

CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
May 13, 2014

2:00 P.M. WORK 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; Richard Manning, Administrative Services Director, Greg Stephens, City Attorney; Bill Bell, Development Services Director; Karl Hirst, Recreation Director; Scott Gurney, Interim Public Safety Director; Keith Larsen, Traffic Operations Section Manager; Charlene Crozier, Library Director; Steven Downs, Assistant to the City Manager; Brandon Nelson, Accounting Division Manager; and Taraleigh Gray, Deputy City Recorder

DISCUSSION – UTOPIA/Milestone One Report Review

The City Council discussed the UTOPIA/Macquarie PPP Milestone One report.

Mayor Brunst indicated he had sent a request for extension to Macquarie so the cities could have more time to consider Macquarie's Milestone One report. He expressed interest in holding one or two open-house meetings to get information to the public, as well as planning to provide information at Summerfest and carrying out a citizen survey.

Mr. Davidson said conversations had been held with Y2Analytics regarding a citizen survey. Orem could execute that survey at any time, but a ten-day time frame would be needed for receiving survey responses.

Mr. Bybee added that Y2Analytics wanted two weeks to get perspective and would need time to create a focus group as well.

Mr. Davidson explained there were concerns with surveys and instruments gauging interest. Prior to the survey the City wanted to ensure there would be adequate time for the distribution of information regarding Macquarie's proposal. He said it did not make sense to seek response from residents if the residents were not informed on Macquarie's proposal.

Mr. Davidson advised that there were challenges in holding open houses as the individuals who attended were not always a good representation of those interested in the issues at hand. There were many resources being made available online to guide citizens who sought information

regarding the Milestone One report and Macquarie's proposal. City staff was working on distributing a fact sheet through the Orem utility bill. Mr. Davidson noted it was Macquarie's responsibility to distribute the information regarding its proposal.

Mayor Brunst said it would be beneficial if Macquarie was available for the open houses. Mayor Brunst believed people should see both sides of the issue and be given a chance to see and hear exactly what was going on with the potential UTOPIA / Macquarie PPP.

The Council discussed possible dates for holding an informational open house, including May 29, 2014; June 5, 2014; or June 12, 2014.

Mayor Brunst said the Council would need to decide on whether or not to move forward with Milestone Two by June 27, 2014.

Mr. Macdonald said it would be great to be able to hear what Comcast and others might do.

Mr. Davidson stated that the City was considering Macquarie's proposal because it had submitted a formal proposal. The City was open to listening to other possibilities as long as proposals were made in an appropriate manner.

Mrs. Black said the most important thing was the real facts. She said she wanted to make sure the facts were presented in an impartial manner so people could draw informed, intelligent opinions on the issue.

Mr. Sumner said Summerfest would be a great opportunity to relay information.

Mr. Davidson said the purpose of the Milestone One report was for Macquarie to share its perspective of the proposal. The UTOPIA cities were anxious to hear from anyone else who had an option, but they were fast approaching the point where there were no other options. Mr. Davidson acknowledged the value in hearing proposals, but cautioned that completely dismissing a proposal and waiting for something better to come along would be unwise.

Mayor Brunst said he believed there were other options out there.

Mr. Davidson suggested the Council members determine objective criteria for them to employ in making Council decisions.

Mr. Seastrand said he had lingering questions of what the open house would consist of.

Both Mr. Spencer and Mrs. Black asked about the citizen survey. Mrs. Black said the Y2Analytics survey was vague and suggested it be updated from the previous sample provided to the Council to include the facts of the Macquarie proposal.

Mr. Davidson said the original survey had four questions regarding the Macquarie proposal.

Mayor Brunst asked if there was a question limit for the cost. Mr. Davidson said the cost was determined by the number of questions on the survey.

Mr. Bybee said one thing to keep in mind was the need to keep the respondent interested. If the survey was too long, people were less likely to complete the survey.

Mayor Brunst suggested the Council take a look at the questions to ensure the Council was comfortable with the survey.

Mr. Andersen asked if it was too late to allow the citizens to vote on the Macquarie proposal in June.

Mr. Stephens said there were no provisions in State law regarding opinion questions; these would be no different than a Dan Jones survey. One concern was that there was not a lot of time available to carry out a citizen vote.

Mr. Davidson noted the City Council had a sixty-day window to decide whether or not to move one with Milestone Two, and that the City Council could possibly convene a special meeting to make the decision.

Mr. Davidson said there was a lot of information being disseminated. He again suggested the Council members employ some kind of decision-making mechanism whereby they could objectively consider the Macquarie proposal and gauge how important each point was to each of them. Mr. Davidson provided the Council with a possible decision-making matrix. The matrix was not an exhaustive list, but rather put into list-format important things to consider in making the Macquarie decision.

Mr. Davidson suggested that as the Council moved forward it should determine a basis of decision making for the future, regardless of what decision was being made. By employing an overlaying matrix, it would provide the Council with a consistent tool to be used in the overall decision-making process.

Mayor Brunst asked each Council member to make comments about the decision matrix distributed by Mr. Davidson over the next few days.

Mr. Davidson said staff could assimilate feedback in a matter of hours. He acknowledged that each Council member had specific opinions and concerns, but that staff would do its best to accommodate the Council.

Mr. Macdonald said Orem had a losing project. The City liked to think there was someone else out there that was willing to buy it. He said the proposal should be analyzed with the tough face. The City should not dig a pit worse than it was already in.

Mayor Brunst said West Valley City Mayor Bigelow suggested an outside attorney and CPA evaluate the proposal from an impartial point of view.

Mr. Davidson said UTOPIA had a finance committee. Brandon Nelson, Orem Finance Division Manager, was part of that committee. Mr. Davidson said the deliverables agreed to in Milestone evaluations provided market and financing information in the model. The option was not between a fee and nothing at all. There were costs involved whether a utility fee was approved or not. Infrastructure was a concern, which had a cost attached. Mr. Davidson acknowledged there

would be costs involved, though they may not be directly associated to utility fees. Regardless, the City would have to bear the costs.

Mr. Davidson reiterated that the City was willing to entertain any proposal in writing. There had been many good ideas proposed over the years, but those good ideas had not come with money to build them.

Mayor Brunst said he did not think anyone would come forward with a check, but he thought there were other options out there.

Mr. Andersen stated that, ultimately, the citizens were the ones who should decide.

Mayor Brunst said he felt it was important the citizens had a vote.

Mr. Davidson said he had made contact with Nick Hann with Macquarie Capital, who had planned to be present at the next City Council meeting.

Mayor Brunst said the Council members should look at any questions they have and be prepared to ask Mr. Hann the questions at the next meeting.

3:00 P.M. WORK 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; Richard Manning, Administrative Services Director, Greg Stephens, City Attorney; Steven Earl, Deputy City Attorney; Bill Bell, Development Services Director; Jason Bench, Planning Division Manager; Karl Hirst, Recreation Director; Scott Gurney, Interim Public Safety Director; Jo Anna Larsen, Emergency Manager; Craig Martinez; Police Lieutenant; Ryan Petersen, Fire Captain; Chris Tschirki, Public Works Director; Keith Larsen, Traffic Operations Section Manager; Charlene Crozier, Library Director; Steven Downs, Assistant to the City Manager; Brandon Nelson, Accounting Division Manager; Ernesto Lazalde, IT Manager; and Taraleigh Gray, Deputy City Recorder

UPDATE – Slack Lining in Orem

Mr. Hirst provided brief information on the slack lining sport. He said a slack line was a strap between two mature trees that people would walk along, similar to a tight rope.

Mr. Stephens said the City Council had three options for taking action with slack lining in Orem:

- Prohibit slack linking in Orem altogether
- Allow slack lining in Orem with restrictions – location, times of use, set-up, requiring a signed waiver
- Allow slack lining in Orem with no restrictions

Mr. Stephens said that, due to slack lining being a new sport, lawsuits relating to slack lining were beginning to pop up. The results of the law suits were unknown, but the cases involved injuries to nonparticipating bystanders.

Mr. Stephens said the City could sit back and not allow it in the city, but in so doing the City would have to be willing to accept the associated risks.

