

**MINUTES OF LAYTON CITY
COUNCIL STRATEGIC PLANNING
WORK MEETING**

MARCH 31, 2016; 5:42 P.M.

**MAYOR AND COUNCILMEMBERS
PRESENT:**

**MAYOR BOB STEVENSON, JOYCE BROWN,
BRUCE DAVIS, TOM DAY, SCOTT FREITAG
AND JOY PETRO**

STAFF PRESENT:

**ALEX JENSEN, SCOTT CARTER, TRACY
PROBERT, BILL WRIGHT, TERRY COBURN,
WES ADAMS, JAMES “WOODY” WOODRUFF
AND THIEDA WELLMAN**

The meeting was held in the Council Conference Room of the Layton City Center.

Mayor Stevenson opened the meeting and turned the time over to Staff.

BUDGET DISCUSSION

Tracy Probert, Finance Director, indicated that he would be reviewing budget information relative to the enterprise funds and special revenue funds. The water fund budget was the same as the actual budget for this year, which was a little over 6.6 million dollars. There was a slight increase in personnel costs associated with the shared costs of a new GIS position. Tracy reviewed operation and capital expenditures in the water fund. He indicated that the unrestricted fund balance in the water fund was getting fairly low because of the large amount of projects being done and the water purchase from Weber Basin Water.

Mayor Stevenson asked how the City’s water rates compared to other cities in the area.

Woody Woodruff, City Engineer, said Layton was fairly low.

Tracy said the last water rate increase was in 2012.

Tracy said the proposed budget for the storm sewer fund was 2.9 million dollars. He reviewed personnel and operation costs, and he reviewed information about capital projects in the storm sewer fund. Tracy said the fund balance in the storm sewer fund was healthy.

Tracy indicated that there would be another \$3 per month increase from North Davis Sewer District, which was indicated in the sewer fund budget. He said capital projects had decreased and the fund balance was fairly healthy.

Mayor Stevenson asked if they tried to keep the fund balance at a certain level.

Tracy said Staff tried to keep it at 1 million dollars as a rainy day fund in the event of a needed repair.

Council and Staff discussed prior year fund balance amounts.

Councilmember Brown asked if the Sewer District paid the City for doing their billing.

Tracy said no, but the impact came when someone paid their utility bill with a credit card; the City paid those transaction costs.

Tracy reviewed information about the utility rates with the \$3 increase from the Sewer District. He explained the gradual rate increase for garbage with the new contract with Waste Management.

Council and Staff discussed the recycling bins that were implemented this last year.

Tracy reviewed information about the proposed budget in the street lighting fund. He indicated that \$80,000 would be transferred from the general fund to help cover the cost of proposed projects.

Mayor Stevenson asked what it would cost to purchase the poles from Rocky Mountain Power.

Tracy said about \$700,000, and they would not negotiate on the price even though some of the infrastructure was in pretty bad shape.

Tracy said in the pool fund, \$130,000 was budgeted to resurface the shallow end of the wave pool. He said the transfer from the general fund was \$550,000, and would be between \$450,000 and \$550,000 each year.

Tracy said in the emergency medical fund the proposed budget was \$2,636,000, which was very similar to the previous year. He indicated that the budget included \$189,000 for the new ambulance and \$50,000 for a new vehicle for a Battalion Chief. Tracy said there was a healthy fund balance.

Tracy said the UIA telecom fund reflected no assessment. He reviewed information about proposed projects in the various enterprise funds.

Mayor Stevenson asked if there were other projects that should be done.

Terry Coburn, Public Works Director, said the City was in good shape. He said the meter change out was going well.

Alex Jensen, City Manager, said it was important to make sure that water rates were structured to allow for appropriate repairs relative to the Master Plan.

Terry said the City's water rates were on the low end.

Tracy indicated that the proposed list of projects was included in the packet for Council's review.

Tracy reviewed information about the special revenue funds. He indicated that funding for the victim services fund came from a grant and matching funds from the City's general fund. Tracy said Staff anticipated a lesser amount in grant funding for the alcohol enforcement fund, which would require an increase in funding from the general fund.

Tracy said in the E911 fund there was a lot going on with different funding sources as far as legislative audits and some studies to determine the funding level from the State. He said there was a large project in the current year to update the dispatch system that was still ongoing.

Councilmember Freitag said funding wouldn't change until the next budget year; the study wouldn't be completed until October.

Tracy said the Metro Strike Force was an independent program supported by the City. He said they would be upgrading a transport van. Tracy said various cities involved paid an assessment based on whether or not they provided personnel.

