



**CITY COUNCIL MEETING
OF THE CITY OF CEDAR HILLS
Tuesday, November 16, 2021 7:00 p.m.**

Notice is hereby given that the City Council of the City of Cedar Hills, Utah, will hold a **City Council Meeting on Tuesday, November 16, 2021, beginning at 7:00 p.m.** at the Community Recreation Center, 10640 N Clubhouse Drive, Cedar Hills, Utah. This is a public meeting, and anyone is invited to attend.

COUNCIL MEETING

1. Call to Order, Pledge led by C. Smith and Invocation given by C. Ellison
2. Approval of Meeting's Agenda
3. Public Comment: Time has been set aside for the public to express their ideas, concerns, and comments (comments limited to 3 minutes per person with a total of 30 minutes for this item)

CONSENT AGENDA (Consent items are only those which require no further discussion or are routine in nature. All items on the Consent Agenda are adopted by a single motion)

4. Approval of the minutes from the October 5, 2021 and the October 19, 2021 Work Session and City Council meetings

CITY REPORTS AND BUSINESS

5. City Manager
6. Mayor and Council

SCHEDULED ITEMS & PUBLIC HEARINGS

7. Review/Action on the Canvass of the Election Returns for the 2021 Municipal General Election
8. Review/Action on awarding a bid for a Citywide Fiber Project
9. Review/Action on City Branding
10. Review/Action on Acceptance of the 2021 Fiscal Year Audit
11. Review/Action on Release of Development Bond and start of Second Durability Bond period for the Cedar Canyon Subdivision
12. Review/Action on a Resolution providing for the submittal of WaterSMART Water and Energy Efficiency Grants
13. Review/Action on Repealing Ordinance No. 10-19-2021A and enacting an Ordinance establishing City Code 3-1I-3 pertaining to Business Licenses for Short Term Rentals, and amending Title 10-5-41 pertaining to Residential Short-Term Rentals

ADJOURNMENT

14. Adjourn

Posted this 9th day of November, 2021

/s/ Colleen A. Mulvey, City Recorder

- Supporting documentation for this agenda is posted on the city website at www.cedarhills.org.
- In accordance with the Americans with Disabilities Act, the City of Cedar Hills will make reasonable accommodations to participate in the meeting. Requests for assistance can be made by contacting the City Recorder at 801-785-9668 at least 48 hours in advance of the meeting.
- A Closed Session may be called to order pursuant to Utah State Code 52-4-204 & 52-4-205.
- The order of agenda items may change to accommodate the needs of the City Council, the staff, and the public.
- This meeting may be held electronically to permit one or more of the council members or staff to participate.



CITY OF CEDAR HILLS

TO:	Mayor and City Council
FROM:	Colleen Mulvey, City Recorder
DATE:	11/16/2021

City Council Agenda Item

SUBJECT:	2021 Municipal General Election Canvass
APPLICANT PRESENTATION:	n/a
STAFF PRESENTATION:	Colleen Mulvey, City Recorder
BACKGROUND AND FINDINGS: The City and the Utah County Clerk's office jointly administered the November 2nd Municipal General Election. All Cedar Hills ballots were received and processed by and under the direction of the Utah County Clerk's office. Pursuant to state law, it is necessary for the City Council to act as the board of canvassers and to canvass the election returns by reviewing and verifying the Statement of Votes Cast provided to us by the Utah County Clerk's office. It will be necessary for the City Council, by motion, to officially certify the results of the canvass and declare "elected" those persons who had the highest number of votes.	
PREVIOUS LEGISLATIVE ACTION: n/a	
FISCAL IMPACT: n/a	
SUPPORTING DOCUMENTS: The following supporting documents will be presented at the meeting: Statement of Votes Cast – prepared by Utah County Clerk's office.	
RECOMMENDATION: Staff recommends the City Council accept the results for the 2021 Municipal General Election and canvass and declare the persons with the highest number of votes to be elected.	
MOTION: To accept and certify the results of the 2021 General Election and canvass and declare 4-year term Mayor candidate Denise Andersen, and 4-year term City Council candidates Laura Ellison and Alexandra McEwen to be elected.	



CITY OF CEDAR HILLS

TO:	Mayor and City Council
FROM:	Chandler Goodwin, City Manager
DATE:	November 16, 2021

City Council Agenda Item

SUBJECT:	Review/Action on awarding a bid for the construction of a fiber to the premises project in Cedar Hills
APPLICANT PRESENTATION:	N/A
STAFF PRESENTATION:	Chandler Goodwin, City Manager

BACKGROUND AND FINDINGS:

In the previous City Council meeting staff prepared a presentation on some of the details in the proposals that were received by entities bidding on the FTTP project. The presentation went over fiber networks, financing, network ownership, construction methods, and other key issues pertaining to this project. Staff has shared each of the five responses with the City Council and is requesting that the Council come prepared to discuss the proposals, specifically the two proposals that the Fiber Committee focused on, STRATA and UTOPIA. Staff will present the report findings from the Fiber Committee to the City Council. Staff is requesting that the City Council make a decision on this item before December, as the bid amounts will be subject to change.

Daniel Zappala presented the fiber committee's recommendation in the previous meeting. After explaining a number of items that were taken into consideration, the committee is recommending that the City Council select UTOPIA and enter into a contract that will work to bring fiber to the residents of Cedar Hills. The committee also created a brief citizens guide to understanding the fiber decision. A webpage was created on the Cedar Hills City website which has been hosting the information that the City Council will be looking at including the committee's report on fiber.

PREVIOUS LEGISLATIVE ACTION:

City Council created the Fiber Committee in April 2021, the committee presented their findings at the City Council meeting on October 19, 2021, the City Council tabled the decision.

FISCAL IMPACT:

TBD, based on the proposal selected. It is estimated that the total project cost will be between \$5,500,000 - \$8,000,000 to be paid through subscription fees with certain guarantees on General Fund monies in the event of a budgetary shortfall.

SUPPORTING DOCUMENTS:

Fiber Presentation, Cedar Hills Fiber Committee Report, Citizens Guide

RECOMMENDATION:

To review the proposals and the Committee Report

MOTION:

To award the bid for the construction of a fiber to the premise project to _____, and direct staff and the Mayor to enter into an agreement, subject to the following conditions: {LIST ANY NECESSARY CONDITIONS FOR APPROVAL}.

Presentation on Fiber Network Proposals

19 October 2021



Fiber Committee

Committee Members

Ryan Camomile

Keith Irwin

Cyd Tetro

Liam Thraillkill

Daniel Zappala

Proposals Received

- SenaWave Communications
- UTOPIA Fiber
- STRATA Networks
- First Digital
- Bit Stream Networks

Process

- Learn some of the basics of how fiber networks work
- Initial comparison of proposals
- Develop criteria to judge the proposals
- View presentations and ask questions of finalists
- Detailed comparison of finalists
- Recommendation to city council

Fiber Basics

- Carries signal using light instead of electronic signals
- Very high speeds – typically 250 Mbps, 1 Gbps, 10 Gbps offered to residents
- Speeds are symmetric (both upload and download)
- High upload speeds are particularly helpful for video calls, uploading YouTube videos, backing up files online, running servers at home

Fiber Competitors

Service	Download Speed	Upload Speed	Note
Fiber	1 to 10 Gbps	1 to 10 Gbps	symmetric
Cable / Xfinity	maximum 1.2 Gbps	1 to 10 Mbps, max 35 Mbps	bandwidth shared among neighbors
DSL G.Fast	100 Mbps to 1 Gbps	90/10 or 50/50 split, or 500 Mbps maximum	unlikely to come to Cedar Hills
5G	50 to 100 Mbps	10 to 50 Mbps	shared among nearby residents, requires fiber
Starlink	100 Mbps (1 Gbps future)	20 Mbps	signal blocked by trees, other obstacles

Initial comparison of proposals

Respondent	Network Owned By	Type of Network	Financing	Features
SenaWave Communications	SenaWave	not clear, but have built active ethernet in the past	private financing arranged and paid for by SenaWave	not open access
UTOPIA Fiber	UTOPIA	active ethernet	UTAH Infrastructure Agency provides financing, subscriber fees (\$30/month) + city backstop	fiber huts have redundant cooling + battery backup + natural gas generators, discusses long-term upgrades
STRATA Networks	Cedar Hills	hybrid active/passive network	subscriber fees or utility fees	open access, discusses long-term upgrades
First Digital	First Digital	passive ethernet (residents) + active ethernet (biz)	\$7 million bond, paid with \$45/month utility fee	open access with \$30 per subscriber going to First Digital
Bit Stream Communications	Multiple models	hybrid fiber and wireless	private financing, backed by municipal bonds	few details in the proposal

Comparison of STRATA and UTOPIA

Financing, Ownership, Maintenance, Risk

- STRATA

- City obtains bonds for construction
- City owns network
- Subscriber fees → bond payments
- Subscriber fees → STRATA for maintenance, operations
- Subscriber fees → city for future upgrades / equipment refresh
- Bond covers only 35% of resident connections
- For excess subscribers, either bond more in advance, or city or resident pays connection fee
- The city has the potential to earn excess revenue
- If subscriber fees are insufficient, the city has to use other revenues to pay debt, provide upgrades and long-term maintenance

