

### Appointments to Boards and Commissions

There were no City Manager appointments.

## **PERSONAL APPEARANCES**

Time was allotted for the public to express their ideas, concerns, and comments on items not on the agenda. Those wishing to speak should have signed in prior to the meeting, and comments were limited to three minutes or less.

Annette Anderson, resident of American Fork, said she was concerned about the involvement of entities she paid taxes to being involved with the University Place CDA. It was illegal for any single entity that got a portion of property taxes from Utah County, Alpine School District, and Central Utah Water Conservancy District to enter into a rebate program that was solely directed to one city. Ms. Anderson said she felt it was wrong for any entity that received tax money outside of Orem to make a commitment to rebate a development in Orem. That tax money paid toward the school district should only stay with the school district, and she objected to the CDA. Ms. Anderson thanked the Mayor and City Council for their time.

## **CONSENT ITEMS**

There were no Consent Items.

## **SCHEDULED ITEMS**

### RESOLUTION – Review and Update the Moderate Income Housing Element of the City of Orem

Mr. Bench reviewed with the City Council the Planning Commission's recommendation that the City Council, by resolution, update the proposed 2014 Moderate Income Housing element of the Orem General Plan as required by State law. He noted that State law required that the City Council biennially review the Moderate Income Housing element of the General Plan. According to Section 10-9a-408 of the Utah Code, each report must include a description of:

- efforts made by the city to reduce, mitigate, or eliminate local regulatory barriers to moderate income housing;

- actions taken by the city to encourage preservation of existing moderate income housing and development of new moderate income housing;
- progress made within the city to provide moderate income housing, as measured by permits issued for new units of moderate income housing; and
- efforts made by the city to coordinate moderate income housing plans and actions with neighboring municipalities.

State Code defined moderate income housing as housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income for households of the same size in the county in which the city was located.

As an example, a family of four living in the Orem/Provo metropolitan statistical area would have to earn \$51,350 or less to be considered a moderate income household. Housing stock for households with moderate incomes was usually limited to attached apartment units, accessory apartments, townhomes, and condominiums as the rent/cost is usually less than the monthly mortgage payment on a single-family dwelling.

The City provided several mechanisms for creating moderate income housing. The PRD zone and many PD zones allowed for high density development. Since March 2013, the City had approved over 1,331 attached units (as shown below) within various PD zones and in the PRD zone. All but 120 of these units were currently under construction. Accessory apartments, multifamily exceptions, and the assisted senior housing overlay zone also provided opportunities for creating moderate income housing.

According to 2010 Census figures, Orem's housing stock consisted of 30.4% "housing units in multiunit structures." The statewide average was 21.4 percent. Staff estimated that the percentage of multifamily units was closer to 35% of the existing housing stock in the City.

Since March 2013, the following multifamily projects had been approved:

- Residences at Monte Vista at 920 North State Street will provide 132 apartment units. This project was approved as the PD-39 zone on property which previously was zoned C2 and was undeveloped.
- Sun Canyon Villas at 460 South State Street will provide 84 apartment units. This project was approved as the PD-40 zone on property that was previously zoned C2 and was undeveloped.
- Legacy at Orem at 1500 South State Street with 180 apartment units. This project was approved as the PD-37 zone on property that was partially vacant and partially occupied by several old commercial buildings that have been removed.
- Summit Ridge Apartments at 1750 South 400 East with 74 new units. This property was developed in the early 1970s with 96 multifamily units. It was recently rezoned to the PD-38 zone to facilitate construction of additional units. The previous zone of R6.5 did not allow new high density construction.
- Center Street Marketplace at 100 North Orem Boulevard with 112 units. This property was approved as the PD-30 zone on property that was vacant.
- Promenade Place at 865 South Geneva Road with 120 units. This project was approved as the PD-33 zone and was designed as a transit oriented development to take advantage of the property's proximity to UTA Frontrunner.

- Ivory Homes at University Mall at 900 South 800 East with 461 units in the PD-34 zone.
- Wasatch Orem Center Street at 1100 West Center Street with 168 units in the PD-41 zone.

The City was currently working on a State Street Master Plan which would identify additional possible housing options along State Street. Multiunit residential would be the only appropriate residential use along this corridor. The City was working with Mountainland Association of Governments, Provo City, UDOT, and UTA to develop this plan.

Mr. Seastrand asked if the majority of representation was based on multifamily dwellings.

Mr. Bench said about 35 percent of the city was multifamily. Multifamily dwellings and accessory apartments would typically have lower rents, but that was not always the case. Some apartments paid specifically to target moderate rent amounts.

