

CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
July 28, 2015

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

CONDUCTING	Mayor Pro Tem David Spencer
ELECTED OFFICIALS	Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, and Brent Sumner
APPOINTED STAFF	Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Richard Manning, Administrative Services Director; Karl Hirst, Recreation Director; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Sam Kelly, Engineer; Neal Winterton, Water Division Manager; Reed Price, Maintenance Division Manager; Brandon Stocksdale, Long Range Planner; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder
EXCUSED	Mayor Richard Brunst

PRESENTATION – Lateral Infrastructure Warranty Program

Mr. Downs introduced the Lateral Infrastructure Warranty Program. The program would provide an opportunity to educate the public as to their responsibilities with utility lines and let them know that there were available products they could subscribe to that would cover their private utility line. The City selected Utility Service Partners, Inc. (USP) through an RFP process to work with for this program. Mr. Downs turned the time over to Michael Madden from USP.

Mr. Madden said the infrastructure under most homes was approximately forty-five years of age. He said only about 62 percent of the population had the money to repair a \$1,000 expense and only about 20 percent could actually afford a line replacement. USP costs covered inspection, permitting, repair or replacement, etc. upwards of \$4,000 for a water line and upwards of \$8,000 for a sewer line. He said this would be a partnership between USP and the City to offer coverage through USP to residents.

Utility Service Partners, Inc. – We Promise

- Average Age of U.S. Housing
 - Over 40% of the nation’s owner-occupied housing is more than 45 years old
- Families Struggle with Unplanned Expenses
 - Did you know that only 18% of American households can afford a \$4,000 unexpected expense? In most cases, this type of expenditure would severely

deplete their savings account, leaving no room for other expenses such as medical bills, auto or home repairs, etc.

- Service Line Repairs are Unplanned Expenses
 - Homeowners are responsible for the repair or replacement of their utility service lines. Over time these lines will fail due to normal wear and tear
 - Repair costs range from a few hundred dollars to several thousand dollars depending upon many different factors such as length of line, depth of line, age and condition of materials, etc.
 - Utility Service Partners in conjunction with the National League of Cities offers a program to protect your residents from the high cost of these repair bills
 - USP features attractively priced products with no hidden service fees or deductibles, and no per incident or lifetime caps on coverage amounts
 - The program is designed to protect residents from the stress and high cost of utility line repairs, strengthen the integrity of the utility infrastructure (reducing water loss and waste water pollution), and generate incremental revenues through an affordable, value-added program
 - Both the external sewer line warranty and an external water line warranty are designed to cover the homeowner's responsibility for their portion of the underground lines
- Warranty Program Overview
 - These products are specifically designed for single family, residential homeowners who may not have set aside the funds required to make these often significant repairs and are not typically covered by homeowners insurance policies
 - Products are voluntary, optional and tailored to meet the unique needs of each community to help reduce claim denials
 - Helps captures revenues and mitigates I&I fines from the EPA.
 - Offered at no cost to the City or liability to the city
 - Top quality products bring value to your customers by enhancing their experience, and satisfied customers bring additional value to your city's brand
- Program Highlights
 - No cost to the City to participate
 - No liability to the city
 - Affordable rates for your residents
 - No long term contracts
 - 24/7 customer service
 - Service from trusted, local area contractors
 - All repairs performed to local code
 - Fewer service calls and resident complaints
 - Peace of mind for your residents and the city
 - Strengthens the integrity of the utility system
 - Covers the replacement of galvanized lines
- Provides protection from the point of entry at the home to the utility responsibility
- External Water & Sewer Line Product Overview
 - Product: External Water Line Warranty

- Coverage description: Covers the repair or replacement of a leaking or broken single underground water supply line serving the home – The warranty covers the consumer owned portion of the water supply line
 - Coverage Limits per Occurrence: Unlimited coverage
 - Product: External Sewer Line Warranty
 - Coverage description: Covers the repairs or replacement of broken underground sewer line from the utility’s main sewer line to the internal point of entry to the home
 - Coverage Limits per Occurrence: Unlimited coverage
 - No long term contracts
 - Unlimited coverage per occurrence, including coverage for public street or sidewalk cutting, if needed
 - Optional and voluntary
 - No deductibles or other fees; Water \$4.49/48.88, Sewer \$6.99/78.88
- Marketing Approach
 - Having executed hundreds of direct mail campaigns offering water and sewer line warranties, USP has been able to mine rich history to determine the optimal method and message for offering these products
 - USP relies solely on direct mail and public relations to generate awareness and interest in these products, no telemarketing
 - USP has found that sending the identical letter two weeks apart (with a header of “Reminder, please disregard if you have already enrolled”) significantly increases participation rates – to the tune of a 45% lift as a result of the second letter
 - USP has also determined that these products are in fact seasonal, performing best in the spring and fall
 - History has demonstrated that participation is optimized by offering the sewer line warranty first, followed by the water line warranty introduction
 - Consumers can enroll one of three ways:
 - Calling the toll free number provided on the mailing;
 - Mailing in the Consumer reply portion of the letter in the envelope provided, or;
 - Visiting our consumer website www.slwofa.com at any time during or outside of a campaign cycle
- Public Private Partnerships
 - Public entities are utilizing public-private partnerships as a way to offset soaring budget deficits when it aligns with their objectives of benefiting the city and their residents
 - Have been around since the 1990’s, interest in public-private partnerships has gained increased momentum following the 2008-2009 economic collapse and subsequent decline in tax revenue
 - Cities are exploring sponsorships ranging from beverage vending rights to naming rights deals
 - Many cities are finding success using sponsorships to recapture lost revenues, generate new revenue streams or to underwrite capital improvements
 - Funds are being used to upgrade parks and other local infrastructure to fund public services such as police and fire, or to fund residential assistance programs
- USP Customer Advocacy Results

