



PROVO MUNICIPAL COUNCIL Work Meeting Minutes

12:00 PM, Tuesday, May 19, 2020

Electronic meeting: [youtube.com/provocitycouncil](https://www.youtube.com/provocitycouncil)

Agenda ([0:00:00](#))

Roll Call

The following elected officials were present:

Council Chair George Handley, conducting
Council Vice-chair David Harding
Councilor Shannon Ellsworth
Councilor Bill Fillmore
Councilor David Shipley
Councilor Travis Hoban
Councilor David Sewell
Mayor Michelle Kaufusi, joined at 12:09 PM

Prayer

The prayer was offered by Cliff Strachan, Council Executive Director.

Business

1. **A discussion regarding the Tentative Budget for Fiscal Year 2020-2021. (20-008)** ([0:10:47](#))

Mr. Strachan introduced the segments of the discussion and their presenters.

Presentation on Debt – Marylis Fantoni, Council Intern, and Dan Follett, Treasurer

The City's total bonded debt is \$147.5 million. Payments on the 2018 general obligation bond started in 2020 and will bring in \$4 million per year for the next 20 years. If the City property tax rate remains constant, there may be a decrease for property taxes paid by homeowners as various bonds drop off. Councilor David Shipley asked for clarification on the 2017 sales tax revenue bond. Mr. Follett indicated that this was used to support Duncan Aviation and related expansion efforts at the Provo Airport. Councilors suggested updating the slide to specify what revenue bonds were specifically for, to make it more transparent for the public.

Discussion on General Plan Update Funding – John Borget, Administrative Services Director; Cliff Strachan, Council Executive Director; and Gary McGinn, Community and Neighborhood Services Director

In response to a Councilor's question about whether \$150,000 was enough to budget for the General Plan update, Mr. McGinn indicated that that sum would cover a general plan update

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with robust public engagement. He suspected the City may not get as much of a focus on transportation, but that staff would be directly involved with any consultant the City hired. Councilor Bill Fillmore was worried about selling the city short in the process if not enough funding was programmed. Councilor Shannon Ellsworth wondered whether the consultant would be in-state or not and whether an out-of-state consultant would charge the city for travel. Mr. McGinn noted also that they would like the General Plan to be more data-driven.

Motion: Shannon Ellsworth moved to allocate \$150,000 to a General Plan budget during the 2021 fiscal year. No second was received; Ms. Ellsworth withdrew the motion.

Motion: George Handley moved to authorize staff to begin exploring options for an outside consultant with a budget of up to \$150,000, and to explore what could become available with an extra \$50,000. Seconded by Bill Fillmore.

Mr. Strachan noted there would probably not be enough time for planning staff to complete an RFP process before the budget was passed in June. Councilors thought this was an interesting suggestion and were interested to explore how to spend another \$50,000 if that would bring additional features into the General Plan. Mr. Handley withdrew the motion.

Discussion on Joaquin Parking program – Councilor Dave Harding (with Gary McGinn, Director of Community and Neighborhood Services; Austin Taylor, Parking and Sustainability Coordinator; and Hannah Salzl, Council Policy Analyst)

Mr. Harding shared an update on the Joaquin parking permit program. The program is structured to pay for itself with no net impact to the general fund. Mr. Harding noted that with the unclear economic climate this fall, this program could be done later on with an appropriation. Mr. Harding noted that this program still has not received the public input it needs and that the committee was still working through some issues with the Administration. He did not feel it was ready to be included in the budget yet as some elements were still being defined.

Discussion on Wastewater Projects and Fees – Dave Decker, Public Works Director; Gary Calder, Water Resources Division Director; Jimmy McKnight, Public Works Budget Analyst

Councilors asked about the wastewater rate increases, could they be delayed or put off and if so, what the consequences would be. Mr. Decker indicated that the early rate changes made a huge impact in the long run and were critical to the project. He also noted that the City's commitment to the planned rate increases was a critical element in securing the funding loan from the Division of Environmental Quality board. He was concerned that reneging on the previous decision on the direction of rate increases would send a bad message at this time; the commitment to rate increases was one of the ways the City was demonstrating its commitment to do everything they could to make this project a success. Councilor Shannon Ellsworth asked whether there was any precedent for the DEQ board denying grants they have already approved. Mr. Decker shared a recent example from Logan City, who brought a second request after their first. The State did not look well upon another request for additional funding and they later changed the interest rate on the first loan. Mr. Decker was concerned about making changes this late in the game. Mr. McKnight shared projections on the wastewater financial planning,

illustrating the total wastewater budget and the ending fund balance for each fiscal year. Public Works has done some pre-purchasing and costs have come in a bit lower, so they have saved several million dollars early on. Staff felt that things were headed in the right direction.