Mr. Seastrand asked if any individual, single-family units would qualify, and if there was any real expectation of the percentage of housing that was multifamily from the State.

Mr. Bench said it was possible for single-family units to qualify, but it was typically multifamily units with lower rental rates. He said the federal government had no expectation of percentage, but they just wanted to guarantee that opportunity was not denied anyone based on income.

Mr. Seastrand asked how Orem compared to neighboring communities. Mr. Bench said Provo was similar to Orem, but he did not know comparisons to Lindon.

Mayor Brunst asked if they were aware of lower-income, multiunit complexes for seniors. Mr. Bench said two were currently under construction on State Street, but he had not heard of any others.

Mayor Brunst **moved**, by resolution, to update the proposed 2014 Moderate Income Housing element of the Orem General Plan as required by State law. Mr. Seastrand **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

6:20 P.M. PUBLIC HEARING – Vasa General Plan & Rezone

RESOLUTION - General Plan Amendment – Amending the Orem General Plan by changing the land use designation from low density residential (LDR) to community commercial (CC) on approximately 0.25 acres located generally at 556 West 1830 North

ORDINANCE - Rezone – Amending Article 22-5-3(A) of the Orem City Code and the zoning map of Orem City by changing the zone from the R8 zone to the C2 zone on approximately 0.25 acres located generally at 556 West 1830 North

Mr. Bench reviewed with the Council the applicant's request that the City Council amend the General Plan by changing the land use designation from low density residential (LDR) to community commercial (CC) and amend Section 22-5-3(A) of the Orem City Code and the zoning map of Orem City by changing the zone from the R8 zone to the C2 zone on



approximately 0.25 acres located generally at 556 West 1830 North. Mr. Bench introduced applicant Kevin Hawkins, with Hawkins Development.

The applicant owned a parcel of property located directly south of the new Kneaders restaurant and consisting of approximately .25 acres. The applicant wanted to combine the subject property with adjoining parcels (which were already zoned C2) for the construction of a new Vasa fitness center and other retail pads. It was anticipated that the subject property would be used primarily as parking area for those uses.

In 2012, the City Council denied a rezone request for a multifamily development on this property. The land was currently vacant.

The property was designated as low density residential on the General Plan and was zoned R8. In order to use the property for the proposed development, the General Plan designation needed to be changed from low density residential to community commercial and the zone from R8 to C2.

A neighborhood meeting regarding the proposal was held on December 15, 2014, and five neighbors attended. Concern was expressed regarding fencing materials, dumpster location, traffic and accesses for the proposed development.

The proposed General Plan amendment and rezone request was heard by the Planning Commission on Wednesday, February 4, 2015, and the Planning Commission recommended approval of the request.

The Planning Commission and staff recommended the City Council amend the General Plan by changing the land use designation from low density residential (LDR) to community commercial (CC) and amend Article 22-5-3(A) of the Orem City Code and the zoning map of Orem City by changing the zone from R8 to C2 on approximately 0.25 acres located generally at 556 West 1830 North.

Mayor Brunst asked about neighborhood meetings. Mr. Bench said a meeting was held with few neighbors in attendance, and the majority of those were in favor of moving forward with the rezone and change. The parcel of land was looked at for high density residential development some years before, but that project had been denied.

Mr. Seastrand asked Mr. Hawkins if he had already purchased the land, or if that was contingent on the outcome of the rezone.

Mr. Hawkins said the three plus acre area was under contract with Mr. Allen, contingent on the rezone and site plan approval. Mr. Hawkins said that, when the purchase was made, he had not been aware the 0.25 acre area was not zoned appropriately so he was going through the proper channels and coming to City Council.

Mr. Macdonald asked if Mr. Hawkins had the rights to drive through the parking lot to the north, and if he owned that land. Mr. Hawkins said he did not own the land, and there was a recorded, dedicated easement in place for cross traffic.

Mr. Macdonald asked if there was access from State Street through Mr. Hawkins property. Mr. Hawkins said through the cross easement there was access to State Street, but that ingress and egress was not on the property he owned. The road was a UDOT road, and his property did not meet spacing requirements for a curb cut.

Mr. Sumner asked about the other VASA facility on University Parkway, and whether the parking would be comparable to that. Mr. Hawkins said there would be more parking at his facility per square foot, and they were hoping to take some of the parking pressure off that other location.

Mr. Spencer said during a recent planning meeting, an idea was mentioned of flipping the building so most vehicles would not need to come through 1830 North. Mr. Hawkins said they would look at that.

Mrs. Black asked the City had been talking about was getting the buildings closer to the streets instead of having the parking lot out front. Mr. Bench said they had requested that, but there was nothing that required the developers to do that.

