



PROVO MUNICIPAL COUNCIL

Joint Meeting with the Orem City Council Minutes

12:00 PM, Thursday, July 26, 2018

Room 310, City Conference Room

351 West Center Street, Provo, UT 84601

Agenda

Roll call

The following elected officials and staff of Provo and Orem were present:

Council Chair Gary Winterton, conducting	Mayor Richard Brunst, Orem
Council Vice-Chair David Harding	Jamie Davidson, Orem City Manager
Council Member George Handley	Brenn Bybee, Orem Assistant City Manager
Council Member Dave Knecht	Steve Downs, Orem Assistant City Manager
Mayor Michelle Kaufusi, arrived 12:12 PM	Mark Seastrand, Orem Council Member
Wayne Parker, CAO, arrived 12:12 PM	Debby Lauret, Orem Council Member
Cliff Strachan, Council Executive Director	Sam Lentz, Orem Council, arrived 12:09 PM

Excused: Council Members Kay Van Buren, David Sewell, and George Stewart were excused. The prayer was given by Clifford Strachan.

Business

Please note that due to a scheduling conflict, items 2 and 3 were presented prior to item 1. Items appear in the order they were discussed.

2. A discussion on coordination of CDBG funding among Utah County grantees (18-008) ([0:07:30](#))

Dan Gonzalez, Redevelopment Management Analyst, presented. Mr. Gonzalez provided a brief explanation of Community Development Block Grants (CDBG). He said this was a type of grant issued by Housing and Urban Development (HUD) and the funds were allocated to a consortium that included Provo, Orem, Lehi, and Utah County.

Mr. Gonzales explained that 85 percent of the funding received was used to assist public service organizations with capital improvement projects. The other 15 percent was set aside for the services provided by these organizations. As an example, he said the House of Hope recently used capital funding to renovate six bungalows within their treatment facility. Because House of Hope offered services that were beneficial to multiple communities, they applied to multiple agencies for funding: Orem, Provo, and Utah County. This meant that three applications were submitted and reviewed individually by each entity. In recent years, HUD had encouraged a more coordinated approach for situations like this. Mr. Gonzales proposed that rather than organizations applying to each city, they would be able to submit a single application that would be reviewed by the applicable member cities. This would help to ease the burden on both the cities and the agencies seeking funding.

To see if this consolidated approach was something the applicants were interested in, a survey was sent to past recipients and 15 agencies responded. The survey asked what type of needs they anticipated within the next five years. The idea was to assist the agencies with their needs and simplify the process for the cities. Mr. Gonzales believed this was a more proactive approach.

Chair Winterton asked if this meant Mr. Gonzalez would actively seek out projects to fund. Mr. Gonzalez said they would use the survey responses to identify and evaluate the needs of the agencies. He said rather than each entity applying for funding, the grantors could look at the proposals and evaluate how the requests could be satisfied collectively. Steve Downs, Orem City Assistant City Manager explained that in the past, an agency might apply to one city for windows, another city for HVAC, and another for electrical. Instead, this would allow the entire project to be evaluated as a whole. He felt this would save everyone time.

Mr. Knecht was interested to know how a new agency or project would be able to get funding if the survey was replacing the application. Mr. Gonzales said they would still provide notice of funding availability and accept applications.

Orem Councilor Sam Lentz asked if an agency that only provided services in Provo and Orem applied for funding, whether Lehi, being a member of the consortium, would be required to participate. Mr. Gonzalez said the use of funds would need to be justified, so if it did not benefit Lehi, they would not have to participate. It would be evaluated project by project.

Mayor Brunst recalled that in a previous year, the Women's Shelter did not receive funding from Provo due to incomplete paperwork. Mr. Gonzalez explained they did not receive funding because they had not applied to Provo. He added that this was a good example of why combining efforts would be helpful, there would only be a need to submit one application and remember one due date.

Orem Councilor Mark Seastrand asked Steve Downs how many agencies had crossover between the cities. Mr. Downs thought there were quite a few with crossover.