- BBB Accredited Business since 09/21/2007
- Rating of A+
- USP – Trusted Service Provider
 - Endorsed by the National League of Cities
 - Endorsed by North Central Texas Council of Governments
 - Accredited by the Better Business Bureau with an A+ rating since 2007
 - Clean Record with Regulatory Oversight with State Insurance Commission and/or State Attorney General’s Office
 - No fines, penalties, negative rulings, etc.
 - Excellence delivering successful programs to our clients
 - Marketing
 - Customer Service
 - Claims
 - Contractor Management
- USP is Uniquely Qualified
 - Superior Product and Program Design
 - Critical factors for a successful program include:
 - Broad, customer friendly coverage in the Terms & Conditions
 - Ease of participation – easy to enroll, file a claim or cancel
 - Organizational culture focused on consumer advocacy
 - Affordable pricing, no hidden charges and attractive terms – month to month
 - Small, local contractors committed to upholding USP customer service standards
 - No up selling of other products not approved by the City
 - Effective but honest campaign messaging
- Low Claims Denial Rate
 - Customer Advocacy
 - USP takes customer satisfaction very seriously
 - Internal call center with 24/7/365 availability
 - Our customer advocacy philosophy drives our customer satisfaction rating of over 95%
 - USP has processed more than 100,000 repair requests
 - In 2014, we denied 0.04% of submitted claims
 - Given USP’s customer advocacy culture coupled with the close working relationships with small local contractors, USP is able to approve more than 97% of all claims filed and 99.9% of all claims filed fall within our coverage caps
- Philosophy of Customer Advocacy
 - Claims Processing
 - When faced with the need for a repair, customers expect and deserve immediate assistance
 - USP provides assurance and support by using a simple, customer friendly approach
 - There are no forms or paperwork for the customer to complete

- Customer calls USP, USP contacts contractor, Contractor calls homeowner, USP initiates work order, Contractor files invoice, USP pays contractor, USP surveys homeowner
 - No further effort on the part of the customer is required
 - This approach maximized customer satisfaction and minimizes concerns of City
- Contractor Management
 - Contractor Selection
 - USP recruits only locally owned contractors. Local contractors understand and appreciate USP's customer service standards which are some of the highest in the industry
 - Local contractors familiar with city code complete repairs effectively and efficiently, resulting in delighted customers
 - USP ensures that every participating contractor has both the desire and ability to quickly respond in their territory with the appropriate equipment and skilled labor
 - USP has a proven track record of developing and working with SBE
- Implementation is Easy
 - Obtain City Council's support
 - Execute the Marketing Services Agreement
 - Provides for the use of the City logo on marketing materials
 - Indemnifies the City
 - Review and Approve Campaign Materials which can include:
 - Press release
 - Web banner
 - Marketing letter
 - Approve mailing list
 - Access to Partner Portal
 - Secure access to important information about enrollments & claims
- Summary
 - We Promise To Take Care Of Your Residents
 - We are the only company endorsed and branded by the National League of Cities
 - We serve over 250 cities and towns including Phoenix, San Diego, Plano, Atlanta, Ft. Lauderdale, Kansas City as well as communities with only 100 households
 - We are not a telemarketer or a private utility company
 - We will not upsell other products to your homeowners
 - Broadest coverages and most experienced management team
 - Coverages are tailored to address your community's unique requirements
 - City will enjoy maximum participation through USP's marketing efforts
 - We are a trusted partner and solution oriented company

Mr. Madden reviewed the company's marketing strategies. He also said USP contracted with particular providers for their quality of work and knowledge of a municipality's code. He said residents that signed up would pay a set monthly fee, or could opt to pay a fee for the year at a

small discount, that covered all associated costs. He said this was optional coverage with no obligation or long-term contract, and anyone could cancel their coverage at any time.

Mr. Seastrand asked if a certain percentage of the City needed to sign up in order to work with USP, and Mr. Madden said there was no minimum required number.

Mr. Macdonald asked for clarification on what the City would receive from such a public/private partnership. He also asked if this kind of coverage was available through a local insurance provider.

Mr. Madden said the City would not receive anything from the partnership, but it would allow residents to contract with USP. He said most insurance companies did not offer coverage for water or sewer connections, and coverage of this nature was typically offered through a public/private partnership.

Mr. Tschirki said he had been through the costs and pains of replacing his own laterals just last year. He said it cost approximately \$11,000, which was actually on the lower end because he did much of the work himself. He said laterals had many issues that would arise, like trees being planted where roots caused blockages, cleanings causing damage, and other issues. Mr. Tschirki said Public Works received phone calls regularly from residents who were unclear on what their responsibilities were with their utilities.

Mr. Stephens asked about exclusions on coverage, including pre-existing conditions, self-inflicted damage, and natural disasters like earthquakes. He also asked whether USP was regulated as an insurance company.