Mr. Macdonald and Mr. Andersen suggested that the City determine specific places for people to go and enjoy the sport.

Mr. Stephens said if slack lining was allowed in Orem, the City could have to designate areas, establish signage, and ensure regulations were enforced. If the City did not enforce the regulations and specific areas, then the City was setting itself up for a lawsuit. The safest thing was to prohibit the activity and take a “wait and see” approach.

Mayor Brunst said that, when he had suggested discussing the slack lining issue, he had been unaware others could get hurt.

Mr. Seastrand asked if the City had any liability issues associated with the skate park. Mr. Stephens said there were none to that point because there was a designated place for people to go and skate.

Mr. Stephens said the Orem City Code could be amended to specifically prohibit slack lining, should the Council decide to do so.

Mr. Spencer asked about policing. Mr. Stephens said if slack lining was allowed, the Orem police would have to monitor the activity going on in Orem.

Mayor Brunst suggested the slack lining areas be marked with cones and that the slack liners be required to sign a liability waiver.

UPDATE – Panhandling Ordinance

Greg Stephens provided updates to the panhandling ordinance for the City Council’s consideration. He suggested the Council consider changing the conduct, types of roads, aggressive solicitation, and penalty parameters in the existing panhandling ordinance. He said he planned to discuss it further in a work session before bringing any ordinance amendments the Council for a vote.

DISCUSSION – Economic Development Tools and Resources

Mr. Davidson introduced Laura Lewis and Kelly Phost, with Lewis, Young, Robertson, & Burningham. Ms. Phost shared a presentation regarding Redevelopment Areas (RDAs) with regard to how they could be used as a tool for encouraging economic growth within municipalities.

DISCUSSION – CARE Allocations

Mayor Brunst went over the CARE allocation recommendations as presented in the agenda packet. The City Council discussed its opinions and views on the CARE grant allocations for the 2013/14 grant year.

PRESENTATION – FY 2015 Budget – Part II

City staff, by department, presented the Council with specific department accomplishments and anticipated budget needs going in to the FY 2014-15 budget. The requests were attributed to specific City Council Areas of Focus.

Library

Charlene Crozier, Library Director, listed the notable Library accomplishments over the previous year:

- Circulated 1,111,217 items.
- Served 452,995 patrons.
- Conducted 208,728 reference transactions.
- Presented 959 family-friendly programs to an audience of 57,965.
- Provided nearly 36,000 Internet sessions in addition to 13,000 Wi-Fi sessions.
- Mended 9,193 items for continued patron use.
- Maintained an excellent collection with over 340,000 items.
- Utilized over 11,000 volunteer hours.

Mrs. Crozier explained the Library's budget requests for FY 2014-15:

- Fund the replacement of our Integrated Library System or ILS – *City Facilities*
 - The ILS is the connection piece between the individual items in the collection and the patrons and staff.
 - The ILS is used for acquisition, cataloging, circulation, and patron access.
 - The Library is using an outdated ILS that will reach a point where it can't be maintained. No library could operate without an ILS.
- To reduce staff time in assisting Internet patrons, we request to eliminate the \$1 fee associated with non-patron Internet use.
 - Not having a fee will require less transaction time.
 - Not having a fee will reduce one till.
 - Not having a fee will improve patron satisfaction and reduce stress and complaints.
- Fund \$14,000 ongoing for reclassification of an Associate Librarian to a Librarian for Outreach – *Employee Development*
 - The Outreach team has not had a librarian to serve as the supervisor/leader since the previous librarian was promoted to be the Division Manager in January 2013.

- A supervisor would allow for greater support to fellow employees, additional responsibility for programming activities, and continuity.

Mrs. Crozier detailed some of the Library's efforts in community outreach:

- Orem Reads
- Cultural Programs
- Summer Reading

Mrs. Crozier explained some of the Library's upcoming events, including the Teddy Bear Picnic for summer reading and the art-themed summer reading program for teens.

Recreation

Karl Hirst, Recreation Director, gave background on some of the Recreation department's accomplishments:

- Senior Friendship Center Grammy's Event
- Outdoor Programs

Mr. Hirst explained the Recreation department requests for the City Council to consider:

- RAAC Committee – *Communication*
- Youth Sports Fees (refer to Handout) – *Financial Sustainability*
 - Comparable, competitive, and fair
 - Four Options:
 - Accept the fees as proposed
 - Phase in the fees over a period of time
 - Use CARE to assist in expenditures
 - Reject any fee changes

Development Services

Bill Bell, Development Services director, explained some notable accomplishments within the Planning Division over the previous year and attributed the accomplishments to the City Council's Areas of Focus:

- University Place – PD-34 Zone - 1,300,000 SF Retail, 600,000 SF Office, and 1500 Residential Units – *State Street & Financial Sustainability*
- Comprehensive Update of the Sign Code – *State Street*
 - The update included content-neutral language bringing the sign ordinance up to date with legal standards. In addition, portable signs were allowed in all commercial zones subject to certain standards.
- HVAC and Roof Repairs – *City Facilities*
- Williams Farm and Palisade Park – *City Facilities*

Mr. Bell outlined the Development Services budget requests for FY 2014-15:

- Rovers \$58,000 (surveying)– *City Facilities*
- State Street Study \$275,000 – *State Street*
- Transportation Master Plan \$150,000 – *State Street & Financial Sustainability*
- New Carpet in Children's Library \$97,000 – *City Facilities*
- Roof Leak Repairs \$75,000 – *City Facilities*

- Center Street Widening I-15 to Geneva \$67,000 – *City Facilities*
- Right Turn Lane Center Street 400 W SW Corner \$90,000 – *City Facilities*
- Fees & Charges – *Financial Sustainability*
 - Mr. Bell said, like last year, Development Services continued to bring development fees closer to actual costs.
- Emerging Issues – Employee Development
 - New State Law SB184 goes into effect May 13 2014
 - Janitorial service for our buildings
 - Flex employee for Zoning Enforcement & Construction Inspection

Public Safety

Scott Gurney, Interim Public Safety Director, presented budget requests on behalf of Public Safety, and attributed the requests to the City Council's Areas of Focus:

- DISPATCH - Everbridge Mass Communication Software \$27,000/yr – *Communication*
 - Reverse 911 management software for outbound emergency calls
 - Communication
 - Interactive and mass notification
 - Large events, festivals, severe weather, resident alerts, critical information
 - Critical messages sent on multiple contact paths and devices (text, email, landline, cell)
 - Citizen opt-in/out ability
 - Citizen Protection
 - Citizens expect to be notified during an emergency
 - Reverse 911 for active gunman, hazardous material spill, evacuations, shelter-in-place
 - Fewer injuries/fatalities
 - Lower risk of lawsuits
 - Ability to identify and assist people with special needs
 - Emergency and Non-Emergency Notifications
 - Non-Routine
 - EOC activation
 - Traffic Issues, street repairs, alternate routes
 - Water issues-potable water announcements
 - Continuity of government
 - SWAT call out, neighborhood warning
 - CERT activation
 - Summerfest alerts
 - Amber alerts
 - Shelter locations
 - Routine
 - City Council announcements, i.e., public meetings, major issues pending
 - Work assignments, i.e., overtime, call-outs, shift replacements
 - Utility bill, library reminders
 - Human resource notification
 - Public service announcements

- Special events
- POLICE - Body Armor (The survival armor vest is a level IIIA vest) \$4,000 – *Financial Sustainability*
 - Additional expenditure will keep replacement schedule in line with the manufacturer’s warranty period of 5 years
- FIRE - Emergency Medical Supplies \$17,000 – *Financial Sustainability*
- FIRE - Full PPE Replacement Schedule \$6,000 – *Financial Sustainability*
- FIRE - Self-Contained Breathing Apparatus (SCBA) \$600,000 – *City Facilities*

Mr. Gurney detailed some of the Public Safety department’s notable accomplishments over the course of the previous year:

- Fleet Maintenance – *Financial Sustainability*
- Training – *Employee Development*
 - Computer Voice Stress Analyzer, Interview and Interrogation
 - Violent Crimes, Lead Homicide, Death Investigations, Forensic Science
 - Family and Child Maltreatment Conference, Internet Crimes against Children, Investigative Strategies
 - Swat School, Countermeasures Tactical Institute