→ Risk to city for subscriber connections, bond debt, long-term maintenance

Financing, Ownership, Maintenance, Risk

- UTOPIA
 - UIA finances construction
 - UTOPIA owns network
 - Subscriber fees → bond payments
 - Subscriber fees → UTOPIA for maintenance, operations and future upgrades
 - All subscriber installation costs, regardless of number of subscribers, are covered by UTOPIA and financed through subscriber fees
 - If subscriber revenues are insufficient to cover the bond debt, the city makes a short-term loan until sufficient revenues are received and then is repaid
 - economy of scale when maintenance and operation costs pooled among cities

→ Risk to city for bond debt

Operations, Customer Service

- UTOPIA has an edge with a track record of operating UTOPIA for numerous cities in the area, with strong customer service and numerous ISPs for residents to choose from
- UTOPIA offers economy of scale for ISPs who can service customers in all connected cities → likely leads to greater choice for residents

Subscriber vs Utility Model

- STRATA can use either, UTOPIA uses subscriber model only
- Utility model has a benefit of everyone chipping in to pay, since it does benefit everyone, and can lead to higher revenues for city
- Subscriber model has a benefit of being more politically acceptable since some don't want to pay for what they don't want to use

From UTOPIA Fiber survey:

- 90% of residents support the city pursuing broadband options
- 83% support a fiber-to-the-home plan that uses a subscriber model, versus 68% supporting a utility model
- In a direct comparison, about 47% support the subscriber model and 42% support the utility model

Criteria	STRATA Networks	UTOPIA Fiber	Notes
Financing	+	+	city responsible for debt in both cases, backed by subscriber fees
Network Ownership	-	+	risks of ownership outweigh potential benefits, UTOPIA spreads costs of maintenance among cities
Network Architecture	-/+	+	active fiber preferred
Maintenance	-	+	UTOPIA covers installation cost for all subscribers
Operations	+	+	UTOPIA has local operations already
Resident Access	-	+	UTOPIA has no installation charge for any resident connecting, even after subscription rate met
Resident Pricing and Service	+	++	both open access, good pricing, UTOPIA has strong service track record in the area and ISPs under contract
Risk	+	++	UTOPIA has lower risk due to success with subscription rates locally and no extra fees for subscribers who join later
Project Timeline	+	+	comparable

Context

- Most residents are dissatisfied with their current Internet service providers, as indicated by a Net Promoter Score of -61, compared to +63 for UTOPIA (both from UTOPIA Fiber surveys)
- Significant opportunity for residents due to much higher upload and download speeds, better pricing
- No investment from incumbent providers in higher speed Internet services, with current services capped at lower speeds than fiber for significantly higher cost than what UTOPIA ISPs provide

Recommendation

- Award a bid for a fiber network contract to UTOPIA Fiber

Report on Fiber Network Proposals

Cedar Hills Fiber Committee

Executive Summary

The committee recommends that the city enter into a contract with UTOPIA to build and operate a fiber optic network in Cedar Hills. UTOPIA came out ahead or even on all criteria the committee examined. The committee prefers the UTOPIA model because:

- UTOPIA uses a subscription model, so only residents who use the network pay for it,
- UTOPIA arranges for financing through UIA, and subscription rates in nearby cities are exceeding expectations, meaning there is low risk that subscriber fees will be unable to pay for network costs,
- UTOPIA pays for new subscriber connections from existing fees, so there are no installation fees for the city or residents,
- UTOPIA manages all aspects of the network, including long term network upgrades, and
- UTOPIA has a strong track record of providing fiber services in our area.

Joining UTOPIA would enable the city to offer fiber services to all residents who want it, at no cost to residents who prefer not to use it. UTOPIA will provide residents with faster speeds (both upload and download) at lower cost than current service providers. UTOPIA is also open access, meaning that residents will benefit from competition among Internet Service Providers (ISPs). Joining UTOPIA also enables the city to benefit from the economies of scale afforded by being part of a joint venture with other cities in Utah who provide fiber services to residents.

When financing through UIA, the city will be responsible for debt service payments. Payments are delayed for 2 years to provide time for construction and for customer revenues to build up a reserve to handle shortfalls. Revenues from customers are used to pay the debt service, with any additional shortfall beyond the reserve covered by the city through a short-term loan to UIA. If subsequent revenues are high enough, the city is paid back and the debt is eventually retired. This model carries some risk for the city but experiences with other cities nearby indicate the subscription rate should be high enough to avoid losses, and the risk is lower than the city financing and owning the network itself.

The committee examined all other proposals the city received. The most competitive alternative to UTOPIA, from STRATA, uses an alternative model that has the city owning the network. This could provide the city with additional revenue, but would also incur substantial costs to provide connections to residents who sign up late or who exceed the projected subscription rate. The committee feels the potential benefits of owning the network are outweighed by the risks.

The First Digital proposal requires the city to bond for the network, while First Digital retains ownership, and uses a utility model in which all residents are charged for network construction. The SenaWave proposal uses private financing and the network would be owned and operated by SenaWave, but would not be open access, providing less competition among ISPs for

residents. The BitStream proposal had few details and was considered non-competitive.

1. Process

The members of the committee include Ryan Camomile, Keith Irwin, Cyd Tetro, Liam Thrailkill, and Daniel Zappala. Daniel Zappala acted as chair and meetings were held on an ad hoc basis. The committee was created in April 2021 and concluded in October 2021.

The committee used the following process to evaluate the proposals:

- Learn some of the basics of how fiber networks work
- Complete an initial comparison of proposals
- Develop criteria to judge the proposals
- View presentations and ask questions of finalists
- Detailed comparison of finalists
- Recommendation to city council

2. Fiber Networking Basics

Fiber networks carry information using light signals rather than electrical signals. Fiber cables have lower attenuation as compared to copper cables, meaning light can be carried over relatively large distances while maintaining a strong signal as compared to electrical signals in copper wire. Fiber cables also do not suffer from electromagnetic interference.

One of the primary advantages of fiber optical cables relative to copper is its higher speeds. Current ISPs providing fiber access typically offer symmetrical speeds (both upload and download) of 1 Gbps or 10 Gbps. However, fiber can theoretically go much faster; a recent demonstration in Japan demonstrated speeds of 319 terabits per second (1 terabit is 1,000 gigabits). This positions fiber as a long-term solution for a city-wide fiber network. Copper wires, on the other hand, are typically much slower.

The competitors to fiber offer much slower speeds:

- **Cable:** Xfinity (Comcast) currently offers download speeds up to 1.2 Gbps in Cedar Hills, but the upload speed is typically several orders of magnitude slower (1 to 10 Mbps) with a maximum of 35 Mbps. Faster upload speeds are essential for anyone running a business, using Zoom, or hosting services in their home as a hobby. Xfinity in some markets offers faster speeds where they have laid fiber networks, but there is no indication that they are willing to bring fiber networking to Cedar Hills.
- **DSL:** The latest G.fast standard for DSL is designed for 100 Mbps to 1 Gbps download speeds.
- **5G:** 5G typically offers 50 to 100 Mbps download speeds and 10 to 50 Mbps upload speeds. Theoretically a 5G network can offer 20 Gbps download and 10Gbps upload, but typical speeds quoted above are the result of sharing the wireless network with other

users. Fixed wireless 5G networks can potentially get faster speeds for home users. However, these are currently only being deployed in other countries. The vast size of the U.S. means it takes a long time for telecommunication companies to bring these technology improvements to smaller communities.

- **Satellite:** The new Starlink service provides Internet access using low-earth orbit satellites. The service currently offers speeds of 100 Mbps download and 20 Mbps upload now, with promises of 1Gbps download speeds in the future. Users performing speed tests currently report download speeds of 50 to 100 Mbps. The satellites are low to the horizon, so line of sight to your house is needed, and the signal is easily blocked by trees. In addition, latency may be higher due to using satellites, which affects the interactivity of online services.

Fiber networks can be built using active or passive ethernet. Active ethernet provides point-to-point connectivity and thus can offer bandwidth guarantees for individual homes. Passive ethernet is shared among homes and has somewhat lower cost as compared to active ethernet. Sharing bandwidth allows the network provider to oversubscribe the service. For example, if 1 Gbps is shared among 3 homes, but only one of those homes is currently using the network, then the home using the network is able to download or upload content at 1 Gbps, while all three homes are charged for the monthly service. If all three homes use the network simultaneously, then they share the total 1 Gbps. A hybrid network combines these technologies. In a hybrid network, the provider can adjust how homes are connected, so that more bandwidth is added where it is needed, and “heavy” users can get non-shared connections if needed.