Mr. Hawkins said an economic development presentation was made to the Planning Commission, and another objective of the City was to increase tax base. On his site, if the buildings were pushed to State Street his project would not have room, or be a part of the cross easement.

Mr. Seastrand asked if this lined up with the current Kneaders building. Mr. Hawkins said it did.

Mr. Macdonald asked if there were thoughts of a future pad on State Street for further development. Mr. Hawkins said it was possible, but they did not have the parking to support that. The Kneaders land had several platted pads on State Street that had not been developed yet, and VASA as a tenant generated traffic. Mr. Hawkins said he believed the pairing would be a symbiotic relationship.

Mayor Brunst opened the public hearing. No public comment came forward, and Mayor Brunst closed the public hearing.

Mrs. Black **moved**, by resolution, to amend the Orem General Plan by changing the land use designation from low density residential (LDR) to community commercial (CC) on approximately 0.25 acres located generally at 556 West 1830 North. Mayor Brunst **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

Mrs. Black **moved**, by ordinance, to amend Article 22-5-3(A) of the Orem City Code and the zoning map of Orem City by changing the zone from R8 to C2 on approximately 0.25 acres located generally at 556 West 1830 North. Mayor Brunst **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

6:20 P.M. Public Hearing – Quarterly Budget Amendments  
ORDINANCE – Amending the Current Fiscal Year 2014-2015 Budget

Richard Manning and Brandon Nelson reviewed recommendations that the City Council hold a public hearing to discuss amending the current Fiscal Year 2014-2015 Budget and, by ordinance, amend Fiscal Year 2014-2015 Budget.

The Fiscal Year 2014-2015 City of Orem budget had many adjustments that occur throughout the fiscal year. These adjustments included grants received from Federal, State, and other governmental or private entities/organizations; refunding of the Series 2005 & 2006 General Obligation bonds and transferring the savings from this refunding to the CIP Projects Fund in order to reconstruct Center Street from State Street to approximately 1000 West; transferring funds to the CIP Projects Fund due to maximum fund balance limitations; and various other smaller technical corrections or minor budget adjustments that need to be made.

Mr. Nelson said that, with item one, Orem had received various grants, most of which were public safety grants. With item two, Orem did a general obligation bond refunding in November, so that transaction needed to be accounted for auditing reasons. With item three, there were two corresponding items, one within the general fund and one within the improvement fund. The intent of the transaction was to move money from general fund's balance to Capital Improvement Projects (CIP) Fund in order to complete soon to be identified projects.

Mr. Nelson said another reason to transfer those funds was that Orem was close to, if not already at, the maximum allowed fund balance by the State of Utah. The transfer was to help alleviate being up against the maximum, which was 25 percent of the fund balance. That excluded items which were restricted or non-spendable in nature.

Mayor Brunst asked what the reserve fund balance would be if the Council were to proceed. Mr. Nelson said round 15 percent, which did not take into account activity in the year 2015.

Mr. Seastrand asked in converting percentage to dollars what 25 percent would equate to. Mr. Nelson said around \$12 to 15 million.

Mr. Nelson said item four related to items two and three. Part of the reason for the general obligation bond refunding was not only to get better rates, but be able to use those savings to reconstruct Center Street. The proposal to move funds was again to avoid the maximum fund balance.

Mayor Brunst asked why reaching the maximum fund balance was a problem. Mr. Nelson said state auditors would reprimand the City, and it would become a bigger issue if it was a persistent problem. The maximum fund balance had been 18 percent and was raised to 25 percent by state legislature.

Mayor Brunst opened the public hearing.

Bob Wright, resident, said he was concerned about transferring general fund money for CIP and wondered if grants could be applied to those projects instead. Mr. Wright also asked for clarification on refunding the bond.

Mr. Manning said grant money could not be used for CIP or general fund. Mr. Nelson added that grant funds were only allowed to be used for the specific purposes the grant was awarded for. Grant money was restricted in its use, whereas money being transferred from the general fund had “no strings attached” and could be used for various things.

Mr. Davidson explained that the budget amendment regarding the bond refund was a formal recognition of action taken in 2014, not a new action.

Mr. Wright asked if any CIP funds could be used to retire the bond.

Mr. Davidson said they could not, and the purpose for refunding bond money in 2014 was to garner better interest rates that would allow the City to dedicate the funds toward construction projects from those savings instead of paying interest on debt. It was a more appropriate use of those resources.

Mr. Wright thanked Mr. Davidson and Mr. Nelson for the clarification.

Mayor Brunst closed the public hearing.

