

**MINUTES OF MORGAN CITY
COUNCIL MEETING**

JULY 9, 2024; 7:05 P.M.

MAYOR AND COUNCIL MEMBERS

PRESENT:

Mayor Steve Gale, Jeff Wardell, Eric Turner, Jeffery Richins, and Dave Alexander

STAFF PRESENT IN-PERSON:

Ty Bailey, City Manager; Gary Crane, City Attorney; Jake Young; City Planner, CitiDesign,; Clark Crook, Power Foreman; and Denise Woods, City Recorder

EXCUSED:

Tony London

OTHERS PRESENT:

Jeremy and Natalie Paddock, Justin and Gloria Phillips, Ken and Katie Tilby, Bret and Jill Boss, Bill and Vicky Schneider, Grant Laughter, Gerald and Val Rowley, Joshua Edwards, Scott and SaRene Brooks, and Kaye Rhoades

This meeting was held in the Council Conference Room of the Morgan City Offices, 90 West Young Street, Morgan, Utah. The meeting was streamed live on YouTube and available for viewing on the City's website – morgancityut.org/meetings.

This meeting was called to order by Mayor Steve Gale.

The pledge of allegiance was led by Council Member Turner.

The opening ceremony was presented by Council Member Richins.

APPROVAL OF MEETING AGENDA

MOTION: Council Member Turner moved to approve the agenda.

SECOND: Council Member Richins

Vote was 4 ayes; Motion passed unanimously to approve the agenda; Council Member Turner was absent.

MINUTES AND WARRANTS

Council Member Alexander mentioned two corrections to the June 20, 2024 special meeting minutes. The votes on Ordinance 24-07 and Resolution 24-24 were corrected to reflect 3 votes instead of 5 since two Council Members were absent from the meeting.

MOTION: Council Member Alexander moved to approve the following with the corrections mentioned:

Minutes of the City Council Special Meeting – June 20, 2024; and
Warrants (06/14/2024 – 07/02/2024)

SECOND: Council Member Richins

Vote was 4 ayes; Motion passed unanimously to approve the minutes as written and one set of warrants; Council Member London was absent.

CITIZEN COMMENTS

Bret Boss, 586 East Red Rock Way, stated quite a few neighbors were in attendance to speak to a presentation which was shared in a Planning Commission earlier this year which would rezone a couple of undeveloped parcels. He stated the residents understood that the parcels in question would eventually be developed, but their expectation, based on City plans and maps, was that the development would be consistent with their existing neighborhood, which was zoned as R-1-12 and R-R. He expressed concerns about rezoning the area for high-density housing, as proposed in a recent presentation using an MRO (Mixed Residential Overlay). He stated the residents hoped to collaborate with the City to find a mutually agreeable solution for the development that would benefit both the City and the neighborhood. He argued that the MRO did not meet the current City Code. He referenced Section 10.15.010 – Purpose, which states that such overlays are intended for infill development and Section 10.04.010 – Definitions for infill was defined as development on land that has been bypassed, remained vacant, and/or is underused because of current market conditions. He stated infill development is not on the perimeter of the City, located near outer annexation areas, and upper hillsides. He mentioned other definitions of infill which referred to an urban area. The neighborhood, located on the City's perimeter and near hillsides, did not seem suitable for infill development, contrary to the City's plans for the area. He acknowledged the rationale for placing high-density housing near urban centers and advocated for keeping the Mixed Residential Overlay (MRO) near such areas. He expressed concerns that abandoning the MRO's original purpose just one year after its ordinance was passed would be premature, as there had been no feedback on its effectiveness within the City limits. The residents emphasized the need for strategic planning for future MRO developments and expressed their willingness to assist in that process.

Jeremy Paddock, 524 East Ridgeline, stated his backyard would border the proposed property, and he expressed concerns about the impact of high-density housing in their area. He noted that such developments increase traffic, noise levels, and demand for City and County services more significantly than low-density neighborhoods. He argued that high-density housing was better suited for urban areas where the impact of traffic and noise would be less disruptive, and where proximity to services like schools and shopping reduces the need for additional vehicles. He also warned that allowing high-density development in their neighborhood, which was currently zoned for low to medium density, could set a precedent for future developments, potentially leading to uncertainty and property flipping by developers. They emphasized the need for careful consideration of zoning changes to maintain the character of the neighborhood.