Mr. Gurney notified the City Council of some future challenges the Police and Fire departments would face in the coming years:

- Aging Apparatus
 - Police Patrol Units
 - Fire Engine 35- 2000
 - Ladder Truck - 2004
- Radios
 - Portables for Fire Department
 - Portables for Police Department
 - Radios for patrol vehicles
- Fire Station #4 Estimates
 - Station (including FF&E) - \$4,000,000
 - Fire Apparatus (Ladder Truck) - \$1,200,000
 - Equipment for Fire Truck - \$90,000
 - Rescue Unit (Ambulance) - \$150,000
 - Equipment for Ambulance - \$75,000
 - Personnel & Equipment - \$1,500,000 per year

Public Works

Chris Tschirki, Public Works Director, identified some of the Public Works department accomplishments over the course of the previous year, which accomplishments were attributed to specific City Council Areas of Focus:

- Parks
 - New Shade Structures, Backstops, and Bleachers – *City Facilities*
- Streets
 - Road Maintenance Plan Projects – *City Facilities*
 - 8th East and 12th West Reconstruction – *City Facilities*
 - 8th North Trail – *City Facilities*

Mr. Tschirki detailed the Public Works – Parks budget requests for the coming fiscal year:

- Parks Operational and Equipment Support – *City Facilities*
 - Palisade Park Personnel - \$88,000
 - Palisade Equipment and Addt'l OPEX Needs - \$66,000
 - Playground Equipment Replacement - \$50,000
 - Addt'l Park Needs – City Wide - \$25,000

Administrative Services

Richard Manning, Administrative Services Director, outlined the Administrative Services' budget requests for the coming fiscal year and attributed the needs to City Council Areas of Focus:

- Merit Increases – *Employee Development*
 - \$120,000 for Merit Increases in January 2015
 - Performance based
- UTOPIA Obligations – *UTOPIA*
 - UIA OPEX \$480,000 budgeted
 - UTOPIA debt obligation \$2,916,162
- Justice Court Budget Increase– *Employee Development*
 - Based on current year estimates, Orem Justice Court is currently seeing a 21% increase in case load from last year, and a 35% increase since our first year of operation.
 - Total clerical hours per week (including court administrator) have not changed since the first year of operation in 2010.
 - Increase of 25 hours per week would be an 11% increase in total clerical hrs.

Legal Services

Greg Stephens, City Attorney, explained the Legal Services budget requests for the coming fiscal year:

- \$40,000 ongoing for a part-time Attorney – *Employee Development*
 - Prosecutor Coverage
 - Civil Help
 - Draft and review contracts, easements and other legal docs
 - Draft ordinances and resolutions
 - Draft policies
 - Research legal issues
 - Advise City Council, Boards and Commissions, and City depts
 - Prosecute misdemeanors

City Manager

Jamie Davidson, City Manager, presented information to the City Council regarding the major accomplishments within the City Manager department over the previous fiscal year:

- New Economic Development Website – *Communication*
- Joined EDCUtah – *Financial Sustainability*
 - In coordination with EDCUtah, Orem accomplished the following:
 - Site Visits: 4 (Project Nightingale, Arriba, Lightsaber, and one unnamed)
 - RFI Submittals: 4 (Project Knock, Oar, Prism, and Urban)

- Sure Sites: 8

Mr. Davidson explained the City Manager department budget requests for the coming fiscal year and attributed the needs to City Council Areas of Focus:

- Additional training for Certified Economic Developer (CEcD) program – *Employee Development*
 - Leading industry designation—not only shows we have the breadth of knowledge to perform at the top level in the profession, but also enhances the visibility of our organization within the profession
- Additional Community Relations \$18,000 – *Communication*
 - Increase the amount of public outreach through additional newsletters, direct mailers, etc.
- Hardware and Network Equipment Funding – *City Facilities*
 - Initiate a long-term replacement plan for all workstations
 - Total of 324 desktops, 86 laptops, and 150 tablets/smartphones City-wide
 - Proposed for FY 2015: Replace Windows XP computers with 7+ yrs old hardware
 - FY 2015: Upgrade remaining Windows XP computers to Windows 7 or 8
- Hardware and Network Equipment Funding – *City Facilities*
 - Current Library ILS system (Horizon) is over 7 years old and does not support operating systems newer than Windows XP
 - A virtual server environment would be created that can run the ILS application to the PC's the library customers use
 - Out of 21 total servers, 10 are virtualized, with 5 potential upgrades
- Additional Software Licensing \$5,000 – *City Facilities*

5:30 P.M. STUDY SESSION

CONDUCTING

Mayor Richard F. Brunst, Jr.

ELECTED OFFICIALS

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APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Richard Manning, Administrative Services Director, Greg Stephens, City Attorney; Karl Hirst, Recreation Director; Chris Tschirki, Public Works Director; Scott Gurney, Interim Public Safety Director; Charlene Crozier, Library Director; Steven Downs, Assistant to the City Manager; and Taraleigh Gray, Deputy City Recorder

Preview of Upcoming Agenda Items

Staff presented a preview of upcoming agenda items to the Council.

Review Agenda Items

The Council and staff reviewed the agenda items.

City Council New Business

There was no new City Council new business.

The Council adjourned at 5:53 p.m. to the City Council Chambers for the regular meeting.

6:00 P.M. REGULAR SESSION

CONDUCTING

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**INVOCATION /
INSPIRATIONAL THOUGHT
PLEDGE OF ALLEGIANCE**

APPROVAL OF MINUTES

Mr. Macdonald **moved** to approve the minutes from the following meetings:

- April 29, 2014 City Council Meeting
- April 29, 2014 Special Joint Meeting with Lindon and Payson Councils

Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, 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

No new appointments to Boards and Commissions were made.

Recognition of New Neighborhoods in Action Officers

No new Neighborhood in Action officers were recognized.

Report – Heritage Advisory Commission

Nathan Coe, Heritage Advisory Commission member, reported on the Heritage Advisory Commission. Mr. Coe invited the public to the Memorial Day program at the Orem City Cemetery. Mr. Coe said it was a great privilege to be a part of the event and ceremony.

CITY MANAGER APPOINTMENTS

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.

Sarah Bateman informed the Council and public about a community free swap event. Ms. Bateman said she had begun her “free yard sale” event nine years ago. The program allowed a means for meeting the needs of many citizens. Ms. Bateman said she would appreciate any effort to pass along the word for the event.

James Fawcett, resident, said he understood the UTOPIA deal was a big deal, and that the City Council was doing its best to make the proper decision. His opinion was to allow UTOPIA to go bankrupt. Mr. Fawcett questioned the refinancing of a UTOPIA bond in 2008 and said that transaction seemed suspicious. He suggested the City Council look over the refinance of the bond to ensure everything was legitimate.

John Reinhard, resident, said he appreciated the town hall meeting held in April. Mr. Reinhard asked what the term “challenges” referred to in the tentative budget. He drew attention to the statements such as “improving our neighborhoods” and said that term seemed ambiguous. He asked for that information to contain more detail.

Wayne Burr, resident, voiced concern for the proposed utility fee and said he didn’t think it was right for citizens to give future generations a bill or utility fee. Mr. Burr also expressed concern that the utility tax would be expanded at a later time. Mr. Burr asked the Council to not go any further with UTOPIA.

CONSENT ITEMS

There were no consent times.

SCHEDULED ITEMS

6:20 P.M. PUBLIC HEARING

ORDINANCE – Amending Sections 22-11-26(H), 22-11-26(K), and 22-11-26(M) of the Orem City Code pertaining to development requirements in the PD 14 (Residential Estates) zone

Mr. Macdonald left the discussion at 6: 20 p.m.

Jason Bench, Planning Division Manager, gave a brief history of the lot in question and how the existing structure came to be. The applicant owned the property at 479 East 1450 North in the PD-14 zone. The main dwelling was demolished by the applicant in 2013 and there was a remaining large pool house that was built in 1990.

