

Unified Economic Opportunity Commission Meeting Minutes

September 28, 2022 · 9:00AM – 11:00AM · Senate Building, Room 445

<https://drive.google.com/file/d/1nUuKmCfQHYYQOdWRR54sgfLO3tUhCi5Mb/view?usp=sharing>

Commission Members Present: Governor Cox, Dan Hemmert, President Stuart Adams, Speaker Brad Wilson, Carlos Braceras, Dave Woolstenhulme, Commissioner Gage Froerer, Mayor Dawn Ramsey, Joel Ferry, Margaret Busse, Casey Cameron, Theresa Foxley*, Miles Hansen*, Stephen Lisonbee*

Commission Members Excused: Claudia O’Grady, Sophia DiCaro, Craig Buttars, Sydnee Dickson

* Non-voting member

Welcome, Gov. Cox

Gov. Cox thanked everyone who has been so diligent in working together. He briefly mentioned successful meetings on the trade mission in Israel and the UAE.

Life Cycle of the UEOC and Layout of the Meeting, Kyle Palmer

Palmer reported that working groups are at the point where they need to start finalizing things and getting budget requests approved. This meeting will be the most important of the year so far.

Subcommittee & Working Group Recommendations

Working Group on Water Infrastructure & Environment, Sen. Scott Sandall

Sen. Sandall thanked the working group for being engaged, saying that becoming hyper-focused on these needs now will serve the state in the future. He noted that he is learning that the state cannot conserve what it doesn’t measure. He presented the working group’s priorities as follows:

- Agriculture Water Optimization Grant – Updated the commission on the success of the grant, saying that the state is getting “bang for our buck.” We are seeking willingness to participate and conserve water throughout the state. The Water Infrastructure Working Group recommends \$25 million in ongoing funding toward the grant.
- Water Reuse Grants – Two-pronged approach:
 - Northern Utah: Grant for lagoon systems, allowing them to routinely discharge into the GSL; contingent on not using effluent water for the next 10 years.
 - Southern Utah: Provide one-time grants encouraging water systems to begin re-use in the area.
- Secondary Water Metering Grant: Authorize the Department of Natural Resources to increase the cap on the Secondary Metering Grant

- Turf Buy-Back Amendments: this bill limits the area for turf buy-back if the area has other non-conforming areas.
- Coordinated Growth and Conservation: Encourage regional water planning across the state (bill drafted and ready for UEOC support)
 - \$130,000 ongoing to the Division of Water Resources and \$130,000 ongoing to the Division of Drinking Water for new staff to coordinate planning efforts
 - \$500,000 one-time to provide water conservation planning
- Create a Dedicated Water Funding Source to meet ongoing needs. No fixed amount requested yet.

Rep. Mike Schultz complimented the efforts of the group. He asked if the group has discussed changing the statute to allow water used by people in the Great Salt Lake Basin to continue to go to the lake instead of being reused. Sandall said the group has discussed this, although a bill file has not been settled upon or opened up yet. Schultz said he's nervous about what will happen to the lake if this is not addressed.

Commissioner Gage Froerer asked about lagoon systems and whether the group has talked with DEQ about their decision not to authorize them. Sandall said the group has had brief discussions, but can look into the issue more closely.

Dan Hemmert moved to always change the word "endorse" to "support" in the motions. He explained that in government, words matter.

Motion

"I move to support the recommendations of the Water Infrastructure & Environment Working Group as stated, and forward them to interim legislative committees."

- Motion made by Hemmert
- Motion seconded by Carlos Braceras
- Motion carried unanimously

Subcommittee on Talent, Education and Industry Alignment, Vic Hockett & Carrie Mayne

Vic Hockett reported on the success of the Return-to-Work Grant (HB333). He then presented recommendation from both the group and the board:

- Funding request to add appropriations to the established Talent Ready Connections (HB68), specifically for:
 - Healthcare
 - Computer Sciences
 - Transportation - CDL

Carrie Mayne supported the recommendation with information on the data which inspired it. She emphasized that the data has shown computer science to impact all targeted industries. Listening to industry, it is clear that some of the fastest-growing positions are within this field. She gave brief summaries of the projected growth for both healthcare and CDL.

Hockett said that industry partners' needs continue to be reflected in the Talent Ready Connections Program. In November's meeting, the group will be talking specifically about a K-12 Computer Science program.

Hemmert asked Hockett to ballpark the amount that the group will request, and Hockett responded that it will likely be \$2 million-\$5 million ongoing.