Mr. Decker outlined several I&I (inflow and infiltration) projects they would be completing as well to improve the quality and efficacy of the wastewater system. He explained that the current project was to update the hydraulic components at the wastewater treatment plant. In 2030, they will need to make updates for the solid side of the treatment plant. Mr. Decker outlined some possible scenarios for how to handle that project in the future. He emphasized that the rates they were discussing today had a major impact on the next several fiscal years, but they were also planning for another major project in a decade. He was concerned that removing the 25% rate increase this year would have a dramatic negative effect on fund balance in the immediate and distant future, as well as compromise the plans for CIP projects. This would have major impacts for development in the city, including the regional sports park and airport, which also relied on the sewer infrastructure to be built out on the west side in the coming years.

Councilor David Shipley said that he understood that delaying the rate increases was not sustainable; he wondered whether putting it off by a year would endanger the city's financial situation. Given all the uncertainties of COVID-19, he was just curious what the implications would be for delaying the increase. Mr. Decker noted that another option could be to flip this year and next year's increases and implement the 10% increase this year and the 25% increase next year. He noted that any changes to the determined course would have impacts. Mr. Strachan noted that certainly the Council could make changes, but whether or not they should was a decision only they could make. He suggested the Council identify the decision points and then direct staff. Council Chair George Handley thanked Mr. Decker and Mr. McKnight. He wondered if there was any possibility of funding to assist those struggling with utility payments. Wayne Parker, CAO, noted that the CARES act has some funds which could be allocated to the HEAT program, offering subsidized utility payments to low- and moderate-income families. Mr. Handley was concerned about the severe financial costs of adjusting the rates at this point, but he was encouraged by the programs in place for utility relief. Councilor David Harding asked what the role of impact fees was. Mr. Decker indicated that impact fees would contribute a portion but were not a primary funding source for the project. Councilors shared additional comments and discussion. Mr. Strachan indicated that in the absence of a formal motion, they would move forward with rate increases as previously proposed.

Discussion on unfunded Supplementals – David Mortensen, Budget Officer

Mr. Mortensen noted that funded supplemental requests were included in the budget proposal. Councilors asked about critical unfunded needs. Mr. Mortensen indicated that if these items were to be funded, it would be up to the Council and Administration to prioritize these among other needs; it could be accomplished either by using fund balance or cutting another item out of the budget. Mayor Kaufusi noted that a majority of the departments' presentations and supplemental requests were given or submitted prior to the COVID-19 pandemic. She indicated that some requests, such as additional licenses for Office 365, could potentially be covered using CARES act funding. Technological solutions like Office 365 have been critical for the City to adapt to remote work and social distancing by utilizing virtual meetings. Councilor David Sewell asked

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whether the city could make do with the current versions if this request went unfunded. Mr. Borget shared some of the benefits of moving to Office 365, which was much easier for the Information Systems division to administer, in addition to creating more consistency for staff. As new computers are purchased, those have been automatically placed on the new program; if unfunded, it would simply impact users who had not yet made the software transition.

Discussion on Budget Intent Statement(s) – Cliff Strachan, Executive Director of Council

Mr. Strachan outlined several of the Council’s budget intent statements, including the policy on automobile replacement and procurement, and the role of the Council’s audit committee. Mr. Strachan noted a section in part 10 regarding carryovers. Councilors David Harding and David Shipley were interested in spending more time on the carryovers discussion and exploring how other cities handled this issue. Mr. Shipley asked whether there were any concerns from the Administration about the Council forming a committee to study the issue. Mr. Parker felt there were some issues but that the Administration would be willing to engage with the Council on it.

Motion: Dave Harding moved to create a Budget Policy subcommittee with David Shipley as chair, Dave Harding as a committee member, with the mission statement “within next 2 weeks come back with a proposal, having engaged with the Administration to update the budget policies, particularly as regards surplus money at the end of the budget year.” Seconded by Bill Fillmore.

Vote: Approved 7:0.

Councilor Shannon Ellsworth expressed interest in the discussion though she did not wish to be formally part of the committee. There was a brief discussion about Council committees and participation by other Councilors who were not committee members.