3. Initial Comparison of Proposals

At our first meetings, the committee discussed and compared each of the proposals. The following table includes all of the proposals the city received and some of the features we reviewed:

Respondent	Network Owned By	Type of Network	Financing	Features
SenaWave Communications	SenaWave	not clear, but have built active ethernet in the past	private financing arranged and paid for by Senawave	not open access
UTOPIA Fiber	UTOPIA	active ethernet	UTAH Infrastructure Agency provides financing, subscriber	fiber huts have redundant cooling + battery backup + natural gas generators, discusses long-term upgrades (refreshes)

			fees (\$30/month) + city backstop	
STRATA Networks	Cedar Hills	hybrid active/passive network	subscriber fees or utility fees	open access, discusses long-term upgrades
First Digital	First Digital	passive ethernet for residents, active ethernet for businesses	\$7 million bond, paid with \$45/month utility fee	open access with \$30 per subscriber going to First Digital
Bit Stream Communications	Multiple models	hybrid fiber (using UTOPIA) and wireless (using Facebook Terragraph)	private financing, backed by municipal bonds	few details in the proposal

The committee chose the following as the top two proposals: UTOPIA and STRATA. UTOPIA is well established in the area, has recovered from its early financial difficulties, and continues to expand the cities it is serving. STRATA provides a unique opportunity for the city to own the network and has a compelling proposal that provides for multiple funding models and open access. Both of these proposals also discussed funding models for upgrading the network in future years. The First Digital proposal uses a bond for financing backed by utility fees. The committee feels this funding model could be opposed by numerous residents given our own history and the response to this funding model by residents of other cities in Utah. The Senawave proposal was received by the city two hours after the deadline. Furthermore the Senawave proposal is for a privately-owned network without open access (competition among ISPs providing services to residents), creating higher risk that the venture may fail or may fail to provide cost-effective services to residents. The Bit Stream proposal was light on details and was considered not competitive.

4. Criteria

The committee considered the following criteria when evaluating the proposals from UTOPIA and STRATA:

- **Financing** — The committee prefers financing that does not require a municipal bond. The committee recognizes some funding models require the city to be responsible for debt service payments (e.g. with UTOPIA/UIA) and is willing to take on that obligation if it provides additional benefits (such as open access, covering maintenance and upgrades) and there is a strong track record of success. The committee prefers a subscriber model for paying debt service, where the only residents that pay are the ones using the service.

- Network ownership — The committee prefers a model where the city does not own the network, in order to reduce costs and risk but is open to considering alternatives.
- Network architecture — The committee prefers a network that uses active ethernet technology, to ensure each resident has full, unshared access to the provided bandwidth.
- Maintenance — The committee prefers that network maintenance be handled entirely by the network provider, with a detailed plan for financing of upgrades in subsequent years.
- Operations — The committee prefers that network operations be handled entirely by the network provider, with a demonstrated track record of providing 24/7 service.
- Resident access — The committee prefers that all residences are provided fiber to the curb. This committee also prefers that the city or residents don't have to pay extra to connect a home to the network in subsequent years after construction (e.g. due to a sale or a resident changing their mind and wanting to connect to the service).
- Resident pricing and service — The committee prefers an open access model, since this has the potential to provide lower pricing and better service to residents due to competition. The committee prefers a partner with a history of working with multiple ISPs on its networks. The committee expects that all fiber services will provide residents with symmetric downstream and upstream bandwidth with no monthly data caps.
- Risk — The committee prefers lowering risk to the city, particularly with respect to financing but also including reducing risk that the venture will fail or that not all residents will be connected.
- Project timeline — The committee prefers a timeline that provides all residents services within three years of completing the agreement.

5. Presentations and Q&A

Both STRATA and UTOPIA gave presentations to the committee. The committee also sent an extensive list of questions to both UTOPIA and STRATA. A summary of their responses is below. Note that some questions were specific to just one organization.

5.1 Network Q&A

Can you provide a proposed network architecture map for the network?

- STRATA: See Appendix A from their response.
- UTOPIA: See their response for a map. Their map shows the difference between an active vs passive/hybrid ethernet architecture.

Can you address how the proposed system includes redundancy in case of outages? What kinds of failures can occur that are handled by redundancy in the network? What kind of failures can occur that will result in network-wide outages? How are these risks minimized?

- STRATA: They will design the network to include redundancy, including with equipment, routing, and points of presence.
- UTOPIA: All fiber huts have redundant connections so that if a single fiber is cut it does not interrupt connectivity. Each hut also includes battery backup, redundant cooling, and generator backup. The huts can run on natural gas as a backup in case of power outage. They report no fiber outages over a span of 10 years.

What will be the impact on streets? What kinds of trenching methods do you use?

- STRATA: They use directional drilling, open trenching, plowing, micro-trenching, and aerial. They typically use micro-trenching due to lower impact, fast installation, and economy, but will work with the city to determine the best methods.
- UTOPIA: They use a combination of directional boring for the main lines and missile boring for connections to a home. Directional boring minimizes impact to streets, typically only where crossing other utilities.

What is the proposed network's connectivity to the broader Internet? How do you ensure this is sufficient to handle different levels of subscriber take rates (subscription rates)?

- STRATA: They will provide redundant transport paths to multiple points of presence in the area and will monitor them to provide adequate service levels.
- UTOPIA: They provide connections to ISPs, which manage their own Internet connectivity. UTOPIA also operates a wholesale service, which some ISPs utilize. They monitor the network and upgrade connections when utilization reaches 60% or more.

Does the project include public WiFi in parks? City buildings?

- STRATA: No, but this could be added and they have partners they work with.
- UTOPIA: Yes. Fiber will be built to parks and city buildings. There will be some negotiation with the city regarding service and number of WiFi access points, but cost installation of these are included in the agreement with the city. The city will only pay the wholesale cost of services.

Will residents have public IP addresses?

- STRATA: Yes
- UTOPIA: This depends on the ISP a customer chooses, but most providers give public/dynamic IP addresses by default. Static IP addresses are available on request.

5.2 Operations and Maintenance Q&A

How are operations and maintenance funded?

- STRATA: Revenue paid by each subscriber will be allocated between the city's debt payment, the network operator fee, and network upgrades. For example, with a subscriber model, the fees would be \$25/month for city debt service, \$20/month for the network operator, and \$7/month for network upgrades (refreshes). See the proposal pages 28 and 29.
- UTOPIA: These are funded through fees charged to ISPs (and passed along to customers). The amount varies by service tier. These fees are used for all operations and maintenance, including future upgrades.

What levels of staffing do you have in our market for operations and maintenance?

- STRATA: They will establish an operations center in or near Cedar Hills for local technicians. They will use their Network Operations Center in Roosevelt to operate and monitor the network 24/7.
- UTOPIA: 6 full-time customer service employees, 5 full-time network engineers, 4 full-time IT personnel, 5 employees that monitor the network operations center 24/7, 11 full-time utility locators, 3 full-time FTEs for GIS, 5 FTEs for accounting, and 11 other FTEs for a variety of functions.

How are refreshes (long term network upgrades) handled? Over what timelines?

- STRATA: Refreshes are funded as described above with a timeline of 5 to 8 years. Costs to upgrade are estimated at \$185 to \$400 per subscriber. See appendix C in their response for details estimating how these funds would accrue over time.
- UTOPIA: The network is constantly being upgraded. See their response for details.

How is the project timeline affected by other nearby cities starting projects with UTOPIA?

- UTOPIA: *Immediate timing is ideal. UTOPIA Fiber is currently in the process of building out Pleasant Grove and Cedar Hills could be built concurrently if executed soon. If a partnership is approved after December 1, the project cost estimate and corresponding city guarantee will need to be updated (higher) due to increasing material/labor costs in 2022. The timeline is expected to take 12 months or less, but UTOPIA will provide a guarantee of 24 months so that any unexpected problems can still be handled within the contract terms. (copied verbatim)*

The proposal mentions the entire network will be point-to-point active Ethernet vs GPON. Is there a difference in maintenance costs between the two?

- Day-to-day maintenance is the same. Repairs are slightly higher for active ethernet, but these costs are included and are less than 1% difference in the overall costs between the two types of networks.

5.3 Connectivity Q&A

Does the proposal include building fiber to the entire city? Even for homeowners who choose not to subscribe (assuming a subscriber model, not a utility model)?

- STRATA: Under the subscription model, fiber will be deployed to the curb throughout the city, but fiber drops into each home will occur only for subscribers. The proposal covers the cost of home drops for an estimated subscription rate. The cost of adding a new subscriber after initial network construction is not covered in the proposal and would need to be paid by the customer or the city or some combination.
- UTOPIA: They will build fiber to the curb to the entire city. They will perform installations for the number of customers needed to break even with financing. UTA will finance all additional installations at no cost to the city. Any time any customer signs up, they pay a \$30/month infrastructure fee with whatever ISP they choose, with no long-term commitment required and no installation fees.

Does the 10TB limit go up over time? (40 years is a long time)

- UTOPIA: The limit is not monitored or enforced and is only there to protect against abuse (e.g. operating a data center, reselling services as an ISP).

The proposal discusses two fiber huts, which include redundant cooling systems, battery backup, and natural-gas standby generators. Is this a guaranteed part of the contract?

- UTOPIA: Yes

The proposal states: "No aerial infrastructure is currently planned and would only be used as a last resort if easement or other reasonable pathway cannot be utilized." — How likely is this to occur?