Jill Boss, 586 East Red Rock Way, stated the proposed MRO development could significantly reduce privacy for residents bordering the new neighborhood. She stated the planned high-density homes, potentially two to three stories tall, would be set back only 10 feet from property lines and five feet from the sides, creating a "wall" of homes. This would result in each existing lot having about three to four new homes behind them, rather than just one neighboring house. She raised concerns about flooding issues in the area, noting that an MRO could exacerbate flooding if existing water retention, particularly during winter, was not properly addressed. She stated the area had a significant ravine that contributed to water runoff in the spring, and while neighbors had done work to mitigate the issue, high-density housing would reduce open land and increase flooding risks. She suggested a soil survey be conducted before any plan approval. Additionally, taller homes could worsen existing freezing issues due to limited sunlight in winter. She expressed concerns about increased traffic and safety issues, as the area was heavily used by commuters, cyclists, and parents for school drop-offs. She said the neighborhood had previously opposed similar developments (Como Springs) due to safety concerns, and residents argued that high-density housing was more appropriate for urban areas. She urged the Council to maintain the current R-1-12 and R-R zoning, emphasizing the potential negative impacts on privacy, flooding, freezing, and safety. She

expressed the residents willingness to support the City Council on future growth decisions affecting our neighborhoods and community.

Ken Tilby, 601 East Ridgeline Drive, expressed concerns over the proposed MRO rezone and high-density housing near the Red Rock Subdivision. He stated he chose their home on the City's perimeter to enjoy open space and avoid nearby housing structures. He said if the high-density development proceeded as planned, they would have three houses within feet of their backyard, which they found unacceptable. He argued that such development contradicted Morgan City Code, which designated the Mixed Residential Overlay (MRO) zone for infill development, not on the City's perimeter or near annexation areas. He acknowledged the need for affordable housing but suggested the City enforce a rule requiring green space between existing neighborhoods and new high-density developments. He urged the City to follow its code and ensure any rezoning aligns with the existing zoning of the Red Rock neighborhood.

Mayor expressed appreciation to the residents for coming to the meeting and expressing their concerns in an orderly manner.

PUBLIC HEARING

A. AMENDMENT TO TITLE 1, CHAPTER 1.15 – CONSOLIDATED FEE SCHEDULE OF THE MORGAN CITY CODE; ENACTING A BUSINESS LICENSE FEE FOR TRANSIENT LODGING FACILITIES (SHORT-TERM RENTALS), AMENDING ELECTRIC SERVICE CHARGES AND WATER RATES.

MOTION: Council Member Turner moved to open the public hearing to discuss enacting a business license fee for transient lodging facilities (short-term rentals) and amending the electric service charges and water rates.

SECOND: Council Member Richins

Discussion on the Motion: No discussion.

Vote was 4 ayes; Motion passed unanimously to open the public hearing to discuss the enactment of a business license fee for transient lodging facilities (short-term rentals), and amending the electric service charges and water rates; Council Member London was absent;

Public Comments: No public comments.

MOTION: Council Member Turner moved to close the public hearing.

SECOND: Council Member Richins

Discussion on the Motion: No discussion.

Vote was 4 ayes; Motion passed unanimously to close the public hearing; Council Member London was absent.

ACTIVE AGENDA

Ty Bailey, City Manager, suggested switching the order of items 5A and 5B of the active agenda so that Ordinance 24-09 regarding transient lodging facilities would be heard prior to adopting the business license for transient lodging facilities.

ENACTING TITLE 3, CHAPTER 3.08 – TRANSIENT LODGING FACILITIES OF THE MORGAN CITY CODE; PROVIDING FOR REPEALER; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

Ty stated the topic of short-term rentals had been discussed several times previously. He said the decision was made not to include short-term rentals in the land use code but to manage them through a business license instead. The new ordinance required short-term rental operators to obtain a business license, which involved a straightforward application process with a checklist. This approach provided a legitimate path for operators to address complaints or issues, demonstrating compliance with City requirements. Gary had reviewed the changes to the draft ordinance which was provided in the packet for consideration.

Mayor asked for clarification regarding the business license fee and whether it was an annual fee.

Ty stated it would be paid annually upon the renewal of the business license.

Gary Crane, City Attorney, stated the parking regulations had different requirements for whole-home rentals versus individual room rentals like Airbnb or VRBO. The regulation stated that whole-home rentals needed one parking space per bedroom, the same as for individual room rentals. The question was raised whether this requirement for short-term whole-home rentals was excessive, as it could demand more parking spaces than typically required for general home use. It was questioned whether this regulation was inadvertently applied or if it was indeed the intended requirement.