Braceras commented that the state is well behind the pacemark for CDL drivers and struggling to find enough diesel mechanics. He asked if the group has looked at the latter specifically, and Hockett said it has not but continues to hear a growing demand from industries.

Margaret Busse mentioned that the workforce is losing a lot of 18-54 year-old males and asked if there is anything being done to re-engage that group. Hockett said that the Return-to-Work program was designed to re-engage all groups and that he is hoping to see success there.

Motion

"I move to support the recommendations of the Talent, Education, & Industry Alignment Subcommittee as stated, including the additional funds to expand targeted workforce efforts through the Talent Ready Connections program, and forward them to interim legislative committees."

- Motion made by Hemmert
- Motion seconded by Froerer
- Motion carried unanimously

Working Group on Growth & Transportation, Rep. Mike Schultz

Schultz thanked Palmer, Ben Hart and the group's other co-chairs. Hart then presented the work of the subgroup on Infrastructure Investment Visioning, beginning with a comment about how careful the state needs to be in the way that it pays for growth; it's important to find the right funding sources. The subgroup's recommendations are as follows:

- Enhance statewide mobility by building up funding reserve with one-time funds to grow annual investment from \$1-\$1.5 billion a year to \$2 billion a year over the

next decade. Doing this year after year using one-time funding is a reasonable approach to grow to the levels that the state needs to be at.

- Braceras added that the state is in a great position thanks to past and present leaders. The industry wants some assurances, and this recommendation provides funding in a slow and steady manner.
- Expand local system capacity by creating a loan fund within the State Infrastructure Bank (SIB) that will focus on opening up new areas through system investments to accommodate growth; the fund would be evergreen, repaying itself over time. This way, the state can offset some expenses for communities.
 - Braceras added that the SIB has existed since the mid-90s; it has been used more narrowly until now. This subgroup had the input of developers to create this recommendation. The expanded use of SIB can help the state to grow in a smart way.
- Increase supply of buildable housing lots by creating a new Developer-led Infrastructure District (DID), functioning similarly to Assessment Area Bonds—with security and repayment being the improved land itself and with repayment being a lump sum due at building permit.

Schultz commented that the expansion of the SIB has drawn some concern, but he wanted to make it clear that it will be for rural and not just urban areas of the Wasatch Front. He added that while transportation is doing well at the state level, it is becoming difficult for local governments to pay for and maintain their roads because of the dwindling gas tax and inflation.

Braceras agreed that local governments and transit districts are struggling.

Theresa Foxley asked if DID was modeled off of another state like PID, and Hart responded that it was not; it will be an improvement of the current Utah model.

Andrew Gruber presented the work of the Regional Growth Alignment Subgroup, divided into three categories.

Transportation + Housing:

- Reduce required local match for 'active transportation' projects
- Enhance access to opportunities considerations in Utah's Unified Transportation Plan/TIF Prioritization
- Enhance consideration of new housing location in the Olene Walker Housing Fund

Laura Hanson presented the recommendations in the Natural Resources + Growth category:

- Evaluate and consider increasing resources for local technical assistance programs
- Expand open space preservation through the LeRay McAllister Critical Lands Conservation Fund
- Align Drinking Water & Clean Water State Revolving Loan Programs with broader goals for growth

Hanson continued with the category of Economic Development:

- Broaden Regional Comprehensive Economic Development Strategies (CEDs)
- Consider updating the EDTIF program award criteria to prioritize projects that mitigate demand for additional infrastructure and consider impacts on housing and transportation
- Encourage centered development and water conservation in the EDCUtah Development Ready Communities Programs

She continued with a general recommendation: The LFA, GOPB, and State Agencies should include consideration of cross-issue impacts in program design and performance evaluation, given that growth related issues such as housing, transportation, economic development and water have impacts on each other.

Leif Elder presented the recommendations of the Transportation Funding Subgroup:

- Consider modifying county option sales tax for transit or “Fifth Fifth” to increase utilization by extending the deadline, broadening uses, and changing the rate
- Consider clarifying in statute if and how a municipality may impose a transportation utility fee
- Consider the impact of a retail delivery fee to address wear and tear on roads and allow those benefiting from transportation system to pay their fair share
- Consider taxes/fees for interstate EV drivers
- Consider changing the gas tax rate cap to allow the rate to continue tracking CPI further into the future until the gas tax is replaced
- Consider zero-fare transit (joint study by WFRC-MAG-UTA-UDOT is underway)
- Consider cultivating the Road Usage Charge program and look at how to share these revenues with local governments (UDOT and ULCT are studying this issue as part of an IIJA grant program)

Mayor Dawn Ramsey commented with her support for these recommendations. Item #3 on Infrastructure Investment Envisioning caused a bit of concern, so she would like more information on this.