The applicant wanted to enlarge the existing pool house by approximately 3,019 square feet to improve the façade, add additional living space, and turn it into a guest house. The applicant also intended to construct an additional structure that would be the permanent residence on the property.

The existing pool house was approximately 12,955 square feet in size and occupied about 24 percent of the total lot area. Although the size of the pool house was legal when it was constructed, it was nonconforming under the standards of the PD-14 zone which state that the total footprint area of all accessory structures may only occupy 8 percent of the lot area. The pool house may not be enlarged under the current standards because that would increase the nonconformity.

The pool house had a height of approximately thirty four feet which exceeded the height limit of twenty four feet for accessory structures in the PD-14 zone. The applicant wanted to increase the allowable height for guest houses to forty three feet which equaled the allowable height for primary structures and would allow the applicant to make the desired improvements to the façade of the pool house.

The applicant proposed several amendments to the PD-14 zone that would allow for making the desired additions to the pool house building:

- Amend Section 22-11-26(H) to exclude guest homes from the twenty-four foot height limit applicable to accessory structures.
- Amend Section 22-11-26(K) to allow guest homes to be built to forty three feet in height which is the same height allowed for primary structures.
- Amend Section 22-11-26(K) to eliminate the maximum size of a guest home in the PD-14 zone. The current PD-14 zone standards limit guest houses to 25 percent of the above-grade finished floor area of the primary dwelling.
- Amend Section 22-11-26(M) to allow the total footprint area of all accessory structures (including guest houses) to cover up to 33 percent of the lot area. That would allow the applicant to make his desired additions and alterations to the existing pool house.

Mr. Bench went over the potential advantages and disadvantages:

Advantages

- The proposed amendments would allow the applicant to convert the existing pool house to a guest home and to improve the façade of the building to match that of the surrounding area.

- The proposed amendments apply to the entire PD-14 zone allowing all property owners the same opportunity.

Disadvantages

- Allowing accessory structures to cover up to 33 percent of all the lots within the PD-14 zone may have some negative impact to the neighborhood. However, the applicant has indicated that his neighbors in the PD-14 zone do not object to the proposed amendments.

Mr. Bench went over the proposed amendments that would be made to the Orem City code if the Council chose to approve the request. The proposed amendments are outlined below:

PD-14 Residential Estate Zone.

H. Building Heights.

1. Residential dwellings shall not exceed forty-three feet (43') in height above the average grade of earth at the foundation wall.
2. Accessory buildings/structures other than guest homes shall not exceed twenty-four feet (24') in height.

K. Guest House. A guest house is a particular type of accessory building and shall be placed on the same lot as the primary structure. One guest house per lot may be permitted, and each of the following shall apply:

1. The guest house shall be of the same architectural design and materials as the main residential dwelling.
2. The guest house shall be no smaller than one thousand (1,000) square feet, ~~nor larger than twenty five percent of the above grade finished floor area of primary dwellings larger than four thousand (4,000) square feet.~~
3. The guest house shall not be sold or rented separately from the main residence.
4. A property owners shall obtain a conditional use permit for a guest house prior to its erection.
5. A guest house shall not exceed forty-three feet (43') in height above the average grade of the earth at the foundation wall.

M. Additional Requirements.

1. The total footprint area of all accessory buildings/structures shall not exceed 33 percent of the area of the parcel on which they are located.
2. In areas where the PD-14 zone does not have specific requirements, the requirements of the R8 zone shall apply.

Mrs. Black said she read over the notes from the Planning Commission and the letters of approval from neighbors. She gathered that neighbors were generally in favor of the request.

Mr. Sumner asked if a neighborhood meeting was required. Mr. Bench said though it was not required, a neighborhood meeting was held.

Mr. Burningham indicated that he represented the applicant and said the existing building would not be able to be remodeled due to the existing structural integrity. That was why it would be necessary to extend out from the building an additional fifteen feet. It was impossible to give the structure a new façade given the condition of the existing building, and due to the code requirements.

Mayor Brunst asked if the new façade would be built in front of it and not be attached to the existing building. Mr. Birmingham said it would not be attached structurally, but would appear to be attached.

Mayor Brunst asked about the tennis court and said the swimming pool had no water in it. Mayor Brunst expressed he had safety concerns for the two areas and suggested the areas be fenced to eliminate risk. Mr. Burningham said they were in the process of securing fencing to the area.

Mayor Brunst opened the public hearing. When no one forward, Mayor Brunst closed the public hearing and brought the discussion back to the Council.

Mrs. Black **moved**, by ordinance, to amend Sections 22-11-26(H), 22-11-26(K), and 22-11-26(M) of the Orem City Code pertaining to development requirements in the PD-14 (Residential Estates) zone. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Richard F. Brunst, Mark E. Seastrand, David Spencer, and Brent Sumner. The motion **passed**, 6-0.

Mr. Burningham asked Mayor Brunst when he wanted to have the fence up by. Mayor Brunst said it should be done within a week from the meeting.

6:20 P.M. PUBLIC HEARING

ORDINANCE – Amending Section 22-5-3(A) and the zoning map of the City of Orem by rezoning property located generally at 720 East Timpanogos Parkway from the PD-6 zone to the Professional Office (PO) zone

Mr. Macdonald left the discussion at 6:33 p.m.

Mr. Bench reported that the applicant operated a private school known as the Arches Academy. Arches Academy (“Arches”) was looking for a new site for the school since the lease on their current building would expire in June, 2014. Arches had identified the building at 720 East Timpanogos Parkway as a desirable location for the school and had a contract to purchase the property as well as the adjacent parcel to the northwest. The building at that location had been vacant for several years. However, the property was located in the PD-6 zone which does not allow for private schools.

The applicant was requesting that the City Council rezone the property on which the building was located as well as the adjacent property to the Professional Office (PO) zone. The PO zone allowed for private schools and fit within the parameters of the General Plan designation of Professional Services. The applicant would have to make some interior changes to the building to meet the needs of the school. Some additional windows would be added to the exterior, but no other additions to the building were being proposed. The school included kindergarten through eighth grade and Arches estimated that it would have a total of 125 students enrolled.

The PD-6 zone did not allow for schools, but a PO zone would.

City staff had observed that private/charter schools in other parts of the city had experienced certain traffic-related issues. Staff had therefore suggested modifications to the proposed site to mitigate some of the potential problems. The applicant had been receptive to those changes and

was working with staff to finalize a development agreement which staff anticipated would improve the access and circulation pattern for pick-up and drop-off of students at the school.

GENERAL PLAN: The current General Plan designation was Professional Services which allowed the property to be zoned to the PO zone only. The designation called for developments that were low-impact professional office space used to “buffer between collector or arterial-class roads and residential development.” No retail was allowed with that land use classification.

A neighborhood meeting was held on February 10, 2014 regarding the proposed rezone. The only attendees were Arches Academy Staff and parents of current students. No other adjacent property owners were in attendance.

Mr. Bench provided a comparison of the PD-6 and PO zones.

PD-6	PO
<u>Setbacks:</u> 50' from dedicated street; 20' from property line	20' from dedicated street; 25' from residential zone; If height is greater than 24' setback equals height; 100' from residential if 2 stories
<u>Landscaping:</u> 40% minimum of site	20' along street frontage; Landscaped islands in parking
<u>Building Height:</u> 36'	35'
<u>Building Size:</u> Including parking, up to 60% of site	1 story – 7,500 sq. feet 2 story – 6,500 sq. feet per floor 3 acres – 1 story up to 10,000 sq. feet 5 acres – 2 story up to 7,500 sq. feet
<u>Parking:</u> Setback – 50' from dedicated street 1 stall per 300 sq. feet	Setback – 10' from dedicated street Setback – 10' from residential 1 stall per 250 sq. feet
<u>Architecture:</u> Approved by Committee Brick, glass, aggregate	Residential styling: 8/12 roof pitch Exterior finish shall not include steel, T-111, aluminum, or vinyl siding. No asphalt shingles allowed

Mr. Bench reviewed proposed traffic plans with the Council, as well as a potential site plan. He then Bench outlined the following as advantages and disadvantages of approving the request:

Advantages:

- The requirements of the PO zone will ensure low impact development adjacent to the surrounding residential community similar to the existing PD-6 zone.
- The development agreement will provide additional improvements to the property including access improvements.
- The PO zone requires all new structures to have residential architectural styling.