Council Member Turner stated the thought process behind the parking regulation was to prevent situations where large numbers of cars, such as those from a family reunion, would be parked on the side of the road. The goal was to ensure sufficient parking availability at the property rather than having cars extend down the street. He said the intent of the ordinance was to minimize on-street parking to avoid narrowing already limited streets. He explained that in areas with no curbing or gutters, such as where he lived, parking on both sides of a narrow road exacerbates the issue, which was the primary concern addressed by the ordinance.

Jake Young, City Planner, CitiDesign, stated enforcement would be handled by complaint. If someone parked improperly on the street for a week and complaints were made, the Sheriff would issue a ticket and enforce the regulation on behalf of Morgan City.

Gary mentioned alternatively, enforcement could occur through the business licensing process by revoking the business license.

Council Member Turner stated the ordinance was designed to proactively address potential future issues with short-term rentals before they became problematic. The intent was to get ahead of the issue, knowing that ordinances could be revised as needed. It was acknowledged that the City Council invested considerable time and effort into developing the ordinance, and it was emphasized that the process was thorough, contrary to any perception that it was completed quickly.

Ty explained that existing short-term rentals were not grandfathered in under the new ordinance. Rentals were previously not categorized as short-term, so the introduction of the ordinance did not retroactively change their status. He said current operators would be informed of the new compliance requirements, including obtaining a business license. Additionally, renting out a home as a short-term rental disqualified the property from the primary residence tax exemption, prompting coordination between the City and the County Assessor to address tax status.

Council Member Alexander asked regarding limiting the number of rentals within the City.

Discussion – During discussions while drafting the ordinance it was decided that capping short-term rentals might create artificial demand and impose an excessive administrative burden for tracking rentals by neighborhood. Concerns were raised about potential issues similar to those faced by cities that restricted the number of rentals per block, which led to placeholder applications and backlog management. Instead of imposing a cap, the approach was to monitor the situation as it developed, recognizing that the community's housing market and lack of resort characteristics made short-term rentals less feasible as a primary business model.

Council Member Alexander suggested a wording change in Section 3.08.030(B). He suggested changing the paragraph to read as follows:

- B. Short-term rental or a transient lodging facility must have management, or management's representative located within 30 minutes of Morgan City boundaries and be available at all times to respond to complaints or issues related to the complex. . . .

Discussion regarding concerns about preventing noise nuisance and trespassing related to short-term rentals. It was noted that noise issues are subjective and vary by individual. The idea of measuring noise levels or policing such details was deemed unnecessary. Instead, the intent was to ensure that property managers, when obtaining a business license, are responsible for addressing these concerns, with existing residential ordinances remaining applicable unless a complaint arises.

Council Member Alexander suggested removing the language in Section 3.08.160(A)(1) – Enforcement provisions, to strike out the language regarding the dwelling was on a waiting list. The paragraph would read as follows:

- A. Enforcement provisions.
 - 1. Any owner of any dwelling within the City who allows or permits occupation of said dwelling as a short-term rental without having first obtained a business license in accordance with the provision of this section shall be in violation of this section and shall be subject to a civil citation with a penalty of up to \$750.00 per day. A violator of this paragraph shall also be guilty of an infraction, which shall be punishable by a fine of up to \$750.00 for each such violation. . . .

Discussion regarding the revocation or suspension of a business license. The Council held the authority to revoke business licenses. Although the staff issued the licenses, the Council was responsible for revoking them if necessary. This process allowed the license holder to present their case to the Council, which would then decide whether to revoke the license. This occurred rarely.

MOTION: Council Member Turner moved to adopt Ordinance 24-09 – An ordinance enacting Title 3, Chapter 3.08 – Transient Lodging Facilities of the Morgan City Code; Providing for Repealer; Providing for Severability; and Providing for an immediate effective date; and incorporating the changes proposed by Council Member Alexander listed above.

SECOND: Council Member Alexander

Discussion on the Motion: No discussion.

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – aye
Tony London – absent
Eric Turner – aye

Vote was 4 ayes; Motion passed unanimously to adopt Ordinance 24-09 – An ordinance enacting Title 3, Chapter 3.08 – Transient Lodging Facilities of the Morgan City Code; Providing for Repealer; Providing for Severability; and Providing for an immediate effective date; and incorporating the changes proposed by Council Member Alexander listed above; Council Member London was absent.