Mr. Madden said during the initial campaign to sign up those pre-existing conditions would be waived. He said third-party liabilities were not covered, and earthquakes would be excluded as well. Essentially those items that could be incorporated in another insurance policy would not be covered on the USP coverage. He said in some states USP was regulated as an insurance company, and in others they were regulated as a warranty company.

Mr. Stephens asked if USP had some type of reinsurance or other financial backing, and Mr. Madden said they were part of Quarter Capital for that financial backing.

Mr. Tschirki asked about a cap, and Mr. Madden said there were no limits of service and it was fully uncapped. He said USP went directly to public/private partnerships with municipalities to meet the specific standards and also to avoid soliciting issues.

Mayor Pro Tem Spencer asked what cities in Utah were working with USP, and Mr. Madden said Orem was one of the first in Utah, the other being Salt Lake City.

Mr. Davidson said this was not an Orem specific problem but was consistent across municipalities. He said the City did the RFP soliciting this service for Orem. He said that things did not fail only on the City's end, but also on the resident's end. The suggestions and discussions had been to maintain the City's end of infrastructure, and to allow the residents the same opportunity to make certain their end of infrastructure was working properly and was

covered. The City did not benefit from the service, but it would provide an opportunity for residents to insure themselves against this kind of risk.

Mr. Downs said the City's Public Works offices fielded these calls and partnering with USP would be a way to educate residents with no cost to the city and no obligation to residents. He said the purpose of the presentation at the meeting was to gauge Council's interest in entering into an agreement with USP.

Mr. Sumner asked about coverage for apartment buildings, and Mr. Madden said there were specific requirements a residence needed to meet to be eligible for coverage under USP. He said some duplexes and four-plexes may be eligible if they met the requirements. They did not generally cover apartment complexes and currently did not cover commercial businesses.

Mr. Tschirki asked for clarification on the process of selecting contractors to work with USP.

Mr. Madden said USP made sure each contractor was licensed and had their credentials and equipment in order. USP had a contractor management group that assigned work and negotiated costs to protect home owners from being taken advantage of in the repair process. He said contractors provided quality services because they wanted to stay inside the program to be considered contractors USP would recommend. USP also followed up with surveys to ensure the home owner was satisfied with their service.

Mr. Andersen asked for the rates for individual homes, and Mr. Madden said it was \$4.49 per month for water and \$6.99 per month for sewer.

Mr. Macdonald and Mrs. Black clarified the nature of this kind of public/private partnership with municipalities.

Mr. Seastrand said this would be an exclusive public/private partnership with USP and the City. Individuals were welcome to contract with other providers, but those who signed up with USP would benefit from the low rates that came with the partnership with the City.

Mr. Madden said USP would handle the marketing and education to residents through mailers, social media, etc. and would use the Orem logo to show the partnership. All customer billing and claims processing would be through USP. Additional information could be found at www.usp.net.

Mr. Andersen asked Mr. Madden from his experience how many would sign up for these services, and Mr. Madden said the average was around 20-25 percent depending on the needs of the area.

Mr. Winterton said Public Works responded on average to three to four homeowner water leaks and five to six sewer lateral calls every other week. The benefit in partnering with a vetted company like USP was the education of residents in their responsibilities and protection for them if they ever needed these services.

The general consensus of the Council was to move forward with an agreement with USP.

UPDATE – Utility Master Plan

Mr. Tschirki said a mailer had been produced that would go to every account holder in Orem, providing updates recommended by the City Council and containing information about the open houses to be held on August 4th and August 18th. He said the open houses would be at the Senior Friendship Center from 6:00 to 8:00 p.m., and would follow the usual format, with greeters, table displays, posters, videos, and representatives from City staff. He said that Mike Collins and Keith Larsen from Bowen Collins Engineering also would be there. He said visitors would be able to ask questions. He said they could go beyond 8:00 if needed. He said the mailer could also be emailed to citizens.

Mrs. Black said she had received a robo-call from Mr. Andersen saying this plan was already approved, which it was not. The call had also said that other cities had better ideas, so she had attended Provo's open house and she had brought their information to share. She reported that Provo also had a proposed 5-year plan which had higher rates than Orem's proposal, and that their rates were already higher than Orem's. She said Provo's data showed Orem being at the bottom of the rate scale.

Mayor Pro Tem Spencer tabled discussion on Mrs. Black's comments until after Mr. Tschirki's presentation.

Mr. Tschirki reported that Provo was also using Bowen Collins Engineering to develop their master plan. He said he would also respond to the information available on Mr. Andersen's website and shed some light on comments made so far. In addressing quotations in Mr. Andersen's flier, Mr. Tschirki provided more context for the comments from the Wall Street Journal to clarify what the article was actually saying.

Mr. Tschirki conceded that smart meters were more expensive to repair and maintain, but pointed out the added benefits, as reported in the Wall Street Journal article. With smart meters customers could more easily conserve by having information about their water use; cities could identify leaks in the system; and the City could be alerted to backflow incidents when they occurred. He said Park City used smart meters and they were on track to reduce water use per person 25 percent from the 2000 level by 2025. This 25 percent reduction was a mandate to cities from the state. Smart meters would help empower consumers.

Mr. Seastrand asked about the cost per smart meter.

Mr. Winterton said they did not know the exact cost because the agreement would be for many thousands and every meter manufacturer was different, but he agreed that \$300 was probably a good number.

