

CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
May 5, 2026

2:45 P.M. WORK SESSION - CITY COUNCIL CONFERENCE ROOM

CONDUCTING	Mayor Karen McCandless
ELECTED OFFICIALS	Karen McCandless, Crystal Muhlestein, Jeff Lambson, Jenn Gale, LaNae Millett, Chris Killpack, Quinn Mecham
APPOINTED STAFF	Brenn Bybee, City Manager; Ryan Clark, Assistant City Manager; Steve Earl, City Attorney; Chris Tschirki, Public Works Director; Bryce Merrell, Library and Recreation Director; Brandon Nelson, Finance Director; Marc Sanderson, Fire Chief; BJ Robinson, Police Chief; Gary McGinn, Community Development Director; Bradley Day, Community & Sustainability Officer; Teresa McKitrick, City Recorder

NOTE: The referenced report and presentation documents for each discussion may be viewed at orem.gov/meetings under “City Council Presentations”

WORK SESSION ITEMS

Public Safety Revenue Dedicated Fund Presentation *Presenter: Brandon C. Nelson, CPA, Finance Director*

Mr. Nelson presented a proposal to reorganize Orem City’s financial structure by establishing a Public Safety Special Revenue Fund. This strategic move would involve separating the budgets for fire and police services from the city’s General Fund and placing them into a dedicated, standalone fund. A central component of this transition is the dedication of Orem City’s general operations property tax—specifically about \$6.5 million of the \$8.1 million total property tax revenue—directly to public safety. Mr. Nelson emphasized that he needed to notify the State Tax Commission and the County of this decision promptly to prepare for the upcoming tentative budget presentation on May 12, where a formal resolution will be required.

The discussion highlighted the dual benefits of transparency and financial stability. By isolating public safety finances, the city aims to provide residents with a clear view of how their property tax dollars are utilized. Council members and staff noted that while sales tax can be volatile, property tax is inherently stable in Utah; if property values decrease, the tax rate adjusts to ensure a consistent revenue stream. Public safety leaders, including Chief Robinson and Chief Sanderson, expressed strong support for the move, noting that a dedicated fund reduces

"competition for dollars" among departments and provides a more secure foundation for wages, benefits, and equipment.

However, the proposal does carry long-term implications regarding fiscal flexibility. Mr. Nelson clarified that while it is relatively simple to dedicate these funds, the Tax Commission indicated that reversing the decision in the future would be significantly more difficult. Council Member Mecham questioned if this move would lock in all future property tax growth to public safety. Mr. Nelson confirmed that under the current proposal, existing and naturally accruing property tax would go to the new fund, though the city still retains the legal ability to undergo a "Truth in Taxation" process to create a separate property tax specifically for general city operations if needed.

Mayor McCandless noted the council's general agreement and directed staff to include the special revenue fund in the tentative budget for the following week. City Manager Bybee and the council emphasized that this reorganization would make the city's fiscal responsibility more visible to the public. Finally, Mr. Nelson clarified that this administrative restructuring is entirely separate from any discussion regarding a property tax increase; the creation of the fund is a redistribution of existing revenue and can occur regardless of whether tax rates are adjusted in the future.

Short Term Rental Continued Presentation *Presenter: D. Jacob Summers, Deputy City Attorney*

Mr. Summers led the presentation by outlining four principles for governing occupancy: 1) Numerical Caps: (e.g., eight people) Easy to enforce but "one size fits none." 2) Bedroom Calculations: Scalable based on home size but adds administrative complexity. 3) Square Footage Ratios: Objective and tied to land records but may allow "mega-groups." 4) Hybrid Models: Combining caps with internal scaling.

He warned that if the Council allows higher occupancy for STRs than for other residential uses (like long-term rentals or sober-living facilities), it creates significant legal and discriminatory risks under the Fair Housing Act (FHA) and Americans with Disabilities Act (ADA). He recommended a more formalized "duplicative layer" for STRs: requiring an accessory apartment permit first, followed by an STR license.

The Mayor expressed a strong preference for "owner-occupied" requirements, stating she struggled to envision non-owner-occupied STRs in residential zones. She favored a bedroom-based occupancy calculation over a flat cap but remained concerned about the "universal applicability" of rules that might inadvertently change standards for group homes. She advocated for a robust public input process, suggesting that the Council hold specialized hearings on "hot-button" topics like occupancy and parking before moving the draft to the Planning Commission.

Councilmember Millett was the strongest advocate for maintaining a strict numerical cap of eight people. She shared personal anecdotes of group homes in her neighborhood where owners attempted to "cram" more residents into small spaces, leading to a lower standard of care

and neighborhood friction. She argued that exceeding the eight-person cap would expose the city to federal standards it could not control. On parking, she opposed "tandem" parking (one car behind another) because tenants tend to park on the street to avoid the hassle of moving vehicles.