AMENDMENT TO TITLE 1, CHAPTER 1.15 OF THE MORGAN CITY CODE BY ENACTING BUSINESS LICENSE FEES FOR TRANSIENT LODGING FACILITIES, AMENDING ELECTRIC SERVICE CHARGE FEE, AND AMENDING WATER RATES OF THE CONSOLIDATED FEE SCHEDULE; PROVIDING FOR REPEALER; PROVIDING FOR SEVERABILITY; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE – ORDINANCE 24-08

Ty explained the revised schedule included a \$50 business license fee, a \$25 inspection fee, and a \$50 fire inspection fee for Transient Lodging Facilities (Short-Term Rentals).

Discussion regarding the amount proposed and whether it was sufficient to cover the administrative and enforcement costs of this business license. Decision was made to increase the inspection fee to \$50.00 for the business licenses for Motel / Hotel, Bed / Breakfast and also for Transient Lodging Facilities. This amount would encourage people to get the required business license.

Ty explained the proposed change in the electric service charge was following a power rate study conducted two years prior. The study suggested continuing with the planned incremental increase of the base charge by \$2.50, raising it from \$5 to \$7.50. No changes to the adjustable rate were proposed, as the current rate was deemed sufficient after evaluation. He acknowledged the pushback the Council had been getting on power rates, but he noted the necessity of the increase due to the lack of a fund balance to absorb losses, with the goal of eventually reaching a \$10 base service charge.

Ty explained the Council adopted a water rate study that included a phased rate increase: 12% last year, 10% this year, and a planned 3% next year. He stated this approach aimed to build a fund balance and prepare for a future water tank project in 2029, though it was acknowledged that reaching this goal might be challenging. The water department was also working to repay the power department for previous borrowing, and overall, the water rate strategy was seen as effective and on the right path.

Clark Crook, Power Foreman, stated one of the best decisions made was implementing the power cost adjustment due to the unpredictability of power costs. The approach involved reviewing the previous year's wholesale power costs, determining if they were above or below expected levels, and making necessary adjustments. He stated there was little expectation of costs decreasing in the future. Clark noted that reserves were needed, as the City had not been operating with or budgeting for them. He said it was recommended to maintain at least six months of reserves to provide a buffer against unexpected multi-month power cost increases. Progress was made toward the goal of building reserves to \$1.5 million, with the City currently on the path to reach that target, having accumulated around \$400,000. Clark acknowledged that factors such as weather could significantly affect power costs, which were largely beyond the City's control. Despite these challenges, the City's staff was recognized for their effective management of the power system.

MOTION: Council Member Turner moved to adopt Ordinance 24-08 – An ordinance amending Title 1, Chapter 1.15 of the Morgan City Code by enacting business license fees for Transient Lodging facilities, amending electric service charge fees, and amending water rates of the Consolidated Fee Schedule; Providing for Repealer; Providing for Severability; and Providing for an immediate effective date; with the necessary changes to the building inspection fees for Motel / Hotel, Bed / Breakfast and Transient Lodging Facilities to \$50.00.

SECOND: Council Member Richins

Discussion on the Motion: No discussion.

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – aye
Tony London – absent
Eric Turner – aye

Vote was 4 ayes; Motion passed unanimously to adopt Ordinance 24-08 – An ordinance amending Title 1, Chapter 1.15 of the Morgan City Code by enacting business license fees for Transient Lodging facilities, amending electric service charge fees, and amending water rates of the Consolidated Fee Schedule; Providing for Repealer; Providing for Severability; and Providing for an immediate effective date; with the necessary changes to the building inspection fees for Motel / Hotel, Bed / Breakfast and Transient Lodging Facilities to \$50.00; Council Member London was absent.

AMENDMENT TO UTILITY SERVICE AGREEMENT – WAIVE PROTEST TO ANNEXATION

Ty stated this item was brought before the Council at a previous meeting. The Council revisited the issue of adding language to the utility agreement, which would require residents receiving City services to acknowledge certain conditions. There was public comment, and some residents initially resisted this change, concerned about losing their right to protest annexation. However, it was clarified that the right to protest annexation only applies to those owning a thousand acres or more in areas zoned for manufacturing or agriculture, which did not apply to the City's service areas. He stated the proposed language was to ensure awareness that City services are rarely provided outside City limits

Gary explained if a home outside the City accepted these services, they could potentially be unilaterally annexed into the City if services were provided for over a year. However, if over 50% of residents in the area objected, the annexation attempt would be halted. Adding this provision to the utility agreement would prevent those using City services from objecting to future unilateral annexations.