Summary of the Stormwater Service District budget (page 131) – Hannah Salzl, Policy Analyst

Ms. Salzl shared a brief overview of the Stormwater Service District, which is primarily responsible for the City’s stormwater system. They have worked in recent years on better tracking for stormwater, maintenance projects, and building detention basins. Ms. Salzl shared highlights on past revenues and CIP projects coming up for the Stormwater Service District.

Summary of Redevelopment Agency budget (pages 132-133) – John Magness, Policy Analyst

Mr. Magness reviewed the Redevelopment Agency budget, including revenues, expenditures, and actuals. He noted that actual revenues have been lower than projections and expenditures have increased year over year. Part of the increase in 2020 expenditures has been because of \$500,000 for small business loans. Most of the RDA revenue comes from property tax increment. Mr. Magness noted that the trend has generally been for higher revenues than expenditures; in years when this has flipped, it is typically related to a remediation project or another major project in progress.

Redevelopment Agency

2. A discussion regarding Interlocal Agreements for Tax Increment for The Mix Community Development Project Area. (20-085, 20-086, 20-087, 20-088, 20-089) (2:30:20)

David Walter, Redevelopment Agency Division Director, presented. The creation of this project area was previously approved by the Council acting as the Redevelopment Agency board. After negotiating interlocal agreements with the various taxing entities, they have returned to receive the Council's approval. Mr. Walter shared a proposed layout and highlighted the commercial, hospitality, retail, and residential areas. The proposed tax increment was set for 12 years; the Provo School District would drop off after a certain benchmark.

Councilor Shannon Ellsworth asked for clarification on the site plan. Mr. Walter indicated that the residential space would include regular apartments and multi-family units with a brownstone-type feel. The site included nearly 80,000 square feet of commercial space. Ms. Ellsworth noted that the gateways into the city have been a Council priority and she hoped for a positive working relationship with the developer to ensure that this was a beautiful entrance to the city on University Parkway. Councilor David Shipley asked for clarification on the tax revenue and what it would be used for. Mr. Walter indicated that some would cover overhead and administrative expenses, while some would be set aside for low- and moderate-income housing. Mr. Walter indicated that at the time this project was first proposed, there was not an understanding of the full implications of the sewer infrastructure. There have been some substantial upgrades required to segments of this sewer line and tax increment was how the developer had proposed being able to move forward. Councilor David Harding expressed concern that with the base value coming from the 2019 property valuation, when the property sat half-demolished, that it was not allowing the City to receive the full benefit of its remaining tax increment. Mr. Walter indicated that he could request the related figures prior to the Council Meeting. *Presentation only. This item was already scheduled for the Council Meeting on May 19, 2020.*

3. A discussion regarding the creation of a Public Infrastructure District for the medical school and associated housing. (20-090) (2:43:17)

Dixon Holmes, Assistant CAO, explained that a public infrastructure district (PID) was a funding mechanism proposed by the medical school for remediating the former landfill and putting in infrastructure for the public right-of-way. PIDs are a tool created by state law and their creation requires approval from the City. A PID functions as a separate taxing entity that applies only to the property or the legal descriptions included in its boundaries, in this case the medical school campus and onsite housing. Mr. Holmes indicated that pending a decision from the Army Corp. of Engineers, a 1.5-acre portion of the neighboring detention basin may also be included in the PID. Mr. Holmes outlined several other policy considerations for PIDs, noting that they would be used in special circumstances, typically for commercial or industrial uses.

Brian Jones, Council Attorney, explained that state law already authorizes the use of this tool and the requirements for doing so. The item was brought to the Council, to highlight the nature of the tool and for the Council to decide whether they wanted to implement a specific policy regarding PIDs. State statute already grants the city complete discretion with regard to PIDs, as well as immunity in the event of denying a request. As it is such a new tool, it was as yet uncertain

whether there would be a lot of demand; if the City began receiving many more applications, it could be useful to establish criteria through a formal policy. Mr. Jones reiterated that it may not be necessary and was ultimately up to the Council. Councilors shared comments in response to this explanation. Councilor David Shipley felt that if it were an infrequent request, that it likely would not need a policy. He was concerned if the City was going to receive numerous requests from developers looking for another funding mechanism to advance their projects. Councilor David Harding noted his interest in establishing a policy for tax increment financing. Others felt this would be a good situation in which to authorize a PID and they were interested to learn from this experience to inform their policy direction, if any policy were to be created.