Mr. Gonzalez wanted to point out that this did not impact the other 15 percent of the funding that was set aside for agency services. Mr. Downs added that in most cases, it was easier for these agencies to raise funding for services but obtaining funding for capital improvements was not as easy.

Mr. Knecht thought this proposal seemed like a better process. He suggested that cities would still want to see how the money was used in their community, he asked how this would be represented in the reporting. Mr. Gonzalez explained there were details that still needed to be worked out. Once they had support for each city, they would begin to work out the details.

Mr. Downs said the survey asked each agency to indicate what percentage of those being served were from each city. He explained there was a cap that would prevent a city from overfunding beyond the percentage of residents being served in that city. Mr. Lentz asked if the funding had to be proportionate or if a city that was benefitting less could opt to fund more than the other city. Mr. Gonzalez said each city had to justify the funding to HUD based upon the community it was serving.

Mr. Handley pointed out there was also a cost associated with not spending the money because of the potential damage that it could do to the citizens who rely on the services. Mr. Downs reiterated that there were two separate funds, one for capital improvements and one for providing services. He assured Mr. Handley that the funding set aside for providing services remain unchanged and would continue.

3. A discussion on tax increment financing. (0:35:01)

Provo Councilor David Harding presented. Mr. Harding used the white board to diagram how tax increment financing (TIF) could be an effective tool. He described that a city might have one area in town that is thriving and very popular, and another area that is older, run down, and generally less appealing. When new retailer considers locating in the city, they might prefer to locate in the area that is already thriving and benefit from the existing retail traffic. On the other hand, it might be cheaper for the retailer to locate in the less appealing area, but their sales might suffer. From the city's perspective, it would be better if the retailer were to locate in the less appealing area, because it could help to revitalize the area, decrease crime, and increase property tax revenue. He said this was an instance of when tax increment financing could be used as an effective tool to incentivize the retailer to choose one location over the other.

In the next scenario, he posed the possibility of a retailer that has decided to locate in a particular market and has narrowed their selection to a county. The county is made up of many cities and because of the way Utah calculates sales tax, it would be a financial advantage to whichever city is chosen by the retailer. The retailer might do a site selection survey to narrow their options to several cities. If City A offers TIF, and they are the only city to make this offer, it would be sensible for the retailer to choose City A. When only one city offers TIF, they are at an advantage and the other cities at a disadvantage. Whereas if no one were to offer it, then no city has this advantage over another city. Or if City A and City B both offer TIF, then City A loses its advantage over City B, and the remaining cities are still at a disadvantage. If every city offered TIF, it would neutralize the advantage across the board.

Debbie Lauret, Orem City Council Member, said in her experience as a former Economic Development Director, retail was not an ideal way to use TIF because it lacked the right job components. She said retail projects did not create high paying jobs. She believed tax increment financing should be used to attract technology driven projects that would create high paying jobs.

Orem City Manager Jamie Davidson said Mr. Harding would likely be met with resistance if he were to try to level the playing field and implement rules about the use of TIF in Utah County. He said there would just be new tools implemented to entice businesses. Mr. Davidson though part of the challenge was that the state was not aligned for everyone to strategically benefit through economic development. He said a conversation about economic development needed to be one where everyone in the state was working to align their interests together so that everyone could benefit.

Mr. Harding suggested if Provo and Orem could begin the discussion, then bring in all of Utah County, and then seek a state-wide conversation, they could gain traction. Mr. Davidson said it would not change the fact that there were thousands of acres of greenfield that was dramatically cheaper to develop than what Provo or Orem had to offer.

Mr. Harding summarized by stating if everyone offered the same incentive, there was no advantage. He thought this was a self-defeating practice and wanted to engage in this conversation over the next few years.

1. An update from UTA on the Provo-Orem TRIP project. (0:49:26)

Janelle Robertson, Transportation Improvement Project Manager, presented. Ms. Robertson said UTA was not done with construction but would be upholding their agreements with BYU and UVU to offer enhanced service beginning August 13. The new UVX busses would be running every six-minutes and would utilize existing local route bus station until all the new stations could be phased in as they are

completed. To help riders navigate the new process there would be additional signage added to the local bus stops.