Motion

“I move to support the recommendations of the three subgroups of the Growth & Transportation Working Group and forward them to interim legislative committees.”

- Motion made by Hemmert
- Motion seconded by Froerer

- Motion carried unanimously

Working Group on Government Efficiency & Cooperation, Miles Hansen

Miles Hansen thanked everyone for their work. Jenney Rees presented the recommendations from the Employee Retention & Recruitment Subgroup:

- Targeted state employee funding by job family, i.e. Financial Manager I, II and III
 - This avoids pay inequity
- Investment in state employee wages
 - 5% COLA
 - 2% PFP. This will allow the state to reward high performing employees.
- Leave payouts for use-it-or-lose-it hours using one-time funding. Right now, many offices are understaffed, and employees are often working extra hours and then are unable to use the time off.
 - Annual leave over 320 hours
- Increase Tier 2 retirement multiplier to match public safety
- Increase the \$26 per pay period 401k match
- Allow “double dipping” for retired employees. The group wants to reduce restrictions so government can provide services that are needed.
- Paid caregiver leave

She continued with a recommendation regarding the Business Portal:

- Option to expand beyond current statute to include more agencies, services, or entities.
 - Other states have created steering committees to develop a roadmap.
 - Steering committee consisting of state, local government, and business leaders could help broaden the scope.

Corey Astill presented a recommendation for a UEOC Industry Roundtable:

- 5-6 business owners from different industries to discuss their experiences interacting with State agencies and complying with regulations, and ultimately to identify specific areas where government can improve efficiency and evaluate industry-government dialogue.

Rich Saunders presented on the working group’s Statewide Customer Experience Vision, included its customer experience next steps:

1. Crawl, Dec. 1, 2022: All agency websites will have a digital intercept and concierge
2. Walk, May 30, 2023: Agencies begin to develop additional channels for feedback and implement ticketing systems
3. Run, Dec. 1, 2023: Agencies consistently use feedback to drive action, have a multi-channel approach, and are engaged in multi-agency customer journey improvements

Molly Wheeler presented the working group's recommendation for a Shared Local Administrator:

- \$1.58 million ongoing or \$7.9 million one-time funding for a five-year pilot program to provide administrative support to small cities and towns lacking administrative staff. This will improve the efficiency and effectiveness of local government. Smaller cities and towns would receive proactive administrative support on a consistent basis.
 - Implementation: Facilitated by ULCT in coordination with the AOGs. one administrator placed with each AOG. ULCT will hire an experienced administrator to serve as a program director and one or more administrators who will provide additional support to the regional AOGs.

Wheeler said they would like to hire 10 administrative staff throughout the state to assist with updating ordinances to align with state code and state priorities, optimizing revenue sources and expenditures, promoting best practices in local government, creating long-term strategic plans and policies to fulfill them, and a wide range of other tasks.

Gov. Cox gave enthusiastic support for this, citing his own experience hiring administrative staff and seeing a new park among other successes come of it. He said it's impossible to develop successfully without proper support.

Motion

"I move to support the recommendations of the Government Efficiency & Cooperation Working Group and forward them to interim legislative committees."

- Motion made by Ramsey
- Motion seconded by Woolstenhulme
- Motion carried unanimously

Subcommittee on Housing Affordability, Sen. Lincoln Fillmore & Rep. Steve Waldrip

Sen. Lincoln Fillmore presented the recommendations of the Rural Housing and Low-Income Housing Subgroups. The subgroup recommended that the following programs receive additional state funding:

- Single-Family Housing Rehabilitation
- USDA Mutual Self-Help
- Utah Housing Corporation Credit to Own (CROWN)
- Short Term Rentals

The Low-Income Housing Subgroup recommended the following.