- UTOPIA: Very unlikely

What are the Data Delivery Ratio (DDR), availability, one-way latency to the Internet backbone, and jitter that current customers receive from UTOPIA? Are these guaranteed to our residents and the city via SLAs?

- UTOPIA: UTOPIA Fiber guarantees 6ms or less round trip latency (3ms one-way) to Internet exchange points or service provider interconnects in Salt Lake City. From there, it depends on the ISPs specific routing and the destination. Jitter on UTOPIA Fiber is

*guaranteed at 3ms or less. These are guaranteed to our service providers in SLA.
(copied verbatim)*

How can a buildout plan incorporate future 5G deployment and small cell wireless facilities?

- UTOPIA: They include 10% excess capacity to handle these needs.

What is the “last mile” expectation for 100% buildout of the network?

- UTOPIA: This will be active ethernet over fiber inside of 1/4” conduit in public utility easements (“behind the curb to the side of the road”).

If the City wanted to work with carriers to roll out 5G technology, how would those agreements work with a UTOPIA network.

- UTOPIA: Carriers purchase service from UTOPIA.

5.4(a) Financing Q&A — STRATA

What risks are there for the city with respect to financing the project?

- Risks include:
 - Having insufficient subscribers to pay for city construction debt. This risk can be mitigated with a utility model. This risk can be lessened for a subscriber model by performing a survey in advance to identify the estimated number of subscribers.
 - Choosing a partner who does not perform as expected.
 - Selecting a model that does not lead to the best outcomes. STRATA believes that if the city takes the risk to bond for the network then it should also benefit from potential revenues if the subscription rate is high.

The subscription model includes service drops (connections from a curb into a home) “for an assumed take rate (subscription rate) of 35% of locations.” If the take rate is higher, how are additional service drops funded?

- They have made a conservative estimate of the number of subscribers to ensure the project can be adequately funded. Additional drops higher than the 35% take rate need to be funded by subscribers or the city. STRATA recommends obtaining additional funding to cover this cost in advance.

A figure on page 24 of the proposal shows some funds in the infrastructure bill going to network operations (provided by STRATA) and some funds going to future network refreshes (network upgrades). What do funds for network operations cover? How can the city be sure the proposed bill for network refreshes will be sufficient?

- Network operations include monitoring and the 24/7 network operations center, GIS and network documentation, management, and field technicians. Unplanned maintenance and refreshes are handled by the \$7 monthly subscriber fee as described above. This amount is based on STRATA's past experience.

What can the City expect for power charges for housing fiber equipment?

- Assuming a 40% subscription rate, they estimate power consumption of 2400 watts with a bill of \$140/month.

How would the bid change if the City wanted to have the work done through directional boring vs. micro-trenching?

- They estimate this would add 60% to costs. This would require an increase in the number of subscribers needed to fund the project.

What are the projected positive margins for long-term ownership at 5/10/20 years?

- See Appendix C in their response. For the utility model they estimate 5, 10, and 20-year margins of approximately \$1 million, \$1.9 million, and \$4.5 million. For the subscription model these margins are approximately \$3.8K, \$6.5K, and \$2.1 million. These margins are after costs for long-term network upgrades are accounted for.

5.4(b) Financing Q&A (UTOPIA)

What risks are there for the city with respect to financing the project?

- *The city provides a revenue pledge guarantee to UIA of approximately \$29,250/mo beginning after 2 years. If UTOPIA Fiber achieves less than \$29,250/mo combined revenues from \$30/mo residential subscriber infrastructure fees and 50% of the business wholesale fees, then the city would need to loan the difference to UIA until revenues are sufficient to cover the obligations. The relative take-rates (subscription rates) and revenues of all UIA projects since 2009 have exceeded the rate needed for Cedar Hills to avoid any exposure. Other protections to prevent a cost to the city include:*
 - *Each \$30/mo infrastructure fee from residential subscribers counts towards the revenue obligation.*
 - *50% of new business revenues (that are installed after the date of the agreement) count towards the revenue obligation.*
 - *100% of any services purchased by the city itself count towards the revenue obligation.*
 - *The revenue obligation begins after the ~2 year capitalized interest period to give time for construction, marketing, and installations.*

- *All revenues during the capitalized interest period are accumulated and act as a buffer against the obligation, effectively covering an additional 1-2 years before monthly revenues need to cover revenue obligations.*
- *In the event that the accumulated revenue balance is depleted and there is a revenue shortfall, any shortfall paid by the city is done in the form of a loan and is paid back when revenues exceed the debt obligations.*
- *Subscribers from all new development in the city count towards the obligation, effectively reducing the risk over time.*
- *The potential of the city guarantee being impacted is tied to the actual financing terms at closing, which will be less than the agreement terms that provide a buffer for financing purposes.*

(copied verbatim)

What happens once the financing is paid off? Do residents stop paying a \$30/month fee?

- The UIA board determines the level of the fee needed to pay off financing. UIA has \$330 million in bonds that will be paid off before any Cedar Hills bonds, so it's possible fees could be reduced.

How does UTOPIA fee structure (\$30 per subscriber) compare to a city-funded model (per resident pricing)?

- Typical city-funded models exclude some costs such as handling churn or new users signing up beyond a fixed amount. There are also additional liabilities placed on the city.

Are there any advantages of the UTOPIA financing model compared to the city financing the project on its own?

- UIA can retire bonds and reduce fees sooner than a city-funded project because they collect revenues from partnerships and services outside the city. UIA also takes into account costs that would otherwise fall to the city, including (a) installations beyond the amount needed to cover financing, (b) construction and installation for new developments, (c) expenses to handle churn (subscribers coming/going), (d) insurance, (e) repairs, and (f) other ownership expenses.

Can additional revenues above the needed subscription rate be used as principal payments on the bond?

- The project is initially in a deficit due to construction costs, until enough customers join. They expect that it will take 8 to 10 years before revenues cover the costs of additional installations without financing. Surplus revenues after that time can be used to pay off debts and maintain and upgrade the system.

5.5 Customer Service Q&A

How is customer service handled?

- STRATA: They will provide customer service to the city and to ISPs. ISPs will provide the first line of customer service to subscribers and they can escalate to STRATA.
- UTOPIA: Most issues are handled by the ISPs. If needed, issues can be escalated to UTOPIA, which has staff to handle this.

What levels of staffing do you have for customers in our city?

- STRATA: They have a 24/7 network operations center in Roosevelt. Local technicians will be available during business hours and on call during other days and times.
- UTOPIA: They have 85 FTEs that cover issues from construction to customer service. See the list above under Operations and Maintenance.

How is customer service handled for connectivity problems? What is the anticipated service time when someone reports an outage? Do you have data on existing customer service times? Customer satisfaction scores?

- STRATA: They proactively monitor the network for outages and handle escalated issues from ISPs. STRATA will arrange for a site visit from a local technician if needed. They estimate that typical disruptions are handled within 1 or 2 hours. STRATA is rated A+ by the Better Business Bureau and has 4.4 star rating with Google comprising nearly 700 reviews.
- UTOPIA: They provide ISPs a tool they can use to diagnose the status of a connection in a home. If the fiber switch is not responding they escalate the issue to UTOPIA. If the device in the home is reachable and responding, it is the ISPs job to troubleshoot the issue.

What is your churn rate?

- STRATA: 1.37%
- UTOPIA: About 3.5% annually. The cost of this is covered by UTOPIA.

Does STRATA have resources to make quick repairs locally when a problem occurs?

- STRATA: Yes. They will establish an operations center in or near Cedar Hills for local technicians.

What is the anticipated service time when someone reports an outage?

- UTOPIA: For residential or small businesses, same or next business day, for large business or the city 1 hour response and 4 hour resolution 24/7.

Do you have data on existing customer service times?

- UTOPIA: *Usually a couple minutes or less hold time with our customer service team.*

Customer satisfaction scores?

- UTOPIA: *Net Promoter Score of 63 achieved through survey this last summer, 4.5 Stars on Google Ratings.*

Many ISPs track customer browsing habits and sell them to marketing companies. As you work with ISP to provide services on the network, will you consider privacy as an important service for our residents?

- STRATA: STRATA does not sell or provide customer information to third parties. They monitor customer traffic and provide recommendations to customers. They can help the city write service provider agreements that restrict selling customer data to third parties.
- UTOPIA: They do not require this of ISPs but have been an advocate for consumer privacy.

What network security services are offered by STRATA and what security services are provided by the ISPs that operate on the network built by STRATA? Are businesses and residents protected from Denial of Service Attacks? Phishing websites?

- STRATA: They monitor connections for Denial of Service attacks. They are able to locate the source of the attack and isolate it. They provide a solution for phishing with a managed gateway that is available to any STRATA subscriber.
- UTOPIA: Attacks on the network happen routinely and they regularly implement detection and a variety of protections, so that these attacks rarely impact service. Home security services have been offered by ISPs previously but don't seem to be marketed currently.

If STRATA goes out of business or provides an insufficient level of service, can the city contract with another company to provide network operations? What is the procedure for doing this?

- STRATA: They have been in business for over 70 years. The agreement in Appendix B lists how this is handled in the case they do go out of business. If conditions outlined there are met, the Cedar Hills could contract with another company.