Tracy indicated that the CDBG grant for this year was \$341,000. He explained some of the projects that were supported with CDBG funds.

Tracy said in the RDA fund, the City would receive approximately \$352,000 in tax increment and there would be an appropriation of fund balance for projects. He said there was a healthy fund balance in the RDA fund.

Council and Staff discussed what the increase in tax increment would be with new development happening in the RDA area.

Tracy said revenue had gone down in the EDA fund. He indicated that the County had included a few parcels of property in the EDA area that should not have been included, and some of that money would have to be paid back for previous years. This year would be the last payment on the Janicki project; there would be payback to Kihomac for their project going forward.

Tracy reviewed revenue and expenditure information in the impact fee fund, including some proposed street and public safety projects. He said the bond payment on the parks bond was \$374,000 per year.

Council and Staff discussed how the IHC Hospital impact fees would affect the budget.

Tracy reviewed fund balance information in the various impact fee categories.

Councilmember Freitag asked how much was sitting in public safety for a new fire station building.

Alex said about 1.4 million dollars.

Councilmember Freitag asked what funding options there were other than bonding for a new station.

Tracy said he didn't know of any other options.

Alex said in the next two years the proposal was to put aside \$275,000, which would get the City to the 2.2 million dollars needed to build a fire station. The big cost would be staffing a new station, which would be about \$800,000 a year.

Councilmember Freitag mentioned contracting services with other cities to help offset costs.

Alex said there had been discussions about doing that. He said usually other cities were looking for a deal and didn't want to pay actual costs for the service.

Councilmember Freitag suggested putting some proposals together and submitting those to some cities.

Council and Staff discussed fire services in general.

Tracy said with changes to the gas tax that took effect January 1st, Staff anticipated changes in the Class C Road fund; the City might see more money but Staff was waiting for final information. He said there would also be Prop 1 transportation money coming in.

Mayor Stevenson asked if Prop 1 transportation money would be kept separate.

Tracy said yes.

Council and Staff discussed Prop 1 transportation anticipated funding.

Mayor Stevenson said relative to the UTA share of the money, would the Council like to see more bus routes or more projects.

Councilmember Freitag said he would like to see one east/west route from the Park and Ride on Highway 89 to the train station.

Councilmember Davis said he was sure UTA had done a lot of studies. He said he would want to see some of their data and do what was best for the citizens.

Mayor Stevenson said they were looking at a Clearfield/Layton Frontrunner Station route that would go by the Mall. They were also looking at trolley buses. He said he was a little concerned that as soon as UTA put the money into services it would always be used for services; he would like to see it go to projects.

Councilmember Davis said he would want to make sure the Layton area was getting their share of the UTA funds.

Tracy said in the debt service fund there were the UTOPIA reserve payment and the park bonds payment. He said the capital projects fund had 1.7 million dollars being transferred from the general fund, 1.65 million dollars from transportation impact fees and \$252,000 from public safety impact fees for a total of 3.6 million dollars, which would fund the projects included on the capital projects list.

Tracy said the RAMP fund was budgeted for \$150,000.

Alex said he met with the RAMP Commission Chairman, Dave Weaver. Alex handed out a list of projects requesting funding through the RAMP funds, and what had been approved by the RAMP Tax Advisory Commission.

Council and Staff discussed having a separate meeting to approve the RAMP projects as opposed to including it in the budget projects. Mayor Stevenson suggested including it as part of the budget public hearing, but report on it separately.

Councilmember Petro said she had attended all of the RAMP Commission meetings; they were doing a very thorough job of reviewing the projects to do what would be best for the citizens. They did their due diligence in selecting the projects.

Council and Staff discussed the various projects recommended for funding this year.

Tracy said the City anticipated receiving approximately 1 million dollars this next year in Prop 1 transportation funding. He reviewed projects anticipated for funding with Prop 1 monies.

Mayor Stevenson asked what the number 1 trail project would be if there was funding available.

David Price, Parks and Recreation Director, said completion of the Kays Creek Trail.

Council and Staff discussed some of the property owners along the trail alignment.

Tracy said this was all of the information he had to present this evening. He indicated that a copy of the presentation was in the Council's Dropbox and asked Council to let him know if they had any questions after their review of the slides.

Alex asked if there was any other budget information the Council wanted.

Mayor Stevenson said he would be meeting individually with Councilmembers and would know more after those meetings.

