

**MINUTES OF LAYTON CITY
COUNCIL WORK MEETING**

NOVEMBER 21, 2019; 5:35 P.M.

**MAYOR AND COUNCILMEMBERS
PRESENT:**

**MAYOR SCOTT FREITAG, JOYCE BROWN,
SCOTT CARTER, TOM DAY, AND JOY PETRO**

EXCUSED:

BRUCE DAVIS

STAFF PRESENT:

**ALEX JENSEN, GARY CRANE, STEPHEN
JACKSON, TRACY PROBERT, CHAD
WILKINSON, DAVID PRICE, AND KIM READ**

The meeting was held in the Council Conference Room of the Layton City Center.

Mayor Freitag opened the meeting and turned the time over to Staff.

AGENDA:

**2019 COMPREHENSIVE ANNUAL FINANCIAL REPORT AND INDEPENDENT AUDITOR'S
REPORTS**

Tracy Probert, Finance Director, directed the Council to the Comprehensive Annual Financial Report and requested the Council contact him with any questions. He indicated he would point out some items associated with the Report and highlighted the following:

- General Fund Revenue sources
- General Fund Expenditures
- He reviewed the 2019 General Fund Final Budget figures and pointed out the following adjustments:
 - Excess Revenue in B&C Road funds
 - Carryover purchase orders from 2019
 - Unspent funds for wage and benefits due to unfilled positions in the Police and Fire Departments. He pointed out if the City hadn't received excess B&C road funds, and if positions had been filled for wages, the City would have needed to use over \$2 million from reserves.

Councilmember Day asked how many positions went unfilled and were vacant. Mr. Probert pointed out the positions weren't vacant at the same time, but over the entire year. He reminded the Council of the difficulty in recruiting for public safety positions.

He reviewed the unassigned Fund Balance for the previous three years. A discussion took place regarding the amount and the City's recruitment process and Mayor Freitag explained an idea to over hire to accommodate for these vacancies. Alex Jensen, City Manager, explained the City's practice which was similar to that suggestion.

Mr. Probert reviewed the General Fund Revenue and General Fund Expenditures with the Council and pointed out the City was currently over the allowed 25% of revenue in Fund Balance.

Councilmember Brown asked where the UTOPIA funds was being accounted for. Mr. Probert responded the City didn't actual receive revenue and indicated he was tracking those funds. He emphasized those funds were set aside by UTOPIA in a separate account specific to Layton City.

He reviewed the Enterprise Funds with the Council and pointed out the change in net position specific to each Enterprise Fund. He pointed out the Sewer Fund, although still healthy, was a little behind due to

maintenance of the sewer infrastructure.

Mr. Jensen indicated there was misconception among the public that the City was moving funds from the water Enterprise Fund to the General Fund, and he emphasized that was false. He stated the City wasn't allowed to use Enterprise Funds to subsidize the General Fund and has never taken place here at Layton City.

Mr. Probert reviewed the other Governmental Funds, both revenues and expenditures, with the Council.

Mr. Probert introduced Robert Wood, Independent Auditor with HBME CPA Firm, to the Council. Mr. Wood stated his firm had extensively reviewed the City's finances and completed the 2019 Comprehensive Financial Report. He highlighted certain pages included in the report and informed the Council the City had received an Unmodified Opinion, which was the best he could give regarding the City's funds and financial statements. He also indicated the audit reflected the City's compliance and internal control structure was in accordance with policies and briefly reviewed some of their processes in completing the audit. He reported he had also reviewed specific items identified by the Utah State Auditor's Office and announced the City was compliant, with the exception of the City having more funds than what was allowed in unreserved fund balance. He pointed out Mr. Probert had already identified an expenditure to spend down those funds.

Councilmember Brown asked if other cities experienced similar concern among residents when it was required to complete the transfer from the Enterprise Funds to the General Fund. Mr. Wood expressed his professional opinion the City was completing the transfer appropriately as it was intended. He added every City was required to complete the Enterprise Funds transfer.

Councilmember Brown requested Mr. Wood's opinion regarding the City's credit card review process and a discussion took place. Mayor Freitag mentioned Staff was reviewing the City's current policy and emphasized nothing inappropriate had taken place, however, a different review process might be beneficial. He announced Mr. Probert would be making recommendations.