Where will operations/maintenance crews be located in case of emergency?

- STRATA: See above answers regarding the local operations center and network operations center.

Under the subscription model, do residents receive two bills or one consolidated bill from STRATA and the ISP?

- STRATA: They will receive a single bill.

6. Detailed Comparison

To compare the UTOPIA and STRATA proposals we considered the following issues:

6.1 Financing

The STRATA proposal has the city obtain funding for the network through municipal bonds and the city retains ownership of the network. With UTOPIA, UIA obtains financing and UTOPIA owns the network.

STRATA offers both a utility and a subscriber model, with the city free to choose either. UTOPIA uses only a subscriber model. The subscriber model requires only those who choose to utilize the fiber optic network to pay for it. A portion of their bill is devoted to paying off the debt service. Anyone who chooses not to connect pays nothing. The utility model, on the other hand, requires everyone in the city to pay for the construction of the fiber network. This can be considered reasonable since even those who don't use the network benefit from it in terms of increased home value. A home with fiber to the curb has greater value than one without fiber available in the area.

The committee believes that the subscriber model is more politically acceptable, since those who don't want to use the network can be unhappy with paying a fee for the network construction. The use of utility fees in other cities has led residents to block their use through a referendum.

Under the STRATA proposal, a portion of subscriber fees go to the city to pay for the bond debt. If the subscription rate does not meet expectations, this could lead to the city needing to find other funds or raise taxes to pay for the bond. If the subscription rate exceeds expectations, the city could receive extra revenue after costs of installation for additional subscribers are paid for (these are not covered by the proposal).

Under the UTOPIA proposal, the UIA obtains financing. A portion of subscriber fees are used to pay the debt. If the subscription rate does not meet expectations, the city makes a short term loan to UTOPIA to cover the shortfall. If subscriber revenues increase sufficiently, UTOPIA pays back the city. If the subscription rate exceeds expectations, UTOPIA keeps the extra revenues to pay for the additional subscriber hookups and other costs to maintain and operate the network.

The committee prefers the UTOPIA model because risk is low. Subscription rates in nearby cities are exceeding expectations, and the model does not require the city to obtain its own

bond or to handle revenues and planning for long term upgrades. UIA currently reports \$1.4 million in monthly revenue, covering \$1.1 million in monthly debt. The second half of Layton City's fiber project broke even 6 months early and Morgan City broke even 1 year early.

6.2 Network ownership

As mentioned above, the STRATA proposal has the city owning the network, whereas with UTOPIA, they own the network. The city would have a position (and an accompanying vote) on the board that manages UTOPIA, which is an interlocal agency operated by the member cities. UTOPIA holds public meetings under Utah's Open and Public Meetings Act.

Network ownership carries both costs and benefits. If the city owns the network, it is responsible for network upgrades over time. The STRATA proposal allocates \$7/month of each subscriber bill to handle this cost. The city needs to manage that money and contract with a network provider to assess network and equipment status and provide upgrades. The city or subscribers are also responsible for connections of new customers after the initial construction period. That cost is estimated by STRATA at \$500 to \$1,000 per subscriber. STRATA estimates some benefits to the city that come from owning the network, approximated at \$3.8K, \$6.5K, and \$2.1 million at 5, 10, and 20 years after construction. The benefits are larger if the city uses a utility model because it can count on an ongoing revenue stream from all residents — this raises the question of whether the city wants to use a fiber network as an asset to derive revenue from its residents.

The committee feels like the potential benefits of network ownership do not outweigh the costs. Projected revenues are not guaranteed, and unexpected costs (e.g. unplanned maintenance or damage due to fire) could substantially erode these projections. In the UTOPIA model, the member cities collectively pool the costs to maintain the network, spreading risk among them. Excess revenues in this case go to UTOPIA rather than individual cities.

6.3 Network Architecture

STRATA proposes a hybrid active/passive fiber network, whereas UTOPIA builds active fiber networks. Representatives from STRATA ran through an example of how this works. If a given interconnect serves 864 customers, then with active fiber the hut to the interconnect will run 864 separate fibers, so that each customer has dedicated upload and download bandwidth. With a passive network, the fiber from the hut to the interconnect might have only 288 fibers, which is less costly but still has enough capacity to serve customer needs, without guaranteeing the full bandwidth to each one at all times. The network provider runs an oversubscription calculation to try to serve the greatest number of customers at the least cost while still providing good service. They run enough fibers to the interconnect so that if some customers need their own fiber they can do that, for example if someone runs a server from their home. As needs expand, extra fibers can be run using open conduit. STRATA representatives also stated that the monitoring software for fiber networks is usually first deployed to passive networks.

STRATA estimates that creating a fully active fiber network would add about 5% to 10% to the overall cost of their proposal.

The committee prefers a fully active network to ensure that all residents are able to have guaranteed upload and download speeds, but is willing to consider a hybrid network if other factors weigh in favor of STRATA.

6.4 Maintenance

Both proposals will allow the city to ensure that network maintenance is handled by the network provider and both proposals indicate how long term network upgrades are handled. With STRATA, the city will collect \$7 per month per subscriber and will need to manage those funds and contract out for network assessment and upgrades. With UTOPIA, \$30 per month of subscriber infrastructure fees go to UTOPIA to handle a combination of financing, additional installations, churn expenses, and a portion of the \$35/month ISP fee goes to UTOPIA for operations and maintenance. These fees vary depending on the package. Essentially, UTOPIA handles all network maintenance, upgrades, and operations from their revenues and has flexibility to move those funds around as necessary. The city does not need to handle any fees or plan for upgrades.

The committee prefers the UTOPIA model to avoid the extra cost of paying for additional subscribers and managing upgrades.

6.5 Operations

Both proposals have solid plans for operations. STRATA will establish an operations center in or near Cedar Hills for local technicians, who will be available during business hours and on call during other days and times. They will use their Network Operations Center in Roosevelt to operate and monitor the network 24/7. UTOPIA already has two teams of ~9 technicians, plus staff that handle customer service and a 24/7 network operations center. They also have 4 full-time network engineers, 3 full-time IT staff, and 10 full-time utility locators.

The committee feels that both organizations are capable of delivering on network operations, with track records of good service. UTOPIA has a small edge for already having local technicians and serving other communities in our area.

6.6 Resident Access

Both proposals will provide fiber to the curb for all homes.

In the STRATA proposal, funds are only allocated for connecting about 35% of residents (a conservative estimate of the subscription rate). If more people subscribe, then the city or residents need to pay extra for these connections, estimated at \$500 to \$1,000 per subscriber. STRATA recommends obtaining additional funding to cover this cost in advance. Additional

subscribers in subsequent years will also need to be covered through city revenues or resident fees. Because the city owns the network in this proposal, the responsibility for new subscribers beyond the estimated subscription rate falls to the city.

In the UTOPIA proposal, subscriber fees cover the additional costs to connect residents who don't initially subscribe. In this case, UTOPIA owns the network and keeps additional revenue beyond what is needed for financing, maintenance, and operations, so it handles new subscriber connections as well.

The committee prefers the UTOPIA model due to its lower risk to the city and the assurance that subscribers can be connected using subscriber fees rather than additional revenues or fees.

6.7 Resident Pricing and Service

Both STRATA and UTOPIA will use an open access model. UTOPIA has a strong history of working with multiple ISPs — they currently partner with 14 residential ISPs and 25 business ISPs. STRATA has less experience in this area, but shows some promise. Representatives indicate they have signed contracts with 6 ISPs to serve the network they are building in Providence, Utah.

The committee feels UTOPIA has an edge here, due to their longer experience providing services to subscribers through partner ISPs. The committee feels it would be difficult for Cedar Hills to attract ISPs due to the relatively small number of residents that would be serviced on a network the city owned. With UTOPIA, Cedar Hills benefits from the economies of scale offered by UTOPIA.

6.8 Risk

As mentioned above, the committee prefers the UTOPIA financing model due to low risk to city finances and the fact that financing is obtained through UIA. The committee also prefers the subscriber connection model that UTOPIA offers, lowering the risk of extra costs when connecting residents in subsequent years after construction or if the subscription rate exceeds expectations. Both UTOPIA and STRATA present low risk that the venture will fail, because STRATA has been in business for a long time and UTOPIA has a history of success with their model in our area. Overall, UTOPIA's proposal provides somewhat lower risk to the city.

6.9 Project timeline

Both projects provide reasonable timelines for project completion. STRATA projects the network being built and operational within 2 years or less. UTOPIA expects construction to be complete after 14 months and contractually guarantees 90% completion within 24 months.

The committee sees no substantial difference between the proposals on this criteria.