WATER MASTER PLAN/SECONDARY WATER DISCUSSION

Alex said Staff wanted to bring the secondary water discussion back to the Council. He said minutes of the many previous meetings had been sent out and a synopsis of the secondary water companies' presentations had been sent to the Council.

Woody handed out a copy of the synopsis.

Alex said Staff didn't intend to go back through all of the individual presentations; hopefully the Council could remember the key points that came from those presentations whether they were positive positions and thoughts, or whether they were concerns. Alex said it would require a few meetings to work through such an important issue. He said Staff had tried to identify what the key decisions were that the Council needed to make to provide direction to the process. Alex said Steve Jackson had developed a flow chart and Staff would suggest using the flow chart to wade through the information and try to begin making some decisions at a fairly high level. Based on those decisions, over time, there would be a lot more detail to work through.

Alex said based on discussion, Staff felt the key decision would be whether or not the City wanted to provide culinary water for all future water needs, both indoor and outdoor, and not develop any additional secondary water resources; or did the City want to keep the hybrid system that was in place now and cultivate additional secondary water with service providers. This decision would drive the direction of discussion into the future.

Council and Staff discussed going with the hybrid direction and what that would entail.

Alex mentioned an idea of creating a separate district; the City could have representation and influence on the district board and the various secondary water providers would have representation. The City could indicate that it wouldn't deal with any individual entity but it would deal with the district. The district would be responsible to work with the individual holders of secondary water assets to make those assets available to the district, and then the City would enter into an agreement with the district. In that case, the district would be responsible to have a revenue stream to allow them to expand the secondary system.

Terry Coburn, Public Works Director, said a water district similar to that was formed in the Bountiful area.

Alex said tonight Staff would like to take direction, based on discussion, for which direction the Council would want to go.

Councilmember Brown said with the exception of Weber Basin, she didn't see where any of the other companies could afford to install additional infrastructure to service additional areas.

Councilmember Day said that wasn't necessarily true.

Councilmember Petro said she understood the other providers to say that they couldn't do it unless there was a guarantee of hookups.

Mayor Stevenson asked if Weber Basin was profitable on their secondary water in the City.

Terry Coburn said he doubted it; but they were starting to meter the water which would help. However, they were willing to give their secondary water system to the City which told him that it wasn't profitable.

Councilmember Day said he thought that all of the irrigation companies were nonprofit organizations.

Councilmember Brown said even the City's culinary system wasn't a revenue stream for the City; it covered its own costs.

Mayor Stevenson asked Gary if the City took over the secondary system could the City make money on that.

Gary said the fees had to be tied to costs; they couldn't be a profit making center.

Council and Staff discussed the various water rates for secondary water in the City.

Gary explained the Benchland Water District and how their structure was set up. He discussed Weber Basin and the cost of culinary water into the future. Gary explained the great contracts the City had with Weber Basin and increased costs in the future.

Councilmember Day said when the Weber Basin contracts came due, there would be a substantial increase in costs.

Gary said that was correct. He discussed the importance of keeping water rights in the City and the important part Weber Basin played in that.

Council and Staff discussed the various rate structures for secondary water. They discussed issues with aging infrastructure.

Mayor Stevenson asked if there was a reason the City would want to run a secondary water system.

Terry Coburn said if it was in the best interests of the City and citizens.

Alex said there would be reasons to do it. The City could build and operate the distribution system and then purchase water from the various canal companies. The City would control the quality of the system, the rates, and have continuity across the City.

Mayor Stevenson said if the City did that, would the City take over existing lines.

Alex said yes; you would want to do that. The City could control the quality and consistency of the system.

Councilmember Petro said as development came in with water exactions and the City became the owner of the water, how would that play out over time.

Mayor Stevenson asked what the percentage of ownership the City had in each of the secondary water companies.

Terry said it was about 35% in Holmes Creek Irrigation, 40% in Kays Creek Irrigation, and the City owned several shares of Davis Weber.

Councilmember Day said in his opinion there could be a huge disadvantage in taking over systems that had been in the ground for 60 or 70 years; it could be a huge cost to maintain those lines.

Alex said that was correct; those things would have to be looked at. He said the problem was that most of the secondary water companies didn't have the financial capacity to maintain those lines either.

Terry said Holmes Creek couldn't do it, and Davis Weber was pretty shaky. When Scott Green left, who would take over operation of Kays Creek; no one. He said he didn't have a dog in the fight; he didn't own stock in any of the companies. Terry said he would make decisions based on what was best for the City. When you looked at all of the companies, Weber Basin was the only company approved by the State. He wasn't so sure that the culinary water wasn't the best way to go. In the long run, Layton should tie its boat to Weber Basin.