Mr. Tschirki said there were distinct added advantages for the City and for consumers. He said there was not currently a program in place for water meter replacement. He said the age for accurate meters was approximately 20 years and the vast majority of Orem's system was more than 20 years old. Mr. Tschirki addressed two articles by Charles Fishman referenced in Mr. Andersen's brochure. The brochure talked about 200 year old water lines. The Fishman article in National Geographic actually identified things not enviable about the American water system.

Mr. Tschirki said there were leaks in Orem's water system and they needed a leak detection system. He said the City produced more than 9 billion gallons of drinking water per year and only 6.5 to 7 billion were metered. He noted that water for construction and for parks was metered but not billed.

Mr. Macdonald asked about the difference between what was metered and what was billed.

Mr. Tschirki said the City metered what was produced and what was consumed. He said 9 billion gallons were produced and about 7 billion gallons were consumed.

Mr. Andersen asked where the water was going.

Mr. Macdonald suggested that it was leaking somewhere.

Mr. Andersen said that every candidate's fliers should be examined by the councilmembers.

Mr. Downs said that if candidates were putting out misinformation, the Council would address it.

Mr. Tschirki said that the average water bill for a family of four was \$34 a month, about a dollar a day. He said that in Orem it was about \$27 a month, which was probably the lowest in the state. He said it was not all just about rates, but what revenue needed to be generated.

Mr. Tschirki said that in an article in the Rotarian, also by Charles Fishman, he described a water line in Washington D.C. that was over 150 years old, but the article was actually pointing out the "state of ignorance" Americans lived in with regard to their water supply. He said he wanted to make sure they were all on the same page in not wanting to be on same page with the same vision. He said that Orem had lines that would last longer than 50 years, and others they knew would not last longer than 20 years. He said they were not replacing based on age, but their conditions. He said the U.S. system got into its current condition slowly and by patching problems instead of big fixes.

Curtis Wood asked how many man hours were invested to do this research. He said that if the Council believed so strongly, they would have answers at hand.

Mr. Tschirki said the facts had been presented over the last year and a half.

Mr. Davidson said that the point was that, if there was going to be a dialogue about the Utilities Master Plan and rates and fees, this was the time to have it. The work sessions provided an opportunity for fair discussion of the issues so that a consensus could be reached as to what would be the appropriate way to proceed. He said that it was important also that consumers had an opportunity to receive facts associated with why the City was doing what it was doing and not be subject to misrepresentations that did not reflect reality. He said that words and sentences could be cut from articles that were diametrically opposed to what was being presented. He said that this meeting was the forum to have those conversations, not by robo-call or other means.

Mr. Wood said the City was presenting only one plan and he wanted to hear other options. He said he thought a 50-year replacement was incredibly excessive.

Mr. Davidson asked if Mr. Wood was a professional engineer and had the professional background to substantiate what he was saying. Mr. Wood said no, but that he had common sense.

Mr. Davidson said the point was to have a conversation and dialogue by people who were professionally qualified to speak to these issues. He said the people would have the opportunity to voice their concerns to the City Council as a whole and not unilaterally.

Mayor Pro Tem Spencer said there would be open houses and at City Council meetings where the people could voice their concerns and questions.

Mr. Tschirki said the main objective was to ensure there was a water system in place that was fiscally prudent and responsible. He said that water crises were not quick to fix and were very expensive. He said the plan was a draft and was not final and had not been approved by the Council. He said that over the past year there had been adjustments made to the plan and there would be more over time.

Mr. Collins said that for more than a year they had been working with the Public Works Advisory Committee and with the Council. He said that when he saw Mr. Andersen's flier he felt he had done a poor job of educating him about what they were trying to do. He spoke directly to the six points on Mr. Andersen's flier.

- No pipes would be replaced based on age. They would be replaced based on
 - Leaks
 - Capacity issues
 - Fire flow requirements
- When meters failed, the city would get less return from the customers.
 - Sewer rates were based on winter water rates, so both rates would be affected by meter failure.
- No revenue from the rate increases would be used to fund the infrastructure associated with the Lakeside development.
- The average age of the utility fleet was 10.5 years, as there had been very little investment in the fleet in the past five years, and one Vactor truck costs \$400,000.
- By agreement, Vineyard would pay for any facilities built by Orem to serve Vineyard.
- The golf course does not want to use reuse water. This plan would save money for Orem citizens by not piping east side water to the west side.

Mr. Macdonald asked if the City was contractually obligated to provide a certain type of water to the golf course, and Mr. Collins said it was not.

Mr. Winterton said it was to service with reuse irrigation water, and would not violate an agreement.

Mr. Seastrand said there was a belief they needed to make the pipes bigger to supply to Vineyard.

Mr. Collins said Orem's existing storage was inadequate based on state standards. He said Orem had been living off the excess storage of the Central Utah Project, which now was being used in other ways. He said one reason Orem had had the lowest rates in the valley was that the federal government had been paying for most of the major water system, but that funding had gone away.

Mr. Collins reiterated that any improvements done for the benefit of Vineyard must be paid for by Vineyard.

Mr. Collins said the existing system was stretched to the max, not because of Vineyard, but because water was being moved from the east side to the west side, as well as north to south.

Mr. Tschirki said Vineyard paid for their proportionate share for the 400 North water line replacement several years ago, and they had plans to build two storage tanks for themselves.