7. Recommendation

The committee recommends that the city enter into a contract with UTOPIA to build and operate a fiber optic network in Cedar Hills. UTOPIA came out ahead or even on all criteria. The committee prefers UTOPIA for the following reasons, as documented above:

- The UTOPIA financial model does not require the city to directly bond for construction, though it is responsible for debt service payments. Subscription rates in nearby cities are exceeding expectations, meaning there is low risk that subscriber fees will be unable to pay for construction costs.
- The UTOPIA model pays for new subscriber connections from existing fees, avoiding the need for the city or residents to pay for new connections, either when a resident joins late or when the subscription rate is higher than expected.
- The city prefers that UTOPIA owns the network. The projected revenues from owning a fiber network are not guaranteed nor significant, and the city would rather not have to manage any aspect of the network, such as connecting customers (who didn't connect originally), planning and managing funds for long-term network upgrades, and employing anyone to handle these items. The committee prefers the UTOPIA model in which the member cities collectively pool the costs to maintain the network, spreading risk among them. The UTOPIA model provides less control (we have one seat on the board) in return for less work and no ownership risks.
- UTOPIA has a strong track record of providing operations and maintenance for municipal fiber networks, as well as providing well-regarded service for residents in our area. Cedar Hills would benefit from the economy of scale when joining with UTOPIA and its contracted ISPs rather than having to attract these services on its own.

The committee appreciates the chance to examine two different models. In the case of UTOPIA, the city does not own the network, but also does not incur extra fees for subscriber connections, offloads all work to UTOPIA, and gets a proven solution for our area. With STRATA, the city would own the network but would have to incur additional costs for additional subscriber connections, with fairly small revenues and a large asset to manage.

It is also important to recognize the context within which the city is pursuing a fiber network for its residents. Current services offered by incumbent providers cannot compete with the speed of fiber, and competing technologies are unlikely to offer similar speeds. A fiber network provides high symmetric bandwidth (both upload and download); upload bandwidth is particularly helpful for video calls, uploading YouTube videos, backing up files online, or running servers at home. Fiber thus offers significant opportunities to residents. Finally, the experience of many years in the city has shown that there has been no investment from incumbent providers in higher speed Internet services, with current services capped at lower speeds than fiber for significantly higher cost than what UTOPIA ISPs provide.

Finally, a survey conducted by UTOPIA indicates that residents are supportive of this plan. Most residents are dissatisfied with their current Internet service providers, as indicated by a Net

Promoter Score of -61 (compared to +63 for UTOPIA). Approximately 90% of residents support the city pursuing broadband options. Approximately 83% support a fiber-to-the-home plan that uses a subscriber model, versus 68% supporting a utility model. In a direct comparison, about 47% support the subscriber model and 42% support the utility model.

Resources

Xfinity

- Services and pricing vary substantially by region. Details can be obtained only by shopping for service in a given area. Services and pricing taken from offerings in Cedar Hills in October 2021.

DSL

- <https://www.pcmag.com/news/what-is-gfast-and-will-it-save-dsl>

5G

- <https://www.tomsguide.com/features/5g-vs-4g>
- <https://www.telecompetitor.com/report-5g-upload-speeds-face-challenges-phone-does-the-heavy-lifting/>
- <https://www.fiercewireless.com/5g/5g-download-speeds-u-s-at-meager-47-58-mbps-range-per-open-signal>
- <https://www.lifewire.com/5g-speed-4180992>

Starlink

- <https://www.cnbc.com/2021/04/15/spacexs-starlink-early-users-review-service-internet-speed-price.html>
- <https://www.theverge.com/22435030/starlink-satellite-internet-spacex-review>



CITY OF CEDAR HILLS

TO:	Mayor and City Council
FROM:	Chandler Goodwin, City Manager
DATE:	November 16, 2021

City Council Agenda Item

SUBJECT:	Review/Action on Cedar Hills Branding
APPLICANT PRESENTATION:	N/A
STAFF PRESENTATION:	Chandler Goodwin, City Manager
BACKGROUND AND FINDINGS: Mayor Andersen, Councilmember Smith, and select staff members have been working with a group from Chase Media on branding ideas for the City. In these discussions, other cities brands have been evaluated, we have discussed the values of Cedar Hills, and worked towards developing a brand that is unique but encompasses what Cedar Hills is all about. A representative from Chase Media will be present to walk the Council through the same discussions.	
PREVIOUS LEGISLATIVE ACTION: N/A	
FISCAL IMPACT: Chase Media was contracted to work on branding at a cost of \$8,000	
SUPPORTING DOCUMENTS: Documents will be provided in the meeting	
RECOMMENDATION: To review the brand proposal and make any necessary changes	
MOTION: To approve/not approve a new brand strategy, logo, and implementation guide, and to direct staff to work with Chase Media on implementing the brand strategy.	



CITY OF CEDAR HILLS

TO:	Mayor and City Council
FROM:	Chandler Goodwin, City Manager
DATE:	November 16, 2021

City Council Agenda Item

SUBJECT:	Review/Action on Acceptance of the Fiscal Year 2021 Financial Audit
APPLICANT PRESENTATION:	Steven Rowley, Keddington & Christensen L.L.C.
STAFF PRESENTATION:	Charl Louw, Finance Director
BACKGROUND AND FINDINGS: Review of the annual financial report and the related audit results. Annually we contract with independent auditors to review the basic financial statements. The independent auditors are expected to obtain reasonable assurance that the financial statements are free from material misstatement and are fairly presented in accordance with generally accepted accounting principles. The City received an unqualified opinion, or clean opinion.	
PREVIOUS LEGISLATIVE ACTION: None	
FISCAL IMPACT: None	
SUPPORTING DOCUMENTS: The 2020 comprehensive annual financial report is attached and available online: http://www.cedarhills.org/finance-documents/financial-statements	
RECOMMENDATION: To accept the 2021 annual comprehensive financial report.	
MOTION: To accept the 2021 annual comprehensive financial report.	



CITY OF CEDAR HILLS

TO:	Mayor and City Council
FROM:	Chandler Goodwin, City Manager
DATE:	November 17, 2020

City Council Agenda Item

SUBJECT:	Review/Action on release of development bond and start of second durability bond period for the Cedar Canyon Subdivision
APPLICANT PRESENTATION:	N/A
STAFF PRESENTATION:	Chandler Goodwin, City Manager
BACKGROUND AND FINDINGS: Staff and the City Engineer from Bowen and Collins have been on site to inspect the public improvements for the Cedar Canyon Subdivision and have recommended all improvements to be accepted by the City Council. This portion of the subdivision will enter a durability period that will follow a previous durability period. When the original public improvements were accepted by the City Council, there were a few outstanding items that needed to be bonded for in a separate development bond. These items included streetlights and landscaping improvements. These items will now go into durability for one year, with a durability bond posted in the amount of 10% of the value of these improvements.	
PREVIOUS LEGISLATIVE ACTION: N/A	
FISCAL IMPACT: N/A	
SUPPORTING DOCUMENTS:	
RECOMMENDATION: Accept public improvements, and move Cedar Canyon into durability phase	
MOTION: To accept the public improvements for the Cedar Canyon Subdivision as recommended by the City Engineer, to release the associated development bond, and accept a durability bond for the public improvements in the amount of 10% of their value.	



CITY OF CEDAR HILLS

TO:	Mayor and City Council
FROM:	Chandler Goodwin, City Manager
DATE:	November 16, 2021

City Council Agenda Item

SUBJECT:	Review/Action on a Resolution for Submission of a Grant Application for a WaterSmart and Energy Efficiency Grant
APPLICANT PRESENTATION:	N/A
STAFF PRESENTATION:	Chandler Goodwin, City Manager
BACKGROUND AND FINDINGS: City Staff have been working with Bowen and Collins on a grant application for the WaterSmart grant that is provided by the United States Department of the Interior, Bureau of Reclamation for the WaterSmart and Energy Efficiency Grant. The resolution recognizes the need of the City to complete a pressurized irrigation metering project as part of the City's efforts to conserve water. In order to complete the proposed project, the City is required to commit to the provisions found in the resolution: -Authorizing the City Manager to enter into an agreement upon successful application -Designates the City Manager as the official to review and support the application -City commits to provide funding in the amount specified in the application funding plan -City commits to work with the Bureau of Reclamation on establishing deadlines	
PREVIOUS LEGISLATIVE ACTION: None	
FISCAL IMPACT: TBD	
SUPPORTING DOCUMENTS: Proposed WaterSmart Resolution	
RECOMMENDATION: To approve the proposed resolution	
MOTION: To Adopt Resolution _____, providing for the submittal of a grant application to the United States Department of the Interior, Bureau of Reclamation for the WaterSmart and Energy Efficiency Grants.	

RESOLUTION NO. _____

A RESOLUTION PROVIDING FOR THE SUBMITTAL OF A GRANT APPLICATION TO THE UNITED STATES DEPARTMENT OF THE INTERIOR, BUREAU OF RECLAMATION FOR THE WATERSMART WATER AND ENERGY EFFICIENCY GRANTS.

WHEREAS, the United States Department of the Interior, Bureau of Reclamation has announced the *WaterSMART Water and Energy Efficiency Grants* in order to prevent water supply crises and ease conflict in the western United States, and has requested proposals from eligible entities to be included in the WaterSMART Program, and

WHEREAS, the City of Cedar Hills has need for funding to complete a pressurized irrigation metering project.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Cedar Hills City as follows:

1. That Chandler Goodwin, City Manager, is hereby identified as the official with legal authority to enter into an agreement resulting from a successful application for this grant and is specifically authorized to do so.
2. The City Council designates Chandler Goodwin as the Official to review and support the application prior to submission of the grant application.
3. The City does hereby commit to provide the amount of funding and/or in-kind contributions specified in the funding plan included in the funding plan portion of the grant application.
4. That Cedar Hills City is hereby committed to work with the Bureau of Reclamation to meet established deadlines for entering into a grant or cooperative agreement.
5. This resolution shall take effect immediately upon passing.