Mayor Brunst **moved**, by ordinance, to amend the Current Fiscal Year 2014-2015 Budget changing the amount going to Capital Improvement Projects to be \$2,795,000 instead of \$2,800,000. Mr. Seastrand **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

ORDINANCE – Amend Amplified Sound language addition to Chapter 13 of the Orem City Code

Mr. Hirst reviewed staff recommendation that the City Council add, by ordinance, the following language to Chapter 13 Parks and Recreation of the Orem City Code:

**13-1-13. Sound Generating Activities - Restrictions in Recreation Areas and Parks.**

A. It shall be unlawful for any person to conduct live bands, DJs, dance concerts, movies, or similar activities in any Recreation Area or Park.

1. Exemption: City-sponsored events and activities conducted in any Park or Recreation Area are exempt from this prohibition.

B. It shall be unlawful for any person to use sound systems, microphones, speakers, or any other sound amplification device in or on any Recreation Area or Park.

1. Exemption: The following are exempt from the prohibitions in subsection B:

a. City-sponsored events or activities;

b. Events and activities at one of the following locations subject to the conditions included in any rental agreement or use permit issued by the City:

- (1) The Stage at City Center Park;
- (2) The Large Pavilion at Scera Park;
- (3) The Bowery at Nielsen’s Grove;
- (4) The Hosting Center at Timpanogos Park;
- (5) The Pavilion at Lakeside Park; or

(6) The Scera Shell.

c. Personal sound amplification devices that are played or operated in such places and at such times so as not to disturb other persons in their use of any Park or Recreation Area.

2. The City shall take into consideration the following factors when determining whether to enter into a rental agreement or issue a use permit under subsection B.1.b:

- a. The impact of the event or activity on other Park or Recreation Area users;
- b. The impact of the event or activity on adjacent property owners;
- c. The benefit the event or activity provides to the residents of the City; and
- d. The general public's access to the event or activity.

Activities in the parks were managed either by policy or ordinance. Policies were established by the Director of Recreation and worked best for minor issues like gates, faucets, access, geocaching etc. Ordinances were adopted by the City Council and were better suited for the major park regulations: curfew, smoking, alcohol, animals etc.

The recommended language had been part of the park policies for decades, and had worked well for managing sound generating activities in the parks. Since sound generating activities in the parks were of major concern, moving the current policy language into ordinance form would help in the management of the parks. The proposed amendment made clear that large, potentially disruptive events and activities would not be allowed in City parks and recreation areas. The amendment would, however, provide for the use of sound amplification devices at limited locations within certain City parks and recreation areas subject to a user entering into a rental agreement or being issued a use permit. These locations had been exempted from the sound amplification restriction because they had sufficient facilities to accommodate sound amplification use and had sufficient buffer zones to insulate adjacent property owners from possible disturbances. In determining whether to issue a user permit or enter into a rental agreement, the City was required to consider a number of objective factors to determine whether the proposed event or activity would cause disruption within the parks and recreation areas and surrounding areas and whether the public will benefit.

The amendment would also allow anyone that was researching City parks for an activity that would involve sound, the ability to search and locate the sound regulation. It was recommended that the above language be added to Chapter 13 of the Orem City code and listed as ordinance 13-1-13.

Mayor Brunst asked about the stage at the City Center Park and the kinds of complaints neighbors had about those uses of the stage.

Mr. Hirst said if complaints had been made in the past, they had not reached him. Typically the stage was only used for City-sponsored events.

Mrs. Black **moved**, by ordinance, to amend amplified sound language addition to Chapter 13 of the Orem City Code. Mr. Macdonald **seconded**. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

## COMMUNICATION ITEMS

### BUDGET REPORT – December 2014

The Budget Report was included in the packets distributed to the City Council.

## CITY MANAGER INFORMATION ITEMS

Mr. Davidson reminded the City Council that the library was closed for the week for maintenance and new carpet going in the children's wing.

Mr. Davidson said he was having conversations about the court building that was part of the City Center campus. He had met with the court's property manager and the discussions were moving forward for consideration of purchasing that building. Mr. Bell was coordinating with staff for inspections to ensure the building was mechanically operational. Mr. Davidson said that no decision had been made, but the City was doing the due diligence before moving forward. He said the City could own and continue to lease the space to state agencies that needed to stay in Orem.

Mayor Brunst asked if the City would be doing its own appraisal. Mr. Davidson said the property assessment would be first, but an appraisal would be the next step.

Mr. Davidson gave a brief update on items of note being discussed in the State's legislative session.

## ADJOURNMENT

Mr. Macdonald **moved** to adjourn the meeting. Mr. Spencer **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed** unanimously.

The meeting adjourned at 6:56 p.m.

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Donna R. Weaver, City Recorder

Approved: February 24, 2015