Mr. Seastrand said there were three main lines that ran into Vineyard by which Orem, by contract, was required to supply.

UPDATE – Southwest Annexation

Mr. Bench presented an update on the Southwest Annexation area. He said they had worked with developers and staff and were at the point where they were planning to move forward and bring the items before the Planning Commission and City Council. He said the area was about 467 acres total, with approximately 227 acres of that being considered for annexation.

Mr. Macdonald asked for clarification of Orem's official boundary, which Mr. Davidson and Mr. Bench provided.

Mr. Bench said if the developers were required to install the infrastructure, the density needed to be sufficient to meet those requirements. They were looking at a potential 1,903 ERUs in the area. He reviewed the proposed zoning and said any rezoning in the future would go through the regular rezone process.

Mr. Macdonald asked whether the units in the proposed developments would be for rent or for sale, and Mr. Bench said he believed the McDougal development would be townhouse/apartment rentals and the Mansell development would be for sale. His understanding was that the Mansell development would be senior housing for those 55 years of age and older.

Mr. Bench reviewed the Orem-Provo boundary agreement, where Orem would have ownership of 2000 South east of the railroad lines and Provo would have ownership west. Also, the agreement would allow development access from the north side of 2000 South on the Provo side. For the Impact Fees, studies had been completed for sewer, storm water, culinary water, parks, and fire services. The plan was that developers would pay full cost of infrastructure improvements; the City would have no financial obligation for improvements in the annexation area. City staff would work with developers through an agreement to provide a credit against impact fees incurred on future development for the costs of installing infrastructure greater than the required impact fees for their developments.

Mr. Sumner asked what mechanism was in place to ensure that infrastructure would be installed, and Mr. Bench said the City was not going to pay for improvements so developers had to meet those requirements or their projects would fail. He said there would be development agreements with the developers. They anticipated that any developer coming in would pay for the infrastructure themselves.

Mr. Davidson said the impact fee numbers were based on the assumption that development would move forward based on the higher density scenarios. The City Council could change the number of ERUs permissible and it would dramatically change impact fees. There was a threshold for these projects; if the developers could not build at a specified higher density then their projects would no longer be feasible.

Mr. Winterton said the direction from the Council was to have the developers assume the burden of building out infrastructure. The need for that infrastructure was still there, regardless of whether it was built by the City or by developers, but no money had been allocated to the area because it was determined that the developers would build the infrastructure and impact fees would cover those costs.

Mr. Bench reviewed the next steps that they would take to move forward.

Mr. Sumner asked about traffic flow to the area, and Mr. Bench said Mr. Mansell had been working with UDOT and planned to build a cross-section. Mr. Bench said they would also be looking at improvements on Geneva Road.

Mr. Seastrand asked if traffic studies had been conducted, if improvements to Geneva Road would include widening the road, and what the projected impact would be on 2000 South.

Mr. Bench said traffic studies had been done and they supported the development proposals. He said Mr. Mansell would work with Provo on 2000 South as the occasion arose.

Mr. Andersen asked for clarification about developer's responsibilities, and Mr. Bench restated that the cost would be on the developer. Subsequent development would be done by developers themselves. Mr. Andersen asked if that would then change the rate increase proposal.

Mr. Davidson said they were looking at a number of scenarios. He said the proposed fees could increase or decrease depending on what priority was given to certain projects. There were identified projects in the area, but many aspects of development were still flexible, including density scenarios and the impact fees. He said the need for the infrastructure was there regardless of who built it.

Mr. Andersen asked about a lift station for the Southwest Annexation area and who would build that.

Mrs. Black said that this discussion was an example of why it was important not to say that things had been decided before they were officially decided. She said they were still working through things.

Mr. Davidson said the budget was a plan, and plans were subject to change based on future needs and discussions. Projects could be moved forward or be shifted back depending on need. The proposed projects within the annexation area would cover only a small portion of what the area would require in the future. If the developer's proposed zoning and density scenarios were accepted there would be a clearer objective for the area.

Mr. Davidson said that master plans were for the whole community and this was only one component of the plan. He said there could be shifts in the numbers, but not dramatic shifts.

Mr. Andersen asked if the project would be paid for by the developers or through impact fees.

Mr. Davidson said the developers would put up costs and then would be reimbursed through impact fees. Any time anyone pulled a permit in that area, they would have to pay an impact fee.

Mr. Bench said the impact fees would be used to backstop if developers paid less for the infrastructure. The City would use those impact fees for other improvements in the annexation area. If they paid more than necessary, they would get a credit, not a paid-out difference.

Mr. Collins said the developer financed the improvements, and the impact fees paid for the project.

Mr. Macdonald gave an example supposing that there were about 272 acres, and the particular developers were only developing 20 of those acres, but they were paying significant infrastructure costs upfront. Then any developer afterward would pay those initial developers to tie onto that line. He said Orem was fortunate to have a developer willing to do something like that for the City.

Mr. Davidson said the proposal was an option and the Council could choose other options if they desired.

Mr. Andersen asked why it was in the budget.

Mr. Davidson said because they were capital projects that needed to be completed, whether by the City or by the developer. The budget did not specify that the City had to finance, it was simply identifying projects.

Mr. Manning said it was identified as part of the capital plan in the budget.

Mr. Davidson said public infrastructure was being built, so it was rightly in the public budget. The budget merely identified specific infrastructure needs in the city. It did not identify the conduit by which things were paid for.