PASSED AND APPROVED THIS 16TH DAY OF NOVEMBER, 2021.

CITY OF CEDAR HILLS COUNCIL

By: _____
Denise Andersen, Mayor

VOTING:

Laura Ellison	Yea	Nay
Ben Ellsworth	Yea	Nay
Mike Geddes	Yea	Nay
Brian Miller	Yea	Nay
Kelly Smith	Yea	Nay

ATTEST:

Colleen A. Mulvey, MMC
City Recorder

DEPOSITED in the office of the City Recorder this ____ day of November, 2021.



CITY OF CEDAR HILLS

TO:	Mayor and City Council
FROM:	Chandler Goodwin, City Manager
DATE:	November 16, 2021

City Council Agenda Item

SUBJECT:	Review/Action on Repealing Ordinance No. 10-19-2021A and enacting an Ordinance establishing City Code 3-1I-3 pertaining to Business Licenses for Short Term Rentals, and amending Title 10-5-41 pertaining to Residential Short-Term Rentals
APPLICANT PRESENTATION:	N/A
STAFF PRESENTATION:	Chandler Goodwin, City Manager

BACKGROUND AND FINDINGS:

The purpose of the Short-Term Rental (STR) code is to establish the necessary regulations and standards for STRs to be located within the community. These standards allow for STRs while also protecting the safety and general welfare of the City of Cedar Hills and preserving the residential character of the neighborhoods. The code establishes the following standards and regulations:

- A completed business license application with a property description
- The owner must reside in the home or on the property whenever the STR is to be rented out
- Rentals are limited to one group of renters at a time
- Properties must be maintained so that all potential nuisances are eliminated

Based on feedback from the City Council in the September meeting, the proposed code does not limit the number of guests (although they must be from the same party), the number of nights that an STR may be rented, or the number of STRs in the City.

The proposed code also includes the adoption of a new section of City Code, 3-1I, related to short term rental business licenses.

In order to adopt both these sections of code under the same ordinance number, it is necessary to repeal Ordinance No. 10-19-2021A, and adopt an ordinance approving both sections of code, as they both reference one and other.

PREVIOUS LEGISLATIVE ACTION:

Planning Commission gave a positive recommendation during the August 24 meeting, City Council discussed this item in the September 14 meeting. City Council adopted Ordinance 10-19-2021A, adopting the Title 10 portion of the code.

FISCAL IMPACT:

N/A

SUPPORTING DOCUMENTS:

Proposed Code 10-5-41, 3-1I

RECOMMENDATION:

Review the proposed code and make any adjustments necessary to adopt

MOTION:

To approve/not approve Ordinance _____, repealing Ordinance 10-19-2021A, adopting the Cedar Hills City Code 10-5-41 Residential Short-Term Rentals, and adopting City Code 3-1I Pertaining to Short Term Rental Business Licenses, subject to the following changes {LIST ANY NECESSARY CHANGES}.

10-5-40. - Residential Short-Term Rental (STR).

(a) Purpose. This section is established to provide regulations and design standards for residential short-term rentals (STRs) related to single family and multifamily neighborhoods. These standards seek to allow for STRs while also protecting the safety and general welfare of Cedar Hills residents and preserving the residential character of Cedar Hills neighborhoods. In allowing STRs, it provides existing property homeowners economic relief who might otherwise be forced to leave a neighborhood, thus promoting and preserving affordable housing in Cedar Hills. This section also intends to stabilize neighborhoods by promoting home ownership and preserving long term rental housing in the market.

(b) Residential Short-Term Rental (STR). A STR is prohibited in all residential dwellings, residential districts, residential PUD districts and residential SD districts without first obtaining a STR conditional use permit as regulated in this section and being issued a valid short-term rental business license (STRL). The following are exempt and shall not be subject to the provisions of this section:

- (1) A residential lease of 30 or more consecutive days.
- (2) Bed and breakfasts, hotels, and motels, as described and regulated in title 10 of the Code.
- (3) Previously existing short-term rental units that have complied with the requirements set forth in article I, chapter 3, title 3 of this Code.

(c) General Standards and Requirements. A STR use may be allowed within any existing legal owner-occupied residential dwelling by an administrative conditional use permit from the planning department, wherein the application demonstrates compliance with requirements found in title 10 of this Code and all of the following standards and requirements:

- (1) Application. A completed application form as provided by Cedar Hills.
- (2) Property Description. A detailed written description and/or drawing of the property that identifies the use of each room of the dwelling and defines the portions of the dwelling to be used for a STR shall be provided. Only one designated STR area is allowed for a property.
- (3) Owner Occupancy. The owner of the subject property shall live in the primary dwelling in which a STR is desired, and must reside therein as their primary residence.

a. An individual shall prove ownership of the property as evidenced by a copy of a transfer deed listing the applicant as the fee title owner. Fee title owner may be an individual or trustor of a family trust that possesses 50 percent or more ownership of the proposed STR. The fee title owner may not be a corporation, partnership, limited liability company, or similar entity.

b. To establish that the property is the owner's primary residence, the owner shall:

1. Present the owner's most recent State and Federal tax returns both listing the property as the owner's primary residence; and
2. Present a government-issued identification document listing the address of the property as the address of the owner; and
3. A signed affidavit sworn before a notary public shall be provided by the owner stating that the proposed property is the primary residence of the owner, wherein they reside at least 183 days per calendar year.

(4) Occupancy During Rental Period. The subject property shall comply with the following occupancy restrictions:

a. The property shall not be rented to more than one renter at any given time, and the owner shall not divide and rent out portions of the dwelling to multiple renters at the same time.

b. A property shall not be rented as a STR unless the following conditions are met:

1. The owner must reside on the property while it is occupied by a renter.
2. The property shall only be rented for a minimum duration of one night and a maximum of 29 consecutive nights.

d. A property with a valid accessory apartment conditional use permit may use the apartment as a STR and have the accessory apartment be rented for up to 365 nights per year. The owner may not reside in or use the accessory apartment unit while it is occupied by a renter.

(5) Parking Plan. A detailed written description and/or a drawing of an off-street parking plan must be provided to ensure that all occupants of the home and STR can be accommodated on-site at all times. Parking shall be limited to the existing

garage, driveway, and dedicated parking spots of the residential unit and may not include any on-street parking. Any proposed parking improvements may also be included in the off-street parking plan, so long as they are completed prior to issuance of a STRL. All elements of the parking plan must be in compliance with all other requirements of this title.

(6) Conflict of Private Restrictions. The owner shall provide a signed affidavit sworn before a notary public that certifies to the City that the subject property has no existing private covenants, conditions, or restrictions prohibiting STRs.

(7) Urgent Response. The owner, or a designated representative, shall be available to immediately respond 24 hours per day, 365 days per year by telephone, and when necessary, be able to physically respond within one hour of any legitimate complaint. If the owner is unreachable after three attempted contacts by Cedar Hills, a notice of violation will be issued.

(8) Property Maintenance Requirements. All short-term rentals shall adhere to this Code, including, but not limited to:

a. Maintenance. Owners must adhere to the property maintenance chapter of this Code, including, but not limited to, requirements for weed abatement, landscaping, garbage removal, structure maintenance, and fence/wall maintenance.

b. Snow Removal. Owners shall remove all snow from the sidewalks of the property within 24 hours after snowfall in accordance with this Code.

c. Noise and Nuisance Control. Owners shall ensure that renters adhere to the noise control chapter of this Code. Should a renter violate the noise control chapter more than once in any given 72-hour period they shall be immediately evicted from the property by the owner.

(9) Noticing and Posting Requirements.

a. One nameplate sign that includes the name and the 24/7 contact information for the owner, or a designated representative, must be posted on the exterior side of the main entrance of the STR.

b. An informational packet must be posted in a highly visible place within the STR area, and must include all of the following:

1. City-issued STRL.

2. 24/7 owner, or a designated representative, contact information.

3. Parking requirements.
4. Maximum occupancy.
5. The noise ordinance of this Code.
6. Garbage pickup dates, and a written description of where garbage receptacles must be placed for pickup.
7. Contact information for the American Fork Police and American Fork Fire & Rescue.
8. Other contact information as required by the planning department.
9. Any other appropriate requirements as specified by the planning department, through the conditional use permit process.

(d) Violations. Except as provided in section 3-1I-3 of this Code, it shall be a violation for any person to operate a STR:

- (1) Without first obtaining a STR conditional use permit, as regulated in this section, and issued a valid STRL; or
- (2) That does not comply with the requirements of this chapter, chapter 3, or this Code.

(e) Enforcement and Fines. Upon a determination that a violation exists, the planning department, or its designee, will contact the owner requiring such owner to halt, eradicate, destroy, remove, or otherwise cure the violation within 48 hours, or such later time the planning department, or its designee, may determine.