Disadvantages:

- Some private/charter schools in the City have had negative traffic impacts. However, the proposed development agreement will help mitigate potential traffic-related issues.
- Schools in general may generate more noise than a typical office use.

Mr. Seastrand asked what zones schools were allowed in. Mr. Bench said public schools could go in any zone, but private and charter schools were limited to certain zones.

Mr. Seastrand then asked where the sidewalk would connect to. Mr. Bench said when the initial development went in, sidewalks were only required on one side of the street. The sidewalk on the site plan eventually could be connected to the development on the vacant lot, which would connect to the neighborhood and then would to 1200 North.

Mrs. Black said there was concern from the adjacent neighborhood about a possible entryway on Research Park Drive. Mr. Bench said that, ultimately, the plan was to build phase two on the vacant lot. Staff thought requiring a possible entryway on Research Park Drive through means of a development agreement would create better circulation. They had since rescinded that requirement knowing it could be reconsidered when lot two was built.

Mrs. Black said another access would come out on Timpanogos Way.

Mr. Spencer asked what the plans were for the second lot. Mr. Bench said he understood the applicant would contract with the current owner to buy the property. The second phase would be a future build out, but there could be a possibility the applicant may not complete a second phase.

Mr. Spencer asked about the applicant meeting with neighbors. Mr. Bench said between the Planning Commission meeting and the City Council meeting, the neighbors did meet. The HOA was present as well as City staff. The meeting discussion focused on traffic options for the school.

Both Mr. Sumner and Mr. Spencer asked for elaboration on what occurred with the neighborhood meeting. Mr. Bench said, to his knowledge, no neighbors attended the meeting. The applicant was responsible for mailing the notice to the neighbors surrounding the project. As a matter of practice the City did not take to verifying that the notices were mailed.

Mrs. Warnick, applicant, said future plans for the vacant lot would be for Arches Academy to utilize the space for a future playground and green space for the children to run and play. The school also looked forward to building its own auditorium, but that would not happen for at least three years. She said Joseph Walker, HOA president, agreed to act as a mediator at a second meeting planned by the applicant. Neighbors declined a second meeting knowing Mr. Walker was on board as a mediator. Mrs. Warnick said she mailed the notification letters herself, and was unaware of why several of the neighbors were claiming they had not received the notice. She speculated that the notices were mistaken as junk mail and therefore were unintentionally thrown in the trash.

Mr. Spencer asked how many children attended the school and if there was a problem with the school's current location.

Mrs. Warnick said 105 students were currently enrolled. The owner of the current building they were leasing was planning to sell and would not be renewing the school's lease. The school had considered buying the property but, because there were no adequate fire exits and no windows in the basement area, the property did not meet the school's needs.

Mr. Seastrand asked what the applicant's perspective was on the neighborhood concerns and what actions were taken to mitigate those concerns.

Mrs. Warnick said the main concerns were traffic flow and noise from the playgrounds. The City did help to propose a new traffic plan. An agreement was signed between Da Vinci Place and Arches Academy which declared the playground area would be kept far from the neighborhood, as the projection showed.

Mr. Sumner asked how the pick-up and drop-off situation would be mitigated with fifty cars coming in and out. Mrs. Warnick said a traffic study was conducted which determined the traffic flow was conducive to outside traffic on the road.

Mayor Brunst opened the public hearing.

Don Hawley, resident, said he was appreciative that the school was willing to work with the HOA. With regard to the playground, he suggested that if something temporary was to be done, then a definition should be made which explained what was expected with the playground areas. Mr. Hawley also suggested the zoning should be subject to having an agreement with the current property owner. The zoning should be complete upon the actual purchase of the property, not just on intent to lease the property. Mr. Hawley expressed concern about the funding for the school and asked what the long-term plan for the property was going to be. He said he feared the property values of the retirement community would decrease as a result of the rezone.

Allen Finlinson, President and General Manager of the Canyon Park Technology Center, said anywhere from 7,000 to 8,400 people worked at the Canyon Park business campus. Their organization was in favor of the rezone for the school to occupy the building in question. Mr. Finlinson reported receiving a notice in the mail in addition to a number of calls from business park tenants inquiring about the proposed school.

Joseph Walker, resident, said he didn't see the notification letter, but he assumed he must have thrown it away with his junk mail. There were still some questions that remained unanswered, especially with the vacant lot. Mr. Walker said the administrators at Arches Academy had been forthright in addressing concerns. Mr. Walker recognized it was a valuable piece of property in the neighborhood.

Mayor Brunst closed the public hearing.

Mayor Brunst then asked Mrs. Warnick to address funding, purchase agreements, and the playground.

Mrs. Warnick said the funding for the private school was received from tuition, fundraising, and donations from parents and the community. The purchase price on the property was listed at \$3.4 million. The school had been in conversation with several banks that were willing to aid in the financing. The school anticipated leasing the property with the plan to purchase it within three years. The playground would be temporarily located in the grass area, and within nine months the permanent playground would be relocated to another area on the property.

Mayor Brunst asked if the school had looked at other sites. Mrs. Warnick said they had but did not find any other building that was as inviting as was one in question.

Mr. Sumner asked how many attended the extra neighborhood meeting. Mr. Hawley said there were approximately eighteen residents in attendance. The meeting was held in Mr. Hawley's home.

Mr. Spencer asked Mr. Hawley if all the neighbors who signed the petition were in agreement with Mr. Walker. Mr. Hawley said the neighbors had not been informed of the recent agreement signed regarding the playground. There was another petition signed by forty-three neighbors who had not known there was a meeting on February 10, 2014.

Mayor Brunst stated that the HOA president said the neighbors were in favor, but that Mr. Hawley indicated he and the other neighbors directly across the fence were not in favor. Mr. Hawley said there were mitigating factors, and that he as a homeowner did not know enough about the rezone to give his support.

Mayor Brunst expressed concern in placing a school next to a retirement community.

Mrs. Black said she could understand the concern with the original drop-off proposal. She said the mitigating factors had calmed her fears. The only things left were the drive and the playground not being next to it.

Mr. Sumner asked if there was any way to legally increase the number of students attending the school, based on fire code.

Mr. Bench said the number of students could go up, as long as fire codes were met.

Mr. Seastrand said the Arches Academy had showed good faith in making the rezone application. He said community schools could bring neighborhoods together, and he was hopeful the neighbors could participate and be involved. Mr. Seastrand said he did not see a large degree of difference in the zone change and believed the rezone could be a win-win situation.

Mrs. Black **moved**, by ordinance, to amend Section 22 5 3(A) and the zoning map of the City of Orem by rezoning property located generally at 720 East Timpanogos Parkway from the PD-6 zone to the Professional Office (PO) zone. Mr. Seastrand **seconded** the motion. Those voting aye: Margaret Black, Mark E. Seastrand. Those voting nay: Hans Anderson, Richard F. Brunst Jr., David Spencer, and Brent Sumner. The motion **failed**, 2-4.

Mr. Macdonald returned to the meeting at 7:17 p.m.

ORDINANCE - Approving the Amounts to be Awarded to the CARE Grant Recipients for the 2014 CARE Granting Round

Steven Downs, Assistant to the City Manager, presented to the City Council the proposed amounts to be awarded to CARE Grant recipients for the 2013-14 CARE year. On November 8, 2005, a majority of City of Orem voters voted in favor of enacting a local sales and use tax of 0.1 percent as a means of enhancing financial support for recreational and cultural facilities, and

cultural organizations within the City of Orem. Known as the Cultural Arts and Recreation Enrichment tax (CARE), the Orem City Council enacted the tax by ordinance on November 22, 2005. The tax went into effect April 1, 2006, and was authorized for a period of eight years. On November 5, 2013, a majority of City of Orem voters voted to continue collecting the CARE tax for an additional 10 years.