Mr. Seastrand thanked everyone for their time and effort on the issue, and for finding a solution that worked, and reminded the Council that this was a project that was brought to the City by the residents of the area. He asked if this seemed like a logical plan that fit with long-term strategy for the area.

Mr. Davidson said they had presented a means whereby this could be accomplished with a specific density. He said that to the best of their ability, they had tried to be sensitive to the needs of developers, City, and property owners, and they believed this was a workable plan.

Mr. Bench said that with this density, the developer would pay for the infrastructure. With a lower density, the City would probably have to pay for it because the developer would not be able to recoup the loss.

Mr. Stephens said there could be a decision not to annex at all.

Mr. Seastrand added that then there would be no development, and the area would not be part of Orem.

Mr. Davidson said this was triggered in part by the developers, and there was consent by the Council by previous resolution to move to this point. He said they could change the plan if they wanted, but the one presented now had the developer assuming the burden of development.

Mrs. Black said approving the proposal at the next meeting meant that this would be the plan.

Mr. Davidson said the Council would be adopting a General Plan amendment, a zoning amendment, and impact fees, and then this would be the plan. If the Council did not approve it, the City would not move forward.

Mr. Andersen suggested that the Council go back and read 2002 and 2004 minutes about Utopia and suggested that the then City Manager had not been completely honest with the Council then.

Mr. Davidson said he had never represented the annexation as a financial boon for the city.

Mr. Earl said part of the plan that would be approved on August 25th would be an agreement with the developers, specifically requiring the developers to put in the infrastructure. The City would not be putting in any of the infrastructure. They were specifically responsible for that. It could be adopted or rejected, but if adopted that would be part of the agreement.

Mr. Sumner asked how this would impact fire, police, and parks.

Mr. Davidson said there would be more calls for service.

Mr. Bench said that was part of the impact fees.

Mr. Davidson said there were significant costs with servicing this part of the City and he would not represent this as a financial opportunity for the City. It would require them to consider streets, open space, and such. All would be part of the overall package. Impact fees were to address that impact, so that the current rate payers of Orem would not have to subsidize the new infrastructure.

Mr. Bench said ongoing it would be similar to any other part of the City in terms of service calls.

Mr. Andersen asked about the adjustment to the rate structure.

Mr. Winterton said they were working on that. His recommendation was to move projects forward and keep the rates as they were. He said options would be presented.

Mayor Pro Tem Spencer said there would be two open houses for citizen input.

DISCUSSION – E-Cigarette Ordinance

Mr. Hirst said some cities in the county had prohibitions on electronic cigarettes in public areas. He had been contacted by the Utah County Health Department, as well as some citizens with concerns about the use of e-cigarettes at large public functions, like Summerfest and Fourth of July festivities. The e-cigarette industry had grown from \$500,000 to nearly \$2 billion in the last five years.

Mrs. Black asked if this was a health concern, or if the concern was the example to young children.

Mr. Hirst said there were both health and example concerns. There seemed to be polar arguments about e-cigarettes. Proponents said it was safer than regular cigarettes and produced less second-hand smoke. The cons were that e-cigarettes still used nicotine, still produced second-hand smoke, and as an unregulated and uncontrolled industry currently, there were potentially dangerous chemicals being used. Another concern was that the e-cigarette industry seemed to be targeting teens by offering e-cigarette flavors and claiming it was a safer way to smoke, making it a gateway to regular smoking. Mr. Hirst said another concern was that e-cigarettes were compatible with liquid or wax cannabis. This made it more difficult for police to recognize. He wanted to determine if the Council was interested in bringing forward an ordinance to prohibit e-cigarettes in the same places regular cigarettes were prohibited.

The general consensus of the Council was to bring this discussion forward and get more information.

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

CONDUCTING

Mayor Pro Tem David Spencer

ELECTED OFFICIALS

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

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Karl Hirst, Recreation Director; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Sam Kelly, Engineer; Neal Winterton, Water Division Manager; Reed Price, Maintenance Division Manager; Brandon Stocksdale, Long Range Planner; Steven Downs, Assistant

to the City Manager; and Jackie Lambert, Deputy City Recorder

EXCUSED

Mayor Richard Brunst

Preview Upcoming Agenda Items

Staff presented a preview of upcoming agenda items.

Agenda Review

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

City Council New Business

Mrs. Black went to the Jenny Oaks Baker concert, and said it was wonderful. There were over 1,200 in attendance. Admission was free to everyone and Mrs. Black wanted to thank Charlene Crozier of the Library for putting on the event. Mrs. Crozier said Wayfair was the sponsor that made possible a nice big production. Mrs. Black wanted to thank Arts Council for their work.

Mr. Sumner said the Beautification Advisory Commission wanted to voice concern that people would not apply for the advisory commission because of the arduous application process.

Mr. Macdonald asked why this was the process they were using.

Mr. Sumner said he was concerned about the amount of personal information that needed to be provided.

Mr. Bybee said it was to create a level playing field so everyone was using the same official form. He said comparatively it was more basic and simplified than others he had researched.

Mrs. Black wondered if the process made people feel like they were not good enough to be a volunteer.

Mr. Davidson said some questions were to help council get to know applicants they did not know personally and to weed out potential conflicts of interest.

Mr. Bybee said some was even to avoid potential awkwardness. It was also to allow the Council to make informed decisions.