Councilmember Brown said in her mind this would be similar to UTOPIA; the City would build the lines and the various canal companies could provide water for the lines. The City would have to provide the lines, and it would be expensive.

Councilmember Day said it could stay the way it was and the various companies could provide water to different areas of the City.

Council and Staff discussed various scenarios. They discussed the risks of water being transferred to other areas.

Gary explained how Weber Basin water could be moved around the State to other areas.

Alex said he understood that the organization documents for Holmes Creek Irrigation and Kays Creek Irrigation required that their water be used in this valley; Davis Weber Canal water could be moved because they served multiple jurisdictions and the water could go outside this valley.

Councilmember Day said at that point the City could involve the State Engineer because all of those water companies had traditional areas of service and once they started going out of that traditional area of service, it required approval from the State Engineer.

Gary said that would be true if they were trying to sell the water shares outside the area, but it wasn't true if it was transferred to a company like Davis Weber Canal Company or Weber Basin Water. If Weber Basin used the water, they could use it anywhere. Gary said they couldn't sell the water shares, but the water could be taken out of the valley.

Councilmember Day said these were private companies that were held by shareholders, and you just couldn't take someone's share that they owned in a company.

Gary said they couldn't take the share, but with a majority of the shareholders, they could dictate how the shares were used. He explained how this was done in Morgan City.

Councilmember Day said he would be surprised if shareholders would go along with that.

Alex said if the goal was to make sure the water was available now and into the future, the question would be which entities had the best ability to produce that in the short term and the long term, in a stable consistent way. He said if he was a farmer, he would want to know that the company that was providing water now had staying power so that as long as he wanted he could get water.

Alex said Staff didn't have all of the answers, but this was one of the most important decisions the Council would make. He said the City was at a key decision point; was it going to do all culinary water or was it going to go with a hybrid system, and in what form that hybrid would take. Alex said Layton City and other entities were going to start spending millions of dollars down a certain path with sizing of pipes, either larger or smaller, or they were going to build reservoirs or not build reservoirs based on that decision. It would not be wise to head in one direction and then 10 years later try and change direction. Alex said he couldn't emphasize how critical this issue was.

Mayor Stevenson said as Staff had gone through this process and had researched the options, what would their recommendation be.

Alex said Staff felt that it should be a hybrid system. There would be a headache factor the City would inherit by doing that, where if it were all culinary the City had total control, but that would probably be more expensive. He said the City needed to have a very strong role in it and the City should build and operate both systems, or they ought to require a consolidated entity, probably a district, and only deal with that district. That would allow for one single entity that would be professionally organized, had financial backing, and who the City could rely on throughout the years.

Alex said for a long time he thought that the City should only do culinary water because the City could control costs and be in the driver's seat, and the City had done a great job of controlling costs and earning the citizens' trust. He said the City was the greatest ally that the rural water companies could have. If the City could use their asset it would give them some protections that they didn't otherwise have. Alex said the reservoirs located in the City were jewels, not only because of the water they provided but because of the recreational opportunities they provided. It would be a shame if the City didn't work with the agricultural interests to try and preserve those. He said someone with staying power had to be allowed to be involved in that to protect everybody; there had to be consistency and stability across the City. There couldn't be different rate structures; there had to be common infrastructure that was maintained the same way; and you had to have the same level of commitment. He said it had nothing to do with the people; they were all wonderful people, but the world had changed and the City was not going back to where it was. Alex said Staff felt that the productive effort ought to be in working out the details of what kind of a hybrid system it should be.

Mayor Stevenson said if the City decided to go with a hybrid system, would the City go to work on the costs and with bringing these companies together.

Alex said an important step would be to determine if there should be a consolidated entity.

Councilmember Day said he wouldn't necessarily agree with that because it was very complicated.

Councilmember Freitag said he didn't know if that was the answer or not, but he knew that he didn't want an entire culinary system.

Councilmember Brown asked where the money would come from to build all of the lines; was there federal or state money available.

Alex said it would have to be funded; he assumed that a separate fund would be set up and there would have to be a rate structure associated with that. He said the City could issue debt for that or build it as funds were available.

Gary said because Weber Basin had the most connections in the City and wanted to get out of the secondary water retail business, one of the first decisions would be if the City wanted to have a relationship with Weber Basin, or leave it to a consolidated entity that the City would have no control over. He said the option wouldn't be open forever.