- (1) Each day that a violation occurs or continues is a separate violation.
- (2) For any violation of this section, the issuing officer may issue a written citation or notice of violation to the owner, specifying the violation and the penalty to be imposed.
 - a. For the first violation within any 12-month period, the penalty shall be \$500.00.
 - b. For a second violation within any 12-month period, the penalty shall be \$750.00.
 - c. For a third violation within any 12-month period the penalty shall be \$1,000.00 and revocation of the STRL and conditional use permit. The

owner shall be ineligible for a STR conditional use permit and a STRL for a period of two years from the date of the third notice of violation.

d. For any violation within any 12-month period following the third violation, the penalty shall be \$1,000.00 and the STR owner shall be banned from receiving a STR conditional use permit and a STRL.

ARTICLE I OF CHAPTER 1, TITLE 3. - SHORT-TERM RENTALS

3-1I-1. - Definitions.

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

- (1) *Owner* means an individual who is:
 - a. A fee title owner who possesses 50 percent or more ownership in a short-term rental (STR) unit; or
 - b. A trustor of a family trust which possesses 50 percent or more ownership of a STR unit.
 - c. An owner of a STR may not be a corporation, partnership, limited liability company, or similar corporate entity.
- (2) *Person* means an individual, firm, partnership, corporation, association, joint venture, governmental entity or other legal entity, and shall include the plural as well as the singular.
- (3) *Renter* means a single person or single group of people whose primary residence is at another location and who provide compensation, in any form, in exchange for occupancy in a short-term rental unit.
- (4) *Short-term rental* means use of a dwelling for temporary sojourn or transient visit for a period of less than 30 consecutive days by a renter.
- (5) *Short-term rental unit* or *STR unit* means the individual house, apartment, condominium, townhome, other dwelling, or portion thereof being used for short-term rental as it has been shown in the conditional use permit approval required in title 10 of the Code, and shall include the front, back, and side yards and any additional structures found therein.
- (6) *Previously existing short-term rental unit* means a unit that was regularly utilized for short term rental prior to the enactment of this article by the City Council.
- (6) *STR* means short-term rental.

3-1I-2. - Short-Term Rental Prohibited.

Except as provided in section 3-1I-3, no person shall lease or rent, or allow to be leased or rented, any dwelling for a lease term less than 30 days without first obtaining a STR conditional use permit and a business license.

3-1I-3. - Exceptions.

- (a) Rentals of 30 or more consecutive days in duration in any of the City's residential zoning districts shall not be subject to the provisions of this article.
- (b) Bed and breakfasts, hotels, and motels, as described and regulated in title 10 of this Code, shall not be subject to the provisions of this article.
- (c) Previously existing short-term rental units shall not be subject to the provisions of this article, except that the owner of the previously existing short-term rental is required to apply for, obtain, and maintain a valid business license pursuant to the provisions in this article. In addition to the meeting the requirements set forth in section 3-1I-4, an owner of a previously existing short-term rental is required to:
 - (1) Own and operate a unit that was regularly utilized for short-term rental prior to the enactment of this article by the City Council;
 - (2) Provide documentary evidence that the unit had been regularly utilized as a short-term rental unit before the enactment of this article by the City Council; and
 - (3) Complete and submit the appropriate previously existing short-term rental application form as provided by Cedar Hills within six months of the enactment of this article by the City Council. Failure to complete and submit this application to Cedar Hills within the six-month period following enactment of this article will result in an owner forfeiting any right he or she may have to maintain a previously existing short-term rental unit under this provision.

An owner of a previously existing short-term rental unit who has complied with all the provisions of this article is not required to obtain a STR conditional use permit under section 10-5-40 of the Code.

3-1I-4. - Short-Term Rental Business License Application and Renewal.

A business license is valid for only one STR unit. No more than one business license may be granted to any person. Except as provided in section 3-1I-3, an owner may be granted a business license through the following process:

- (1) Prior to applying for a business license, applicant must first have been granted a STR conditional use permit approval pursuant to title 10 of the Code.
- (2) Complete the appropriate application form as provided by Cedar Hills.
- (3) A business license will expire July 1 of each year. A STR owner must renew the license in accordance with the renewal process, prior to the expiration of an active business license, in order to continue operation. Failure to renew prior to expiration will result in the Business License account being closed.
- (4) The licensing official shall not renew a business license if it has incurred more than the maximum number of allowed violations over the 12-month period immediately preceding the business license renewal deadline.
- (5) Complete all required inspections for business licenses under this chapter.
- (6) Submit proof of payment of all required taxes and fees shall be submitted by the applicant and verified by the licensing official upon request.
- (7) Submit a copy of the appropriate sales tax license issued by the State of Utah shall be submitted and verified with the initial application for a business license.
- (8) For any renewal, the City may require verification that the rental nights per year, maximum consecutive rental nights, and rental vacancy period did not exceed the limits described in this Code for the year immediately preceding the application for renewal.
- (9) Provide any other documents as required by the licensing official.

3-II-5. - Inspections.

Prior to being granted a business license, the owner shall schedule all inspections requested by the City. An inspection shall be required by the building and/or fire and/or code enforcement officials at the time of business license application and intermittently as deemed necessary by the licensing official. The official will:

- (1) Ensure that the STR unit complies with the information contained in the application and with the requirements of this section, including the approval of a current conditional use permit, except as provided for in section 3-II-3.
- (2) Ensure that the STR unit has a working carbon monoxide detector on each floor.
- (3) Ensure that the STR unit has a working smoke alarm in each sleeping area with a minimum of one smoke alarm on each floor.

3-1I-6. - Grounds for Denial, Suspension or Revocation of a business license.

(a) Granting of a license under the provisions of this ordinance shall not be considered or deemed a right and, if granted, inures to the benefit of the applicant only as a privilege temporarily granted. The City reserves the right to deny any application for a business license. If the licensing official finds that any applicant does not meet the requirements of or is disqualified under any section of this chapter, or if it is found that the application is deficient in any way, or any of the facts provided thereon are false or in question, the application shall be denied or the business license revoked.

(b) Except as provided for in section 3-1I-3, any business license requested or granted pursuant to this section may be denied, suspended, or revoked by the licensing official pursuant to procedures established in this title for the following:

(1) Violation by the applicant, occupants, or employees representing the STR unit owner, of any other Cedar Hills, Salt Lake County, State or Federal laws governing the operation of STRs.

(2) Applicant supplied false or misleading information when applying for a business license or STR conditional use permit; or the applicant withheld relevant information on any application for any use, suffered, or caused another to furnish or withhold such information on his behalf.

(3) The STR unit no longer complies with the standards, qualifications or conditions necessary to obtain or maintain a STR conditional use permit.

(4) The applicant has failed to pay applicable taxes, fees and fines described herein.

(5) The applicant has refused to allow authorized representatives of the City to make an inspection or has interfered with such representatives while in the performance of their duty in making such inspection.

(6) Upon good cause, as indicated and requested by any of the Cedar Hills, Utah County, Utah State, or Federal agencies that govern STRs.

(c) The City shall give at least ten working days written notice, mailed or otherwise delivered to the mailing address listed on the business license application, of the alleged violation or the manner in which the STR unit and/or operator no longer complies with the requirements for the business license with the opportunity to correct the problem during said time. The ten-day notice period may be waived or reduced if there is a risk to public health, safety or welfare. Any substantiated, unresolved complaint, regarding the violation of standards, qualifications or application requirements or any of the above

violations, which is received and verified by the City, against any business license, will require that any approvals, permits, and licenses be revoked and the STR cease to operate.

(d) Any three violations by the STR unit owner or any renters, as described in the title 10 and this article in any 12-month period shall result in a business license being denied, suspended, or revoked by the licensing official pursuant to procedures established in Title 3.

3-1I-7. - Process for Appeal of Denied, Suspended, or Revoked business license.

Any appeal of a denied, suspended, or revoked business license shall follow the process outlined within this title of this Code.

3-1I-8. - Advertising, Taxes and Fees.

(a) Any STR in Cedar Hills shall include the following statement in any online advertisement for the STR unit: "This short-term rental is legally permitted by Cedar Hills short-term rental permit #[conditional use permit number] (unless none is needed as a previously existing short-term rental) and short-term rental business license #[Cedar Hills Business License number]. Any short-term rental in Cedar Hills operating without a permit and business license number included within its online advertisement is operating illegally. Renters beware."

(b) STR owners shall pay all taxes and fees relating to the STR, including without limitation the conditional use permit application fees, the business license fees, property tax, sales tax, and the Utah transient room tax. The amount of the fees required to obtain the licenses and permits described herein shall be established by resolution of the City Council.

3-1H-9. – Penalties.

Any person or party violating any of the provisions of this article shall be guilty of a class B misdemeanor and subject to criminal penalty as provided in section 3-1-18 of this chapter. In addition to this penalty, any person violating any provision of this article shall be liable for a civil penalty of \$500 per day. Each day of violation under this article shall constitute a separate offense and shall be separately punishable, but may be joined in a single prosecution.