On December 9, 2008, the City Council amended the CARE Program policies and procedures, establishing eligibility requirements and an application process for the competitive granting program. Three categories of grants were established, including Recreational and Cultural Facilities, available for publicly-owned or operated facilities; Cultural Arts Major Grants, of \$5,000 or more for operating costs of nonprofit cultural arts organizations; and, Cultural Arts Mini Grants, of up to \$4,999 for operating costs of nonprofit cultural arts organizations.

Applications for the current CARE granting round were due on March 20, 2014. As a group and with members serving as a smaller review panel, the City Council met in a series of public meetings in April to hear from applicants and to consider their grant requests.

Utah law requires that the entire amount of revenues and interest collected as a result of the imposition of the tax be distributed in a manner consistent with Utah Code Ann. 59-12-1403, which allows for granting to one or more facilities or organizations. Utah law also requires the City to provide for that distribution by ordinance.

Mr. Downs appreciated the CARE committee members who served by listening to CARE application presentations.

Mr. Downs detailed the proposed CARE major grant and City facility awards for 2014.

Major Grant Applicants

- Utah Valley Symphony \$7,500
- Hale Center Foundation \$340,088
- Utah Lyric Opera \$7,500
- Utah Regional Ballet \$35,000
- SCERA \$535,000

City Facilities

- Recreation \$598,000
- Center for Story \$300,000
- Administration \$24,751

Mr. Downs detailed the proposed CARE mini grant awards for 2014.

Mini Grant Applicants

- Colonial Heritage Foundation \$4,999
- The Orem Chorale \$4,500
- Latinos in Action \$4,500
- Flix for Charity -
- Wasatch Chorale \$4,500
- Utah Valley Young Voices -

- Utah Storytelling Guild \$4,000
- Roots of Freedom Foundation \$4,999
- Utah Baroque Ensemble \$4,500
- Chauntenette Women’s Chorus \$4,500
- Utah Film Center \$1,000
- Center State Performing Arts Studio \$4,000
- UVU Noorda Theater -
- Utah Valley Civic Ballet Company \$4,500
- Resonance Story Theater \$4,000

Mr. Downs reported the total 2013/14 CARE allocation amounted to \$1,897,837.

Mayor Brunst said the CARE grant proposals had been discussed over the course of several work sessions.

Mr. Macdonald thanked Councilmembers Black, Spencer, and Seastrand for serving on the committee that oversaw the CARE mini grant applicant presentations. Mr. Macdonald acknowledged there were differing opinions within the Council on how much should be allocated to the different groups.

Mr. Macdonald **moved** to accept the CARE allocation dollar amounts as presented.

Mr. Sumner said it was a great experience listening to the grant applicants. Mr. Sumner then proposed a change to the major grants and suggested allocating the following:

- Utah Valley Symphony \$7,500
- Hale Center Foundation \$330,088
- Utah Lyric Opera \$7,500
- Utah Regional Ballet \$30,000
- SCERA \$550,000

Mr. Sumner explained that he wanted to see the SCERA receive more grant money due to the SCERA reaching so many Orem citizens.

Mr. Andersen said he supported Mr. Sumner’s proposal.

Mr. Seastrand drew attention to Mr. Macdonald’s original motion and said his motion had not had the opportunity for a second.

Mayor Brunst asked Mr. Macdonald to clarify his motion.

Mr. Macdonald restated his motion to accept the CARE grant as presented. Mr. Seastrand **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, and David Spencer. Those voting nay: Hans Andersen and Brent Sumner. The motion **carried**, with a 5-2 vote.

RESOLUTION – Tentatively Adopting the City of Orem Fiscal Year 2014-2015 Tentative Budget

Richard Manning, Administrative Services Director, presented a staff request for the City Council to tentatively adopt the FY 2014-15 Tentative Budget. Mr. Manning said that on April 29, 2014, the City Council received a draft copy of the proposed Tentative Budget in preparation for this meeting. Prior to being presented with a draft copy of the budget, the City Council and staff have met in a continuing series of public meetings to review the General Fund. On May 27, 2014 the Enterprise Funds would be reviewed.

Mr. Manning said the budget did not contain any request to increase the property tax rate. Proposed fee changes will be reviewed in the budget presentation.

Mr. Manning noted the Tentative Budget was made available for review on the Orem.org website.

Mr. Davidson said the purpose of the presentation was to provide an overview of the budget with some of the philosophy and framework behind the tentative budget.

Areas of Focus

Brenn Bybee, Assistant City Manager, reviewed the City Council's Areas of Focus for 2014-2015:

- Communication
- Employee Development
- UTOPIA
- City Facilities
- State Street
- Financial Sustainability
- Harmony

Budget Guiding Principles

Mr. Bybee introduced the Budget Guiding Principles and said the principles gave a summary of industry standards that cities use and refer to as cities decide where budget dollars go:

- City Council – Incorporate policies and vision of the City Council.
- Self-Sustaining – Enterprise funds should be self-sustaining.
- One-Time Money – One-time money should be used for one-time expenses.
- Ongoing Money – Use sustainable, ongoing revenue sources to pay for ongoing expenses.
- Asset Management
 - Develop capital facility master plans for buildings, utilities, and other significant City infrastructure:
 - Master plans should include strategic operations, maintenance, and replacement guidelines with supporting financial plans. Financial plans should justify rate structures that support the implementation of a master plan. Adopt rate structures that support the implementation of a master plan for a five-year period and redevelop plans every five years.
- Compensation – Develop and follow a market-driven compensation plan that will entice and retain good, quality employees.

- Vehicle Replacement – Fund an annual vehicle replacement plan that prioritizes the replacement of qualified vehicles.
- Revenue Sources
 - Evaluate the health of revenue sources on a regular basis.
 - The General Fund should be supported by diverse, stable revenue sources that do not collectively cause dramatic fluctuations over time.
- Reserves - Develop and maintain healthy enterprise fund reserves to sustain impacts of emergencies. Manage the General Fund reserves consistent with State law.
- Planning
 - Plan ahead with the big picture in mind.
 - Provide a means for employees across department lines to consult with each other during planning processes. Seek community input through a variety of means, for example, a regular citizen survey.
- Debt will only be used for projects that cannot be reasonably afforded through a pay-as-you-go savings plan. For example, a pay-as-you-go scenario may be rejected if to do so would require cutting services or increasing service fees higher than practical.

Stewardship Report

Mr. Bybee presented the following stewardship report from the FY 2013-2014 budget year and attributed specific accomplishments to the City Council's Areas of Focus:

- City Manager
 - Separation of Public Safety Departments – *Harmony*
 - Replaced Critical Positions – *Employee Development*
 - Met UTOPIA Obligations – *UTOPIA*
 - Joined EDCUtah – *Financial Sustainability*
 - Core Network Upgrade – *City Facilities*
- Administrative Services
 - No Increase in Health Costs to City (63% of employees on HAS) – *Financial Sustainability*
 - RDA Governance & Compliance Report – *Financial Sustainability*
 - Received Risk Management Dividend – *Financial Sustainability*
- Legal Services
 - Continued Work on Significant Legal Cases (personnel-related, Northgate, referendum) – *Harmony*
- Development Services
 - University Place – PD-34 Zone – 1,300,000 Square Feet of Retail Space, 600,000 Square Feet of Office Space, and 1500 Residential Units – *State Street & Financial Sustainability*
 - Comprehensive Update to the Sign Code – Chapter 14 Signs – *State Street*
 - HVAC and Roof Repairs – *City Facilities*
- Recreation
 - Fitness Center Remodel and Addition – *City Facilities*
 - Resurfaced the Zero-Entry Pool at SCERA – *City Facilities*
- Public Works
 - Palisade Park Construction – *City Facilities*
 - New Shade Structures, Backdrops, and Bleachers – *City Facilities*
 - Back-up Generator for the Water Wells – *City Facilities*