Councilmember Petro said she would want to know the details of all of that before making a decision.

Councilmember Day asked if Weber Basin could back out of their system if no one wanted to take it over.

Gary said there were entities already interested in taking over Weber Basin's system.

Alex said the City had first right of refusal on the Weber Basin system. He said Weber Basin would not turn their system over to another entity without asking the City if they wanted it.

Councilmember Day said he would have to think long and hard before agreeing to take over their system.

Gary said the City wouldn't be "taking over" their system. In all of the agreements he had read, they became a partner. Every year their money was used to build out the system; the City would just operate their system.

Councilmember Day asked who would repair broken pipes.

Alex said Weber Basin would do that. He said the City could take over operation of their system with one or possibly two additional employees.

Councilmember Day said his question was more the age of the infrastructure and the cost to replace that; who would be responsible for that cost.

Alex said it would be Weber Basin. Additionally, they would pay the City a fee to operate the system.

Councilmember Day said he would need to know the details of that before making a decision.

Alex said that was a separate issue; that was talking about the City, in the short term, wanting to take over the operation of one of the secondary providers in the City. He said that might be the wise thing to do in the short run, as the City worked on a consolidated entity or district. If that happened, management of the Weber Basin system could go to the district or the consolidated entity. Alex said this was really a stop gap measure; Weber Basin wanted to move out of the operation and maintenance of these systems.

Councilmember Petro said Gary made it sound like more of an emergency situation.

Alex said Staff had had several conversations with Weber Basin and they understood that the City was in the process of working through some very important decisions. They would not move ahead of that process. He said the City couldn't wait forever, but there was time to let this process run its course. Alex said to protect the City's interests, maybe the City wanted to move on that to make sure it didn't go to some outside entity.

Councilmember Freitag asked what Weber Basin was willing to pay Layton City to maintain their system.

Alex said that was all negotiable.

Councilmember Freitag said from a financial perspective, would the City be able to generate enough money through maintenance of their system to cover those costs.

Alex said yes. He said Staff had asked Weber Basin why anyone, including the City, would want to maintain their system at a loss. Alex said because every system was different, they would work with the City to determine the cost and then make adjustments if needed. He said Weber Basin was not interested in treating someone unfairly.

Mayor Stevenson asked Alex if the City could bring Holmes Creek Irrigation and Kays Creek Irrigation together.

Alex said if the entities knew this was the direction the City was going, he thought that they could. He said there were some turf issues between the two companies, but he didn't think those existed with the City.

Mayor Stevenson said there were a whole lot of questions. It appeared that everyone was in favor of a hybrid system; the questions were with how that would work. The next meeting would need to get into those questions.

Council and Staff discussed some of the secondary water providers and their abilities to provide service to the City into the future. There was discussion about the City requiring homeowners to hook up to secondary water services and that most secondary water providers would like to see an ordinance requiring that.

Councilmember Day asked if the City took over operation of a secondary system, would the City require homeowners to hook up to that system.

Alex said that would be a decision the Council would have to make.

Councilmember Day said he didn't think any secondary provider, or the City, could afford to expand a system without that happening.

Alex said the City had the ability to spread its costs over a very large base, both secondary and culinary. He said that would be an important question to answer.

Councilmember Petro said going forward, she would hate to see any one of the secondary irrigation companies go defunct because of the City's decision. She said she was leaning toward a cooperative agreement and bringing everyone together under the guidance of the City.

Wes Adams, Water Supervisor, said whether it was the City running the system or a consolidated entity, everyone would be a wholesaler to the City or the consolidated entity. He said Davis Weber Canal Company would still be selling their water to the entity if they could work out an agreement.

Councilmember Day said he saw the issue with Weber Basin separately; that system was up and running and there was no plan for them to expand that system. They were looking for someone to take over their system and keep it running. He said whatever the City resolved with Weber Basin didn't solve the City's main problem, which was out west.

Terry said in two years or less, the City would be faced with a problem with Kays Creek Irrigation; Scott Green has stated that he was only going to go two more years and he would retire.

Councilmember Day said he didn't know if a consolidated entity could be accomplished in the City.

Mayor Stevenson asked if there was a consolidated group with the City supplying the lines and the various companies supplying the water, could the various lines be tied together throughout the City and water supplied to other areas.

Gary said yes; the organization could be set up that way.

Mayor Stevenson asked Council to send any additional questions to Alex.

Discussed suggested holding a meeting in the next three or four weeks.

The meeting adjourned at 8:40 p.m.

Thieda Wellman, City Recorder