Mrs. Black said the point was to give more people the opportunity to serve.

Mr. Sumner said one concern of the applications was the background check.

Mrs. Crozier said the background checks were not a bad idea, especially for some groups that worked specifically with the community and youth, and had caught potential problems in the past.

Mr. Davidson said it was important to do the checks rather than be caught in a situation where they should have done one and did not, and a problem developed. He said it was not the intent to be invasive, but rather to protect.

Chief Giles said our police department was authorized to do background checks and the applicants had to pay the fee.

Mayor Pro Tem Spencer said the Citizen’s Police Academy was an awesome and interesting educational experience, and he thought Orem’s police should be commended for their service.

Mr. Davidson said that the Council should add the September 10th “Day of Caring” to their calendars. He said that was the same day as the employee appreciation lunch at Nielsen’s Grove noon. He reported that the annual conference of the Utah League of Cities and Towns would be held September 16-18 in Salt Lake. Those interested in attending should contact Kristie for registration.

The Volunteer Appreciation night was scheduled for September 2nd at Timpanogos Park.

The Timpanogos Storytelling Institute and Storytelling Festival would be the first week in September.

Information would be coming about the Sundance Economic Executive Summit in September.

The Council adjourned at 5:44 p.m. to the City Council Chambers for the regular meeting.

6:00 P.M. REGULAR SESSION – COUNCIL CHAMBERS

- | | |
|---|--|
| CONDUCTING | Mayor Pro Tem David Spencer |
| ELECTED OFFICIALS | Councilmembers Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, and Brent Sumner |
| APPOINTED STAFF | Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Greg Stephens, City Attorney; Richard Manning, Administrative Services Director; Bill Bell, Development Services Director; Karl Hirst, Recreation Director; Chris Tschirki, Public Works Director; Scott Gurney, Fire Department Director; Gary Giles, Police Department Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; Sam Kelly, Engineer; Neal Winterton, Water Division Manager; Reed Price, Maintenance Division Manager; Brandon Stocksdale, Long Range Planner; Steven Downs, Assistant to the City Manager; and Jackie Lambert, Deputy City Recorder |
| EXCUSED | Mayor Richard Brunst |
| INVOCATION /
INSPIRATIONAL THOUGHT | Daniel Thurgood |

PLEDGE OF ALLEGIANCE Mrs. Allen substituted for her son, Jonathan Allen.

APPROVAL OF MINUTES

Mr. Macdonald **moved** to approve the June 23, 2015, City Council meeting minutes. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL

Upcoming Events

Mayor Pro Tem Spencer referred the Council to the upcoming events listed in the agenda packet.

Appointments to Boards and Commissions

Mr. Seastrand **moved** to appoint Stanley Roberts, Jr. to the Public Works Advisory Commission. Mrs. Black **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

Recognition of New Neighborhoods in Action Officers

There were no new neighborhood officers recognized.

REPORT – Cries of Freedom

Scott Swain said having Col. Gail Halvorsen come made it a great event. He said they hoped to do an air show next year. He presented the Council with parachutes from the Candy Bomber and other gifts.

CITY MANAGER'S APPOINTMENTS

Appointments to Boards and Commissions

Mr. Davidson recommended Carl Cook be appointed and Michael Walker be reappointed to the Planning Commission.

Mr. Macdonald **moved** to appoint Carl Cook to the Planning Commission. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

Mr. Macdonald **moved** to reappoint Michael Walker to the Planning Commission. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

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.

There were no personal appearances.

Walter C. Orem Award – Jerry and Betty Washburn

Mayor Pro Tem Spencer asked Mr. Seastrand to present the Walter C. Orem Award to Jerry and Betty Washburn. He read the information about the Washburns and thanked Betty Washburn for her partnership with her late husband and for their service to the City and community at large.

RESOLUTION – Designating 800 North Street in Orem as both Canyon Parkway and 800 North Street

Mr. Davidson said the Washburn family might have been wondering why they were part of this resolution. He said that, years ago, there was a discussion that the companion to University Parkway was 800 North Street and it should be named Canyon Parkway. Mayor Washburn had brought that suggestion forward. Mr. Davidson said that in recent months the Council and Mayor had resurrected this discussion and a consensus was reached with UDOT, and UDOT had indicated its willingness to allow 800 North Street to be jointly designated as Canyon Parkway and 800 North Street, in addition to its State highway designation of SR-52.

Mr. Davidson recommended that the City Council, by resolution, designate 800 North Street in Orem as both “Canyon Parkway” and “800 North Street”. He said that 800 North Street in Orem was a State highway, a major east/west corridor through the City, and a gateway to Provo Canyon.

Mrs. Black **moved**, by resolution, to designate 800 North Street in Orem as both Canyon Parkway and 800 North Street. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

CONSENT ITEMS

MOTION – Appoint Poll Workers and Polling Location for 2015 Primary and General Municipal Elections

Pursuant to Section 20A-5-602 of the Utah State Code, the City Council must appoint election poll workers at least fifteen days prior to the election.

Pursuant to Section 20A-5-403(1)(b) approval of the voting locations must also be approved by the City Council.