In preparation for the soft opening on August 13, contractors were working to clean up the sides of the streets while the bus drivers were being trained to use the center lanes. On the day of the soft opening, the contractors would go back to working on the center lanes and the busses would switch to the outside lanes until the center stations were complete.

Ms. Robertson was hesitant to commit to a specific date for total project completion, but said as each platform was finished, it would be phased into the route. They anticipated University Parkway would be finished first and could be phased in by October. University Avenue would be finished shortly after. The center station on 700 North would be ready for service beginning August 13 and she was hopeful the side platforms at BYU on 700 North, the Missionary Training Center, Stadium Station, and Utah Valley University would be open by the time school started.

Mr. Knecht had observed black piping in the center platforms that was going to be used to heat the concrete, he asked if incorporating this caused delay to the project. Ms. Robertson explained these pipes would be used to melt the snow from the center platforms and would be controlled remotely by UTA. She did not believe this caused any additional delays. Ms. Robertson said the primary source of delay was something most in Utah County could relate to, which was a shortage of workers due to the number of active projects. There had also been delays with the utilities on University Avenue. She said it was common to have problems locating utilities on older streets, such as University Avenue. She noted their original target date for completion was April 2019, so they were still ahead of the original schedule.

Orem Mayor Richard Brunst stated that August 13 was only three weeks away and wondered what plans were being worked on for an opening day program. Ms. Robertson said there would be a soft opening on August 13. They were working on a public relations campaign to educate the students for the soft opening. Safety was their number one priority. Once the entire project was finished, sometime in October or November, they would have a grand opening.

Chair Winterton noted that traffic was already challenging, he said with Education Week and the first week of school quickly approaching, it would be wise for UTA to do some of the construction at night. Ms. Robertson said they did have plans for night work over the next few weeks.

Mr. Winterton explained that he recently found himself mistakenly using the center bus lane. He wanted to know what was being done to educate the public to prevent an accident from happening. UTA planned to paint "bus only" in the lanes, increase signage, and work with local police to get increased enforcement.

Council Member Handley worried the enhanced local bus route service might be underutilized in comparison to the final product. He asked if the reason for offering enhanced service, without total project completion, was to honor their commitment to BYU and UVU. Ms. Robertson explained that UTA wanted to honor their commitment to the universities and this also gave UTA the opportunity to begin educating students about UVX.

Chair Winterton requested more information about a vote that was taken to offer free ridership to everyone. Mayor Brunst offered to explain. He said that one month earlier, a vote was taken to put this item on a priority list of projects that Mountainland Association of Governments was funding. The actual funding portion wouldn't be voted on until August 2. He said during a trip to Washington DC, representatives from Orem City visited with Congressman Curtis, Senator Lee, and Senator Hatch about this initiative. Senator Hatch and Congressman Curtis were going to write letters of support for

Congestion Mitigation and Air Quality (CMAQ), which would offer funding for three years for free ridership. It was Mayor Brunst's opinion that offering free ridership could double the number of people using public transportation. This would not eliminate or reduce the amount of money BYU and UVU had agreed to pay annually. Mayor Brunst pointed out this was a benefit for the residents, whereas the benefits offered by the universities were for the employees and students.

Mr. Handley asked what the councilors could do to help with public outreach. Ms. Robertson said UTA would be providing press releases and utilizing social media to get information out to the public.

Chair Winterton stated that the Community Advisory Committee was still meeting on the third Wednesday of each month in the Wells Fargo building. He said this was a good way for those interested to receive updates.

Mr. Harding indicated interest in riding UVX on opening day, he was told busses would begin running as early as 4 a.m.

4. A discussion on the City of Orem's moratorium on high density housing ([1:11:40](#))

Mayor Brunst offered to begin the conversation. He explained Orem had not placed a moratorium on high density housing, instead it was intended to prevent changing commercial zones to high density zones along main thoroughfares. He said this action was taken in February of 2014 after several newly elected officials wanted to slow down zone changes until they had conducted the State's free master plan study. Mayor Brunst said they were not against high density housing in these areas, but they wanted to be in control of the changes in these areas.