Councilmember Mecham argued against the "one size misfits all" approach of a flat eight-person cap. He favored a square footage or two-per-bedroom model, noting that high-end estates shouldn't be regulated the same as small condos. He expressed skepticism regarding the enforcement of family-versus-non-family definitions and suggested a "steering committee" approach for more complex policy decisions. He also emphasized that as long as parking remains off-street, density shouldn't be an issue if the property is large enough.

Councilmember Muhlestein aligned with the numerical cap of eight, fearing that removing it would place an undue burden on residential neighborhoods to accommodate commercial enterprises. She raised practical concerns about the "fire safety" of bedrooms, noting that some older homes have rooms that barely fit a bed, yet might be counted toward occupancy. She also questioned the enforceability of parking strikes, noting that photos from neighbors are often insufficient evidence without video or officer corroboration.

Councilmember Lambson noted that while he is empathetic toward seniors who use STRs to pay their mortgages, he is concerned about "hostel-style" room sharing. He supported a two-per-room limit with a maximum occupancy cap. He observed that STR operators often "play by the rules better" than long-term landlords because the rating systems (Airbnb/VRBO) demand a high level of professionalism and maintenance.

Councilmember Gale supported a two-per-bedroom occupancy model, arguing that parking capacity would naturally serve as the ultimate "limiting factor" for group size. She expressed concern that requiring a formal Accessory Dwelling Unit (ADU) permit might disproportionately penalize middle-income owners of older housing stock that cannot meet modern egress (window) standards, though she agreed safety was paramount.

Councilmember Killpack leaned toward a bedroom-based enforcement model. He stated that he preferred using the number of bedrooms as the primary metric for setting occupancy limits (e.g., two people per bedroom), though he acknowledged there should likely be an overall maximum cap as well. He noted that parking remains a significant concern for high-occupancy rentals. He supported the idea that parking must be kept off-street and away from sidewalks. He expressed a dual perspective, noting that while he has empathy for families wanting to use STRs for reunions, he also remembers the neighborhood issues from 15 years ago regarding group homes and feels a responsibility to protect residential standards.

Chief Robinson warned that enforcing occupancy based on family relationships is nearly impossible for officers at the door. Mr. McGinn emphasized that while the Planning Commission must review zoning changes, the Council must first establish the clear "policy direction" and guardrails. Mr. Earl explained the history of the "eight-person" limit, noting it was nationally recognized as a number that allows a group home to remain "residential" in character rather than "institutional."

The Council reached a consensus to hold another work session to discuss remaining issues like geofencing and the "183-day" residency requirement. Following that, they planned to hold a public hearing to gather input on a formal draft before sending it to the Planning Commission for a recommendation and then back to the Council for a final vote.

BUDGET - Capital Improvement Project (CIP) Presentation *Presenter: Taggart Bowen, City Engineer*

The proposed CIP budget for fiscal year 2027 totals nearly \$28 million, distributed across several key funds. This includes just over \$5 million for the general CIP fund, \$5.2 million for water infrastructure, \$8.5 million for sewer, \$3.6 million for stormwater, and \$5.3 million for streets. Mr. Bowen highlighted that these figures represent the budgeted cash amounts available for projects. Mr. Nelson clarified that the city has moved away from budgeting individual master plan line items to maintain flexibility, allowing funds to be directed toward priority projects as they arise. Major upcoming utility work includes a \$70 million bond for the first phase of a \$250 million water reclamation facility upgrade and the construction of two new wells valued at \$5 million each.

A significant portion of the request centers on community amenities and park enhancements. Key highlights include: 1) Playgrounds and Sports: A \$925,000 replacement of the Lakeside playground featuring a "ninja warrior" concept, a \$500,000 pump track at Community Park, and the replacement of asphalt courts with post-tension concrete at Bonneville Park. 2) Unique Memorials: The "Rainbow Bridge" at Canyon View Park (an \$85,000 project) designed as a memorial for deceased pets, and a \$500,000 Cemetery Master Plan phase including a children's memorial, cremation garden, and a memorial trailhead. 3) Beautification and Maintenance: A grant program for major corridor beautification (State Street and University Parkway) to incentivize businesses to improve their frontages, and a \$75,000 remote-controlled mower to safely maintain steep slopes on Center Street.

Investment in public safety infrastructure remains a priority, with \$100,000 allocated for design services to expand the police training facility and gun range. This project involves cutting into mountainside slopes to extend range depth and improve parking safety. Other facility projects include a remodel of the Fire Station 33 kitchen, epoxy floor replacement at Station 2, and a \$100,000 audio-visual upgrade for the Council Chambers. The AV improvements are intended to provide on-site storage for recordings and the ability to stream directly to YouTube, though Council members also suggested adding monitors to the back walls to improve visibility for the public during meetings.