RECOMMENDATION: The City Recorder recommended the City Council, by motion:

- (1) Appoint the receiving and alternate poll workers for the 2015 Municipal Elections
- (2) Approve the polling location

Mr. Macdonald **moved** to appoint Poll Workers and Polling Location for 2015 Primary and General Municipal Elections. Mrs. Black **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

SCHEDULED ITEMS

6:00 P.M. PUBLIC HEARING – Climate Control Storage in C2 Zone

ORDINANCE – Amending Section 22-8-17(7) of the Orem City Code pertaining to climate controlled storage units in the C2 zone

Mr. Bench reviewed with the Council a request that the City Council amend Section 22-8-17(7) pertaining to climate controlled storage units in the C2 zone. He said that this ordinance had been in place for several years, beginning with a facility on 1600 North. He said it had been modified since and allowed 4 units. With the State Street plans the City felt it would be good to limit the number to two.

The Planning Commission recommended the City Council amend Section 22-8-17(7) pertaining to climate controlled storage units in the C2 zone. The planning staff supports the Planning Commission's recommendation.

Mayor Pro Tem Spencer opened the public hearing.

There was no public comment and the public hearing was closed.

Mrs. Black **moved**, by ordinance, to amend Section 22-8-17(7) of the Orem City Code pertaining to climate controlled storage units in the C2 zone. Mr. Seastrand **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

6:00 P.M. PUBLIC HEARING – PD-46 Zone

ORDINANCE – Enacting Section 22-11-59 and Appendix NN (PD-46 zone) and amending Section 22-5-1 and Section 22-5-3(A) and the zoning map of the City of Orem to change the zone on property located generally at 200 East 1200 South from the R6.5 zone to the PD-46 zone

Mr. Bench reviewed Harold Irving's request that the City enact Section 22-11-59 and Appendix NN (PD-46 zone) and amend Section 22-5-1 and Section 22-5-3(A) and the zoning map of Orem City to change the zone on property located generally at 200 East 1200 South from the R6.5 zone to create a new PD zone.

Mr. Bench said that the applicant proposed to create the PD-46 zone to allow the development of a project on approximately 3.52 acres located at 200 East 1200 South. The proposal was for 36 units, up to 12 units per acre. The units would be townhouses similar to Pheasant Meadows by Sleep Ridge Golf Course. There would be a development agreement to ensure that the street was finished with the project. The property surrounded by four-plexes and other higher density development. The project would complete 200 East Street, which would be a benefit to the City.

Dave Irving, with Building Dynamics, said all of the units would be for sale. He said a neighborhood meeting was held in early May. He said there was a positive buzz in that meeting, but it was a small meeting.

Mrs. Black asked about amenities in the common areas. Mr. Irving said there would be playground equipment and grass.

Mr. Sumner asked about a study of traffic flow in the area. Mr. Bench said Mr. Goodrich saw the traffic study as acceptable. The connection of 200 East would give the additional access.

Mayor Pro Tem Spencer opened the public hearing.

Curtis Wood, resident, said there were positive things about it but was wondering why there could not be more single-family dwellings. He thought the movement toward all multi-family developments was a concern he heard about frequently.

Mayor Pro Tem Spencer closed the public hearing.

Mr. Seastrand said single-family developments did not need to come before the Council, so that was why they did not see those. They were zoned and appropriate and there had been a significant amount of single-family development throughout the City. He encouraged Mr. Wood to meet with the Planning Commission.

Mayor Pro Tem Spencer said it was beneficial that townhomes be built that people could purchase, rather than just rental unit.

Mr. Andersen said many people had spoken to him about rental units. He said there was a lot of talk about growth, but that over the last five years the growth had only been 436 people per year. He said Orem was getting to be an older community, but he was glad to see the neighbors had no problem with the development. He said that he would be interested to see growth really did happen in Orem.

Mr. Macdonald **moved**, by ordinance, to enact Section 22-11-59 and Appendix NN (PD-46 zone) and amend Section 22-5-1 and Section 22-5-3(A) and the zoning map of the City of Orem to change the zone on property located generally at 200 East 1200 South from the R6.5 zone to the PD-46 zone. Mrs. Black **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

RESOLUTION – Amending the conditional use permit of Verizon Wireless at 1545 South State Street in the C2 zone

Mr. Bench presented to the Council Pete Simmons' request that the City amend the conditional use permit of Verizon wireless for the actual storage of the equipment at 1545 South State Street in the C2 zone. Verizon would now like to use a platform structure instead of the previously approved shelter to protect its equipment. The proposed platform would protect the equipment from above, but the sides would not be enclosed. This was the only requested change to the site.

The Planning Commission recommended the City Council approve, by resolution, the amended conditional use permit of Verizon Wireless at 1545 South State Street in the C2 zone. The planning staff supports the Planning Commission recommendation.

Mayor Pro Tem Spencer asked if there were concerns about vandalism.

Daniel Thurgood with Technology Associates, representing Verizon, said there was not a concern about vandalism.

Mrs. Black **moved**, by resolution, to amend the conditional use permit of Verizon Wireless at 1545 South State Street in the C2 zone. Mr. Macdonald **seconded** the motion. Those voting aye: Hans Andersen, Margaret Black, Tom Macdonald, Mark E. Seastrand, David Spencer, Brent Sumner. The motion **passed** unanimously.

COMMUNICATION ITEMS

There were no communication items.

CITY MANAGER INFORMATION ITEMS

There were no city manager information items.

ADJOURNMENT

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

The meeting adjourned at 6:35 p.m.

Donna R. Weaver, City Recorder

Approved: September 8, 2015