MOTION: Council Member Alexander moved to approve the Utility Service Agreement to include paragraph 15 in the agreement regarding waiving and abandoning all rights to protest under Title 10 Chapter 2 of the Utah Code, as provided in the packet.

SECOND: Council Member Richins

Discussion on the Motion: Mayor asked Gary for clarification regarding annexation. He asked if a property further inside an area requested annexation, it could automatically force properties closer to the City line to be annexed as well, without giving those closer properties any right to protest.

Gary explained the annexation process required properties to be contiguous, meaning they had to be directly on the border and could not extend outward or create isolated islands. The intent was to prevent problems related to roads and utilities by ensuring that annexations did not force properties further from the border into the City, thereby maintaining a more orderly and manageable expansion. Only certain entities, such as large property owners or governmental bodies like counties and special districts, could protest an annexation. Most cases did not involve protests, as those affected were generally limited to these entities and had little reason to protest due to the provision of utilities by the City

Vote was 4 ayes; Motion passed unanimously to approve the Utility Service Agreement to include paragraph 15 in the agreement provided in the packet; Council Member London was absent.

CITY REPORTS AND BUSINESS

CITY MANAGER UPDATES

City Entry Monument Sign on State Street – Ty updated the Council regarding the project for a monument sign on State Street.

Jake showed a rendering of the proposed monument sign. He said the design incorporated recycled railroad ties as vertical posts to reflect Morgan's railroad heritage. The concept aimed to integrate a railroad theme into the entrance, featuring 3D illuminated sign letters that read "Welcome to Historic Morgan City" and metal railing with planters. The design elements, including the use of actual railroad ties, were chosen for durability and aesthetic appeal. The visuals and construction drawings were to be reviewed to finalize the design. He reviewed the design and landscaping drawings. There would also be a 30-foot flagpole.

Ty stated another aspect of the project was to dry-scape the corner of Commercial Street and State Street and put up an electric sign where events, etc. could be posted.

Chip Seal Project – July 15th through 17th – Ty informed the Council regarding the chip seal project scheduled for July 15th through the 17th.

Generator Project – City Building – Ty explained the federal grant project, which had been ongoing for several years, involved the installation of two portable units and the plumbing of the City building. The next steps included installing a control panel and landscaping around the building. The project was progressing well, and the backup power system was nearing completion.

Personnel Update – Ty informed the Council regarding the resignation of Stephanie Howard and introduced Traca Wardell as the new utility clerk and would also be over business licenses.

4th of July Report – Ty expressed appreciation to the Mayor and Council Members who rode on the float. The City handed out little garbage cans and orange cones along the parade route. He said there was a very large crowd this year with Big Boy stopping in Morgan after the parade. He mentioned the activities and the fireworks show, which were well attended. He expressed appreciation to the Chamber of Commerce for the fireworks display.

Traca Wardell, on behalf of the Chamber, expressed appreciation to the City for their continued support and commented on the Wardell Family float in the parade this year.

PEHP Award – Emotional / Mental Well-Being – Ty stated the City received the wellness award from PEHP at their conference. A suicide prevention program was conducted for all employees, lasting a couple of hours. The training focused on awareness, emphasizing the importance of having and recognizing conversations about mental health. It was well-received and aimed at making employees more comfortable in supporting each other.

American Founders and Constitution Month – August 29, 2024 – Ty stated he wanted to draw the Council’s attention to the flyer in the packet, but he said staff didn’t have any recommendations for an activity.

UAMPS – 2024 Annual Member Conference, August 18-21, 2024 – Ty asked the Council to let him know if anyone was interested in attending the UAMPS 2024 Annual Member Conference which would be held at the Zermatt Resort, Midway, Utah.

Water Leak Update – Ty updated the Council regarding a water leak on State Street by Shirts-to-a-T. He stated once the leak was located there would be service shut-off to some residents while the leak was repaired.

This meeting was adjourned at 8:43 p.m.


Denise Woods, City Recorder


Steve Gale, Mayor

These minutes were approved at the August 13, 2024 meeting.