- Alta Springs and Center Street Water Lines – *City Facilities*
- Road Maintenance Plan Projects – *City Facilities*
- 800 East and 1200 West Reconstruction – *City Facilities*
- 800 North Trail – *City Facilities*
- UV Project at Water Reclamation Facility – *City Facilities*
- Williams Farm Detention Pond – *City Facilities*
- Library
 - Capital Replacement & Repair Plan – *City Facilities*
 - Replaced Critical Positions – *Employee Development*
- Public Safety
 - Rapid Intervention Team (RIT)/Self-Rescue Training (off-duty) – *Employee Development*
 - New Ambulance – *Financial Sustainability*
 - Additional HazMat Supplies – *City Facilities*
 - Resolved Significant Cases – *Harmony*

Revenues

Mr. Manning provided the following information on City revenues forecast by fund:

Revenues: Forecast by Fund				
Fund	Revenues	Interfund Transfers In	Appropriation of Surplus	Total
General	\$43,491,963	\$5,712,022	\$0	\$49,203,985
Road	\$2,305,000	\$0	\$0	\$2,305,000
CARE	\$1,710,000	\$0	\$0	\$1,710,000
Debt Service	\$2,626,826	\$4,714,290	\$0	\$7341116
Capital	\$240,000	\$0	\$0	\$240,000
Water	\$11,419,000	\$892,377	\$0	\$12,311,377
Water Reclamation	\$7,017,851	\$10,000	\$0	\$7,027,851
Storm Sewer	\$3,010,500	\$100,000	\$0	3,110,500
Recreation	\$1,543,000	\$125,000	\$158,088	\$1,826,088
Solid Waste	\$3,010,500	\$100,000	\$0	\$3,397,000
Fleet	\$0	\$652,000	\$0	\$652,000
Purchasing	\$0	\$363,000	\$0	\$363,000
Self-Insurance	\$500,000	\$1,175,000	\$0	\$1,675,000
StoryTelling	\$285,000	\$10,000	\$0	\$295,000
Orem Foundation	\$10,000	\$0	\$0	\$10,000
CNS	\$734,500	\$47,048	\$0	\$781,548
Sr. Citizens	\$51,250	\$0	\$0	\$51,250
Telecom Billing	\$60,000	\$0	\$0	\$60,000
TOTAL	\$78,401,890	\$13,800,737	\$158,088	\$92,360,715

Mr. Manning provided the following information on City revenue sources:

Revenues: Sources		
Revenue Description	Amount	Percent
Sales Tax	\$18,000,000	19.49%

Water Fees	\$11,368,000	12.31%
Property Taxes (General)	\$6,433,188	6.96%
Property Taxes (G.O. Bonded Indebtedness)	\$1,939,601	2.1%
Franchise Taxes	\$8,050,000	8.72%
Water Reclamation Fees	\$7,002,851	7.58%
General Fund Charges to Other Funds	\$5,712,022	6.18%
Debt Services	\$5,401,515	5.85%
Solid Waste Fees	\$3,396,000	3.68%
Storm Water Fees	\$2,990,200	3.24%
Excise Taxes (Gas Tax)	\$2,300,000	2.49%
Police/Fire Contracted Services	\$1,725,500	1.87%
CARE Tax Revenues	\$1,680,000	1.82%
Recreation Fees	\$1,536,200	1.66%
Ambulance Fees	\$1,330,000	1.44%
Court Fees	\$1,278,500	1.38%
Building Permit & Construction Fees	\$994,500	1.08%
Grants	\$865,000	0.94%
E911 Fees	\$650,000	0.70%
Business Licenses	\$625,000	0.68%
Cemetery Fees	\$520,000	0.56%
Interest Income	\$405,750	0.44%
Appropriation of Surplus	\$158,888	0.175%
Other Revenues	\$7,998,000	8.66%
TOTAL	\$92,360,715	100.00%

Mr. Manning provided a General Fund comparison from previous fiscal years:

Description	FY 11-12	FY 12-13	Budget FY 14	Tentative FY 15
Taxes	\$30,172,672	\$31,382,380	\$30,660,000	\$32,588,188
Permits/Licenses	\$1,391,473	\$1,534,393	\$1,379,500	\$1,619,500
Grants	\$1,341,669	\$940,900	\$853,344	\$327,500
Service Fees	\$9,153,286	\$9,368,499	\$9,145,704	\$8,780,853
Fines	\$1,296,545	\$1,245,145	\$1,202,000	\$1,217,500
Misc.	\$2,190,092	\$1,542,955	\$1,257,097	\$1,159,969
Transfers	\$2,299,416	\$2,565,915	\$2,273,221	\$3,510,475
Reserves	\$0	\$0	\$1,922,610	\$0
TOTALS	\$47,865,152	+\$48,580,187	\$48,693,476	\$49,203,985

Mr. Manning shared visual graphics of select tax revenue categories over the previous twelve years. Sales tax revenues in 2007-2008 rapidly spiked and then fell significantly. That was likely due to the housing bubble. The City's core of sales tax revenue generator was groceries, and Costco was a big contributor in that category.

Mr. Macdonald noted that the tax generated from clothing sales was less than previous years.

Mr. Manning said the presented graphs did not show dollars because of the nature of the information. Actual tax figures were, by law, considered confidential information.

Mr. Manning then explained the process the City used to project sales tax revenues for the coming budget year. The method used was a historical method to project and crosscheck tax revenues with known economic factors, such as wage data and unemployment, and was adjusted for known future events. Mr. Manning said the economic outlook was stable, but there could be trouble on the horizon that the City did not foresee.

Mr. Manning reported the FY 2015 sales tax projections included the following information:

- FY 2014 current projection was \$17.9M to \$18.1M
- Unemployment rates went from 4.0% to 4.2%
- Salary in Utah County was up 6.4%
- State projections and national projections confirmed sales tax projection
- Loss of DōTerra was factored into overall FY 2015 projection

Mr. Manning said revenues from Telecom were a portion of franchise tax, which tax was not paid on services provided over the internet. That explained the downward trend for telecom tax revenues.

Mr. Manning discussed the General Fund by Department and provided the following breakdown:

Department	Percentage of General Fund
Police Department	25.62%
Fire Department	15.92%
Development Services	6.95%
Legal Services	1.99%
Administrative Services	4.82%
City Manager	5.89%
Mayor/City Council	0.93%
Library	6.34%
Recreation	1.68%
Public Works	10.61%
Non-Departmental	19.24%

Mr. Manning explained the expected FY 2015 organizational changes and their corresponding fiscal amounts:

Work Group	From	To	Amount
Information Tech	Admin. Services	City Manager	\$1,928,850
Fire Facilities	Public Safety	Development Services	\$79,200
Police	Public Safety	Own Department	\$12,605,961
Fire	Public Safety	Own Department	\$7,835,107

Mr. Manning gave comparisons for each department which highlighted number of employees, personnel cost, operations cost, capital cost and total costs for FY 2015, which information was available in the Tentative Budget booklet.

Mr. Manning covered Capital Improvement Funds, explaining the revenue descriptions fund totals for FY 2011-12, FY 2012-13, FY 2013-14, and the tentative budget for FY 2014-15.

Mr. Seastrand asked if surplus would go to the Capital Improvement Fund. Mr. Manning said yes; the City forecasted revenues from a conservative standpoint, and any excess would filter into the Capital Improvement Fund.

Mr. Manning said the City would be wise to pull excess aside and only spend those funds on one-time expenditures.

Mr. Manning explained proposed compensation changes to the FY 2015 budget. A 2 percent market increase was built into the base, with an additional 1 percent merit increase totaling \$120,000 for January, 2015. Mr. Manning said a health insurance premium increase totaling \$185,000 was forecasted for 2015, as well as the Utah Retirement System increases totaling \$295,600.

Mr. Manning went over the changes in fees and charges and said fees were aimed to cover cost.