- Olene Walker GAP Financing: Waldrip said this is a moving target as it depends on changing interest rates, so it needs to be a part of the analysis.
- Rent Supportive Housing Grants: \$15 million ongoing. Fillmore expressed that this is the chairs' highest priority. Waldrip added that Wayne Niederhauser is working on a new program which will provide a way for beneficiaries to graduate to self-sufficiency, and for Utah to lead the nation in filling this gap in permanent supportive housing.
 - Gov. Cox commented that this rent gap is preventing us from getting the other funding, saying that we have to fill it.
- Deeply Affordable Housing Fund: The state needs to take another gradual step in this direction. Fillmore was not prepared to put a number on this, although he knows there is need in the state and would like to work with GOPB.
- State Low Income Housing Tax Credit Program
- Referendum
- Utah Housing Preservation Fund

Attainable Housing Subgroup: Fillmore prefaced this by saying that he does not want to carry a bill that simply checks boxes; he wants it to be bold and to make real and substantive difference in Utah. This group has not yet reached consensus, but Fillmore is not interested in letting consensus hold veto power over good policy. There are a lot of political interventions in the housing market. Disrupting some of these will disrupt what people are used to, but the cost of doing nothing is higher prices. We are making it difficult for the market to respond to a very high demand for housing with adequate supply of the kind of housing that people want to buy. These proposals are not ready yet. The subgroup is working together well, but they need more time. Ultimately, they will need the unified support of the House, the Senate and the governor. Their ideas include the following:

- HB462/Moderate income Housing Plan Accountability - B&C Road Funds, Attorney's Fees, Injunctive Relief, etc.
- Review the Role of the General Plan and Zoning
- Development Standards for Infrastructure, starting with Residential
- Align Economic Development Incentives with Workforce Housing
- RDA Housing Funds Spent or Encumbered
- Municipal Incentives for Commercial and Residential Development
- Down Payment Assistance Program Expansion

Gov. Cox said the number one desire of Utahns is to have their children live near them, not with them. The options right now force people to live with their parents or far away. It will take bold initiative to change that. He expressed his support for efforts to bring down prices.

Pres. Stuart Adams thanked and expressed full support for Sen. Fillmore and the committee. He said he is concerned for the future of our children. Having a place to live is the foundation for the middle class, and we're losing that in the price of housing.

Speaker Brad Wilson said this issue is as difficult as it gets. He believes we are well on our way to becoming California in terms of housing prices. We need to do something that will make a difference. Government bureaucracy is causing the lack of supply, but the private sector is ready to help solve the problem.

Schultz mentioned that Utah has been recognized as number one in the nation for upward mobility. In the past, we have had reasonable housing prices and currently have the strongest middle class in the nation. Those things are in jeopardy if we don't get this figured out. The number one issue is supply and demand. We're 35,000 housing units short. Some cities have done a great job in helping meet the demands, but some strictly want to have large lots and large houses. Where we're hurting is the missing middle: the homeownership on the lower end. This situation is forcing young people into apartments, which is good for landlords and bad for the state of Utah. We need smaller lot sizes and townhomes. He cited a source which found that Utah homes are largest in the nation on average, which is great for people moving here from out of state, but terrible for our kids and grandkids. Housing affordability is only getting worse.

Gov. Cox reiterated that mistakes of the Fed have led to this and that our focus needs to be on the supply piece. We are seeing artificial demand destruction.

Fillmore clarified that the motion will apply to the recommendations of both the Rural and Low Income Housing Subgroups today, while the commission will hear recommendations from the Attainable Housing Subgroup in its November meeting, regardless of consensus.

Motion

"I move to support the recommendations of the Subcommittee on Housing Affordability from the Rural Housing Subgroup and the Low Income Housing Subgroup, tabling the Attainable Housing Subgroup items for a firm vote in our November meeting."

- Motion made by Ramsey
- Motion seconded by Braceras
- Motion carried unanimously

Approval of Minutes, Palmer

"I move to approve the minutes for the meeting of the Unified Economic Opportunity Commission on August 9, 2022."

- Motion made by Hemmert
- Motion seconded by Braceras
- Motion carried unanimously

Report on UEOC Trade Mission, Commission Vice Chair Hemmert, Hansen, & Palmer

Gov. Cox moved the report to the November meeting in the interest of time.

Concluding Remarks: Governor Cox, President Adams and Speaker Wilson

We have so many takeaways and a lot of follow-up and work left to do. The trade mission was fascinating; I was almost jealous of their ability to get things done quickly, but we fought a Revolutionary War to never be able to do that. However, he believes that this organization is the most important change that he has seen in government. The ability of the executive and legislative branches to collaborate with our partners throughout the state and get changes ready for the session is something to be proud of.

Speaker Wilson said he learned a lot and agreed that there is work to be done.

Adjourn