During deliberations, Council Member Mecham inquired about the selection process for these projects and their expected completion dates. Staff explained that while smaller items like ball field dugouts may be finished within the current fiscal year, larger projects often operate on a three-year horizon due to the need for design, public feedback, and optimal construction windows. Mr. Merrill noted that the city often bundles projects (as seen with Windsor Park) to minimize disruption to residents. The strategy relies heavily on having "shelf-ready" designs to

secure matching federal, state, or CARE tax funds. City Manager Bybee emphasized that major projects requiring financing, such as those involving bonds or grants (like the recently approved federal grant for fire training), are brought back to the Council for final approval once funding is secured.

CARE Deliberations Continued Presentation *Presenter: D. Jacob Summers, Deputy City Attorney*

The Mayor initiated the discussion by asking the council liaisons for a refresher on the CARE Tax Advisory Commission's deliberation process. She emphasized the importance of understanding how the commission decided which groups to fund. She expressed support for leaving specific artistic parameters—such as whether a writer must be an Orem resident—to the discretion of the Arts Council and Library Commission rather than imposing a strict requirement, noting that high-quality art often has "touch points" that benefit the community regardless of the artist's home address.

Councilmember Mecham detailed the commission's structure, which includes five residents who hear dozens of presentations from arts groups. He highlighted the "scarcity of resources," noting that while most groups received some funding, very few received their full requested amount. He specifically praised Mr. Bell's "magic" spreadsheet, which allowed commissioners to input funding amounts in real-time to generate a master average for discussion. Regarding the proposed Artist/Writer in Residence program, he argued that bringing in outside talent (like a visual artist or a novelist) could provide unique "master class" opportunities for local students and UVU partners that wouldn't be available if the city only looked inward.

Councilmember Gale focused on the implementation of the new scoring rubric designed to evaluate "apples to apples." The criteria included community need, target population, and whether the group sought funding elsewhere. She noted that the commission was remarkably impartial and thoughtful, though they often wished they had more money to award. She supported the idea of "Artist in Residence" programs as a way to broaden the community's perspective and inspire local talent through exposure to different worldviews.

Councilmember Merrill explained several new staff-led initiatives: 1) Library Hall Facility Grants: A lump sum that covers rental costs so that CARE grant recipients can perform in the city's high-end facility for free. 2) Honorarium Program: A fund (\$250–\$750 stipends) to pay musicians and performers for city events like the Farmer's Market or parades without waiting for the annual March grant cycle. 3) Artist/Writer in Residence: A "beta test" program inspired by the Council retreat. He researched other municipalities to determine how to quantify artistic value. He clarified that the program could include graduated scholarship grants for local high school seniors (47 & 48) alongside professional residencies.

Councilmember Millett expressed significant reservations about using taxpayer dollars for non-resident artists. She strongly advocated for a "preference for Orem" policy, arguing that the CARE tax was passed to support local talent. She raised concerns that a \$30,000 allocation for one resident program was disproportionately high compared to what long-standing local

performing groups receive. Additionally, she argued that existing approved projects—like sidewalk and utility box art—should be funded before starting new residency programs. She also requested more transparency regarding "Major Grants" (like SCERA), suggesting they should be discussed more openly by the full council.

Councilmember Muhlestein echoed Millett's concerns regarding residency requirements. She argued that since the funding comes from Orem taxpayers, the primary benefit should be to Orem residents, preferably by promoting local talent. She expressed skepticism about the feasibility of outside artists partnering with UVU or school districts without prior formal agreements, suggesting the city should exhaust local talent pools first. She also requested that the rubric specifically track which subsets of the population (e.g., seniors) each group serves.

Councilmember Nelson explained the technical side of the "tweaking" process, noting that significant discussion occurred when rubric scores showed large outliers (e.g., one commissioner scoring a group at 10 and another at 20). He clarified that the Major Grants process had not included formal presentations for several years, but that could change if the council desired. He reminded the council that the Commission's scores are a proposal and that the Council has the ultimate authority to change any allocation before the final ordinance is passed.

Councilmember Lambson provided a professional perspective from the publishing world. He suggested that while "Orem first" is a good priority, the city shouldn't shut the door on outside talent. He noted that a famous writer could "pack Library Hall" and inspire hundreds of people in a way a local writer might not be able to, depending on the specific goals of the event. He advocated for a flexible approach managed by the Arts Commission.

Mr. Bybee proposed a middle-ground solution: staff would return with a framework policy that grants a "preference" to Orem residents and entities that demonstrate a strong partnership with local schools or UVU. He also agreed to ensure that major grant recipients (like SCERA) are brought into work sessions for Q&A in future budget cycles to increase transparency.