Fee	From	To
Annexation Request	\$1,000	\$1,500
Review Plats extra reviews (2-7)	\$1,500	\$1,000
PRD Preliminary	\$800	\$700
PRD Final	\$600	\$400
Preliminary Residential	\$800	\$700
Final Residential	\$600	\$400
Plat Amendments	\$800	\$600
Site Plan Administrative Approval	\$500	\$400
Zoning Ordinance Amendment	\$1,200	\$800
Zoning Ordinance Amendment New PD	\$2,000	\$1,000
Road Bore Fees (0-2 Years)	-	\$5,000
Road Bore Fees (2-5 Years)	-	\$250
Road Bore Fees (5+ Years)	-	\$150
Cemetery Lot	\$1,000	\$1,200
Cemetery Lot ½ Space on Edge of Road	\$550	\$600
Adult Burial	\$500	\$600
Junior Burial	\$400	\$600
Saturday Interment (in addition to reg. fee)	\$300	\$400
Headstone Inspection and Setting Fee	-	\$35

Mayor Brunst asked about cemetery fees. Mr. Manning said it was in the best interest of the City to keep cemetery fees at par with neighboring areas. Land at the cemetery was limited, and therefore the fees should be kept at par in effort to discourage people coming from far away just because Orem had the cheapest burial plots.

Mr. Manning discussed the changes in water fees. The fees on the meters were based on the volume of water that passed through and were assessed depending on the size of the meter.

“Big Rocks” for FY 2015 Budget

Mr. Manning turned the time over to Mr. Davidson to discuss “big rocks” for FY 2015. Mr. Davidson noted the budget was a balanced budget, that there were no deficiencies in terms of revenue, and that the City had the means to move forward.

Mr. Davidson explained the “big rocks” and related them to the City Council’s Areas of Focus:

1. Enterprise Fund Cost Allocation (Water, Water Reclamation, Storm Sewer and Street Lighting) – *Financial Sustainability*
 - State-Mandated Utility Fund Transfers - \$865,000
2. Emergency Communications and Citizen Outreach – *Communication*
 - Mass Communication Software - \$27,000
 - Citizen Newsletter - \$18,000
3. Justice Court and Legal Services Staffing Concerns – *Employee Development*
 - Legal Professional Services - \$40,000
 - Additional Justice Court Personnel - \$22,300
4. Engineering Equipment – *City Facilities*
 - GPS Rovers - \$59,000
5. Traffic and Signal Maintenance – *City Facilities*
 - Signal Maintenance - \$15,000
 - Signage Maintenance - \$7,500
6. Public Safety Life-Safety Equipment and Support (funding, in part, from FY 2014) – *Financial Sustainability*
 - Additional Ambulance / EMS supplies - \$17,000
 - Fire Turnout Gear Additions - \$6,000
 - Police Body Armor Additions - \$4,000
7. Ongoing Fleet Replacement – *Financial Sustainability*
 - Additional Fleet Investment (>\$600K) - \$50,000
8. Employee Health Insurance and Retirement Contributions – *Employee Development*
 - Anticipated Health Insurance Increase - \$189,000
 - Additional Mandatory URS Contribution - \$295,000
 - Benefits Consultant (ACA) - \$36,000
9. Market Competitive Compensation (funded, in part, from FY 2014) – *Employee Development*
 - FY 2015 Market Adjustment - \$450,000
 - FY 2015 Merit Adjustment - \$125,000
 - Employee Professional Development - \$25,000
10. Critical IT / Network / System Replacement (funded, in part, from FY 2014) – *Financial Sustainability*
 - Additional Software Licensing - \$5,000
11. UTOPIA Debt Service Payments and OPEX – *UTOPIA*
 - Additional UTOPIA Debt Service - \$57,000
12. Recreation Fund Operational Support – *Financial Sustainability*
 - Fitness Center Operational Support - \$125,000
13. Maintenance and Repair of Critical City Facilities (roof, HVAC, carpeting, elevators, etc.) – *City Facilities*

- Children’s Library Carpet - \$97,000
 - City Building Roof Repairs - \$75,000
 - City Building HVAC Improvements - \$18,000
 - Elevator Maintenance - \$11,000
 - Public Safety Building Floor Drains - \$5,000
 - Fire Alarm Improvements - \$3,500
14. Parks Operation and Equipment Support – *City Facilities*
- Palisade Park Personnel - \$88,000
 - Palisade Equipment and Additional OPEX needs - \$71,000
 - Playground Equipment Replacement - \$50,000
 - Additional Citywide Park Needs - \$25,000
15. Fees for Service Adjustments (development, cemetery, water, storm, sewer, recreation, etc.) – *Financial Sustainability*
- Water (3/4” meter) - increase \$0.25 / month
 - Storm Sewer (per ESU) - increase \$0.25 / month

Mayor Brunst asked about the amount for the citizen newsletter.

Mr. Davidson said there was a variety of communication means being employed by the City since different sections of the population responded to a variety of those means. The City staff had demonstrated they could do more with limited resources, but ultimately the City was falling short where printed resources were concerned.

Mayor Brunst asked if the City continued to make its own signs, and Mr. Davidson said staff did.

Mr. Macdonald asked about the Recreation Fund Operation Support. Mr. Davidson said the City would take effort in regrowing the patron base which had been lost through the construction and remodel of the fitness center.

Mr. Davidson said the recommended adjustments and capital replacement of infrastructure were based on operational needs the City had. Mr. Davidson concluded by naming some of the future/unfunded projects within the City:

- Streets, Sidewalks, Trails, and Traffic Management, Construction, and Maintenance
- Street Lighting LED Project
- Fire Station #4
- Utility Master Plan Projects
- Ongoing Facility & Fleet Needs
- Additional Staffing Requirements
- Southwest Annexation Needs
- State Street Master Plan Implementation
- Automated Meter Reading

Mr. Davidson said there were present concerns about decaying infrastructure. The average life of pipe was 40 to 50 years. The City was fast approaching the life of many of the utility systems as many had been installed during the 1970s and 1980s.

Mr. Tschirki spoke to the need to update some of the City's master plans. Mr. Davidson said many years had passed since work to that end had been completed, which meant the process of updating those master plans could take longer.

Mr. Andersen stated that he wanted to see if the reserves had been growing.

Mr. Spencer said he wanted to see that the City had adequate reserves. A guestimate on the City's reserves would be helpful, especially as the Council approached making the decision on the Macquarie proposal.

Mr. Davidson reiterated that what the City Council had before them was a balanced budget. He expressed appreciation to the department directors who assisted staff to work out the budget details for the coming fiscal year. He said Mr. Manning and Mr. Nelson had put together the tentative budget booklet, which was given to the Council.

Mayor Brunst allowed time for public comment.

Bob Wright, resident, said he appreciated the effort put forth by City staff. He said the Council should be able to make changes to what was being proposed. Mr. Wright asked the Council to be generous to the citizens and reject any added service fees. He also suggested the garbage can rate be reduced.

Jim Fawcett, resident, suggested the Recreation Center open a half hour earlier to bring more patrons. He said the UTOPIA bonds should be reflected in the financial budgets so as to inform citizens on the bonds.

Jon Reinhard, resident, said he was concerned that a few amounts were swapped. He suggested the City create some type of system to accept donations to offset budget cost. He said he was curious on what had been done to look at different ways of fueling City vehicles.

Eric Royer, resident, said he was interested in the UTOPIA report and the increase in utility fee per household. His understanding was that the benefits received would not be worth the fees. He said he would possibly move out of Orem if something like that happened. He asked what would happen to the people who could not afford the fees.

Mayor Brunst **moved**, by resolution, that the City Council tentatively adopt the Fiscal Year 2014-2015 Tentative Budget and set a public hearing to adopt the final budget on June 10, 2014, at 6:00 p.m. Mr. Seastrand **seconded** the motion. Those voting aye: Margaret Black, Richard F. Brunst, Tom Macdonald, Mark E. Seastrand, David Spencer, and Brent Sumner. Those voting nay: Hans Andersen. The motion **passed**.

Mr. Macdonald said he understood it would be irresponsible for the Council to not vote on the tentative budget. He acknowledged that a lot of homework was required by the Council in preparation to approve the final budget.

COMMUNICATION ITEMS

Mr. Davidson allowed time for Jason Bench to present to Council a preview of upcoming agenda items.

Mr. Davidson then reminded the Council that the CARE committee did require participants and asked the Council members to put its heads together to come up with name recommendations to fill the vacancies.

CITY MANAGER INFORMATION ITEMS

There were no city manager information items.

ADJOURNMENT

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

The meeting adjourned at 9:17 p.m.

Donna R. Weaver, City Recorder

Approved: May 27, 2014