Mr. Holmes anticipated that the medical school PID proposal would be brought back to an upcoming Council Meeting. Greg Stuart, developer, expressed his gratitude to the Council for considering this proposal. Mr. Stuart mentioned some of the challenges they have encountered with the former landfill site and felt that this was a perfect solution to allow them to install infrastructure while keeping the project viable and affordable over the long-term. *Presentation only. This item is anticipated to return to the Council Meeting on June 2, 2020.*

4. A discussion regarding the creation of a Small Business Loan Program in response to COVID-19. (20-081) (3:03:21)

David Walter, Redevelopment Agency Division Director, and Keith Morey, Economic Development Division Director, presented. Mr. Walter explained that the funding would come from tax increment financing fund balance. The program would allow the Redevelopment Agency to loan money to Provo businesses regardless of whether or not the business was located in a project area. The idea was to fund small loans over a period of five years, with no interest during the first year, and which would be paid on an annual basis. The loan amount would be \$5000-\$20000. Mr. Morey indicated one concern regarding the impacts to potential CARES act funding the city could receive, but there were still many unknown factors with CARES funding as it was being administered by Utah County.

Councilors shared comments and asked questions about the loan program and how the loans would be structured. Mr. Walter indicated that they would be unsecured loans and he outlined the criteria that would be considered in granting loans. Most Councilors were in favor of trying to help businesses which have been established and would be able to weather this financial uncertainty with some assistance. Mr. Morey indicated they could have a set application period, which would provide some limits to applications received, and use the criteria to determine which businesses had the highest needs and highest opportunities for success. He indicated that it was fully within the City's discretion who was awarded a loan and for how much.

Motion: George Handley moved to continue the appropriation to the following Council Meeting. Seconded by David Shipley.

Vote: Approved 7:0.

Policy Items Referred from the Planning Commission

5. An ordinance amending Provo City Code relating to permitted uses and yard

**requirements of the M1 Light Manufacturing Zone. Citywide application.
(PLOTA20200117) (3:25:08)**

Robert Mills, Planner, presented. Lynn Schofield, Fire Marshal, also helped answer questions. Mr. Mills reviewed the proposal to amend the M1 light manufacturing zone adding language regarding a permitted use involving combustible materials. The change was written to be site-specific to Christensen Oil, not all M1 zone areas. Mr. Mills reviewed the memorandum of understanding (MOU). Councilors shared comments and asked questions. Councilor Shannon Ellsworth asked for pros and cons of making an amendment to just one portion of a particular zone; it seemed like spot zoning or PRO zones, which the city was trying to move away from doing. Gary McGinn, Community and Neighborhood Services Director, shared some insight into the impetus for this proposed solution; this was a way to permit the existing property owner to make improvements to the property, without creating a nonconforming right or expanding the use to other areas of the M1 zone. By having the MOU, it would outline the intent and make the situation more predictable for all. Neighborhood residents have had concerns about potential expansion of Christensen Oil; Mr. McGinn explained that the MOU would outline the nature of any changes at the site and this change would make official what the operation was already doing, as well as state their intent to continue operating on property which they already own.

Mr. McGinn noted some changes which still needed to be made to the MOU. He explained more details about the MOU and responded to several Councilors' questions. Councilor Shannon Ellsworth shared several questions she has received from constituents and wanted to review in more detail at the evening meeting. Councilor Bill Fillmore asked about the containment area for new tanks. Mr. Schofield indicated that the tanks would not be higher than the tanks next to the warehouse, so as to maintain open sightlines for the neighbors. *Presentation only. This item was already scheduled for the Council Meeting on May 19, 2020.*

Closed Meeting

The Municipal Council or the Governing Board of the Redevelopment Agency will consider a motion to close the meeting for the purposes of holding a strategy session to discuss pending or reasonably imminent litigation, and/or to discuss the purchase, sale, exchange, or lease of real property, and/or the character, professional competence, or physical or mental health of an individual in conformance with 52-4-204 and 52-4-205 et. seq., Utah Code.

Brian Jones, Council Attorney, outlined the statutory basis for the meeting, which was to discuss the sale or purchase of real property and a strategy session regarding reasonably imminent litigation.

Motion: Travis Hoban moved to close the meeting. Seconded by Shannon Ellsworth
Vote: Approved 6:0, with David Harding excused.

Adjournment

Adjourned by unanimous consent.