The Orem City Council recently voted to allow mixed-use high-density housing in one of their five main hubs, removing the moratorium from the City Center hub. He said the idea was to control and govern what was happening in their city. There were four high density housing projects that the city had considered amongst neighborhoods, but the city voted against those to conserve the neighborhoods. He recognized high density housing was needed in certain areas but wanted to be strategic about it.

Mr. Knecht appreciated the cautious approach. He recognized Orem was a college town too and said some college towns could be challenged with finding a semblance of normalcy. He said Provo was unique, not just because it was home to BYU and close to UVU, but it also did not require rules about fraternity and sorority houses like other college towns throughout the nation. He thought Orem had done a good job of protecting their neighborhoods.

Mayor Brunst said Orem was not set up in districts like Provo, he explained they had neighborhood plans and worked hard to protect and abide by the plans. He thought this had been helpful in protecting the neighborhoods from high density housing, outside forces, and deterioration. Mr. Knecht asked if they considered owner occupancy to be a factor, Mayor Brunst thought it was.

Orem recently rezoned an area near UVU to allow for student housing, but a referendum had been filed and would appear on the November 2018 ballot. He said there were a lot of people who were in favor of student housing adjacent to UVU, but those in support of the referendum were generally opposed to high density housing anywhere in the city. He said it was up to the public to decide what was best.

Mr. Davidson said there was a misconception that Orem placed a moratorium on high density housing. He said it was somewhat of a veiled effort to get out of the planned development zone high density projects. He said they were noticing developers who were requesting a planned development zone which

would allow them to request the flexibility to do certain things the city was not comfortable with, so they wrote it out of the zone completely. They had recently strategically reinserted it into the zoning for State Street, this allowed the city to permit high density, but only if the developer met certain criteria.

There had previously been discussions about the evolution of Provo and Orem. Mr. Davidson said it was obvious Provo had developed as a college town, whereas Orem developed as a neighborhood and a community adjacent to a university town, then it evolved, so the issues were unique to each city. He said Orem was just starting to see some of challenges Provo had been facing. The Orem council was not opposed to density, but some who lived in neighborhoods near UVU were opposed. It was challenging to preserve neighborhoods while also accommodating students who wanted to be close to the university.

Mr. Handley was curious about the perception of college towns and the assumption that the students leave once they graduate. He acknowledged that may have been the case years earlier, but he thought it had changed. He asked if Orem had any data from UVU to support this. Mr. Lentz said about 70-75 percent stayed in Utah valley after graduation.

Mr. Knecht said the new Southeast area plan called for a new type of housing for the demographic that was staying behind after graduation or young single professionals. He stated they did not want a one-bedroom apartment for \$1,000 per month, they had become accustomed to renting a room for less than \$500 per month. There was a housing shortage, and everyone was scrambling to define affordable housing. The average housing price in Mr. Knecht's neighborhood was around \$1,300, but he said if this were to increase, it would change who could afford to live there. Mayor Brunst agreed there was a gap in the community. When he was meeting with the congressional delegation in Washington, everyone agreed this was a big concern. In the past, people would typically find a starter home after college and start building equity, this was not as easy to do anymore.

Mr. Knecht asked if Orem had given any consideration to the definition of family. There had been a request for Provo to change the definition from three singles to four. Orem officials said they were watching this closely and waiting to see what Provo decides. Mayor Brunst thought Provo had a unique situation, especially in the Southeast area.

Mr. Seastrand listed several issues facing Orem City, include an influx of illegal duplexes and increases Airbnb homes within neighborhoods, especially near the university. He asked how Provo was addressing Airbnb. Mr. Knecht said he recently distributed an email about Airbnb in New York. The New York city council was comprised of 45 members and they all voted in favor of requiring Airbnb to provide a list of everyone who was making their property available on Airbnb. He said this had created a lot of issues in New York. Their comptroller estimated that Airbnb was costing the residents of New York \$660 million dollars more every year in higher rents. This issue was something both cities wanted to continue monitoring and discussing.

Adjournment

The meeting was adjourned by unanimous consent at approximately 1:31 p.m.