BUDGET - Fleet and Streets Presentation *Presenter: Thayne Carter, Fleet Manager, Chris Tschirki, Public Works Director, and Bill Peterson, Streets Manager*

Mr. Carter presented a \$3.4 million vehicle replacement request, utilizing a multi-pronged approach that balances leasing, direct purchasing, and "sinking funds" (long-term savings). He explained that the decision to lease versus buy is made on a case-by-case basis to optimize cash flow and take advantage of warranties. A notable cost-saving measure involves "repurposing" vehicles; enterprise fund departments often purchase new trucks and later transfer them to general fund departments after light use, allowing the city to extend the utility of its fleet.

The request for the General Fund totals just under \$1.5 million. This includes \$410,000 for department-specific leases (including police patrol and undercover units) and \$663,000 for purchasing. Significant items include a \$160,000 annual financing payment for a new fire pumper and various equipment for Parks and Recreation. Meanwhile, the Enterprise Funds

account for nearly \$2 million of the total request. These funds rely heavily on sinking funds to save for high-cost specialty equipment, such as a "jet router" for water reclamation and a camera inspection van.

The council discussed the transition from COVID-era supply chain issues to a more stable market. While build times for some vehicles have dropped significantly (from over a year to between two and nine months), staff noted that newer vehicles, including hybrids, are becoming more complex to maintain. To mitigate these risks, the city closely monitors warranties and uses buyback programs for heavy "yellow iron" equipment like backhoes.

In response to council inquiries regarding the timing of these expenditures, Mr. Nelson clarified that while most of the \$3.4 million is spent within the current fiscal year, some specialty vehicles (like fire engines) may overlap into the following year due to manufacturing lead times. The presentation concluded with the Mayor and Council reviewing a 10-year history of vehicle expenses to ensure the current request remains consistent with long-term fiscal planning.

Mr. Tschirki reported that the City of Orem currently manages approximately 50 million square feet of asphalt, with an estimated total reconstruction value of \$400 million. Public Works leadership highlighted a critical concern: 75% of the city's asphalt consists of local streets, many of which are now 50 to 60 years old. While the city has historically prioritized arterials and major connectors, the local road network has reached a "fair" condition and is degrading at a rate of roughly 3% per year. Without intervention, these roads will soon shift into the "poor" category, requiring expensive full reconstruction rather than more affordable maintenance.

Mr. Tschirki demonstrated the difference between temporary fixes and long-term solutions. While crack sealing is a cost-effective way to extend road life, it cannot replace the need for overlays or reconstruction once a road's Overall Condition Index (OCI) falls below 40. For example, local street reconstruction costs approximately \$8 per square foot, whereas a mill and overlay is only \$2 per square foot. The city is currently entering its fourth rotation of slurry seals; however, industry standards suggest that after three rotations, a more substantial overlay is necessary to maintain structural integrity.

To address these infrastructure needs, the city is proposing a Transportation Utility Fee (TUF) to generate approximately \$4 million in annual revenue. This funding would be allocated as follows: \$3.2 Million: Asphalt overlays and maintenance. \$400,000: Concrete work (addressing 3,100 feet of high-hazard sidewalks and 400 missing ADA ramps). \$400,000: Administrative costs.

The Public Works department has already developed a 25-year comprehensive plan that identifies every road segment in the city, with specific phases ready for execution as soon as funding is secured.

The council was warned that delaying these repairs is costly, as asphalt prices have recently jumped from \$50 to \$72 per ton, and overall construction costs are escalating by about 5% annually. The city is currently finalizing a traffic study with Utah Valley University (UVU) to ensure the proposed fee rates are equitable. Once the study is complete, the city will move


forward with a formal resolution and ordinance to adopt the TUF and begin the first phase of the 48-project maintenance schedule.

ADJOURN

Ms. Millett moved to adjourn, **seconded** by Mr. Killpack. Those voting yes: Karen McCandless, Chris Killpack, Crystal Muhlestein, Jeff Lambson, Jenn Gale, LaNae Millett and Quinn Mecham. The motion **passed**.

(These minutes were created with the help of AI)

PASSED and APPROVED on this 12th day of May 2026.



Karen McCandless, Mayor

ATTEST:



Teresa McKitrick, City Recorder

<u>COUNCIL MEMBER</u>	<u>AYE</u>	<u>NAY</u>	<u>ABSTAIN</u>	<u>ABSENT</u>
Mayor Karen McCandless	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Chris Killpack	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Crystal Muhlestein	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jeff Lambson	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Jenn Gale	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
LaNae Millett	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Quinn Mecham	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>