Mr. Wood informed the Council his Staff had specifically audited the Fire Department for ambulance billing and stated nothing inappropriate had been identified.

Mr. Probert shared information related to Sales Tax and provided some comparisons from previous years and invited the Council to contact him with any questions they might have as they review it on their own.

PROPOSED AMENDMENTS TO LAYTON MUNICIPAL CODE – TITLE 19, CHAPTER 19.02, SECTION 19.02.020 “DEFINITIONS”, ADDING A DEFINITION FOR “CANNABIS PRODUCTION”; CHAPTER 19.06 “LAND USE REGULATIONS”, ADDING SECTION 19.06.250 “CANNABIS PRODUCTION”; TABLE 6-1 “TABLE OF LAND USE REGULATIONS”, ADDING “CANNABIS PRODUCTION” AS A PERMITTED USE IN THE M-2 (HEAVY MANUFACTURING/INDUSTRIAL) ZONE – ORDINANCE 19-37

Mr. Jensen believed there was misconception among residents regarding Cannabis based on comments expressed during the last City Council meeting on Thursday, November 7, 2020. He emphasized the City hadn't initiated the allowance of cannabis and the City wasn't promoting the product. He clarified the State passed a law which allowed the use; however, cities could implement zoning restrictions for the production and medical distribution through zoning ordinances. He added the legislation required it to be allowed in Agricultural and Industrial zones, unless the municipality took action to isolate specific areas. He pointed out the City was attempting to be pro-active in identifying specific areas within the required zones where these could be allowed and/or located.

Chad Wilkinson, Community and Economic Development Director, emphasized this text amendment was specific to cannabis production which included growing and processing of cannabis. He stated the proposed ordinance would allow this as a permitted use in the M-2, Heavy Industrial zone, and shared a

map which identified the areas within the City where this would be allowed.

He asked if there any questions from the Council and there were none.

PROPOSED AMENDMENTS TO LAYTON MUNICIPAL CODE – TITLE 19, CHAPTER 19.04, SECTION 19.04.010 “ZONING DISTRICTS AND CLASSIFICATION ESTABLISHED” AND SECTION 19.04.020 “PURPOSE OF ZONING DISTRICTS”, TO INCLUDE THE A-2 (AGRICULTURAL PRODUCTION) ZONING DISTRICT; CHAPTER 19.06, SECTION 19.06.250 “CANNABIS PRODUCTION”, TO INCLUDE THE A-2 ZONE; CHAPTER 19.05, TABLE 5-1 AND 5-2, ESTABLISHING THE MINIMUM LOT AREA, SETBACKS, BUILDING HEIGHTS, AND LOT COVERAGE REQUIREMENTS FOR THE A-2 ZONE; AND TABLE 6-1 AND 6-2 “TABLE OF LAND USE REGULATIONS”, TO INCLUDE “CANNABIS PRODUCTION” AS A PERMITTED USE IN THE A-2 ZONE – ORDINANCE 19-38

Mr. Wilkinson explained the reason for separating the M-2 zone from the Agriculture zone was that the M-2 allowance just changed the permitted use in the table. He continued to explain the City was creating a new zoning district known as, A-2, (Agricultural Production) and indicated the amendment didn't specifically designate any properties as A-2 at this time. He added those would be identified following analysis, similarly used to identify the specific areas in the M-2 zone and identified the zoning standards which would be applicable. He pointed out Staff believed there were some locations where these uses just wouldn't be appropriate such as residential and churches. He stated agricultural uses would be the same, the only difference was with the incompatible uses.

He reported the amendment was the result of discussions by the Planning Commission and believed it appropriately addressed the use.

Councilmember Day inquired about the accessory agriculture uses for the A-2 zone. Mr. Wilkinson responded this wouldn't be an appropriate use for accessory agriculture. He announced this would come before the Council for approval at a later date with an actual map of the A-2 zone.

A discussion took place regarding the distance, and how that was measured, from the production facility to other uses.

AMEND THE CONSOLIDATED FEE SCHEDULE – ORDINANCE 19-34

Mr. Probert explained the proposal to increase the water rates identified in the Consolidated Fee Schedule. He reminded the Council the rate increases had been identified in the Water Master Plan. He also reminded the Council the first increase had been implemented last year and indicated it was time to implement the second increase. He reported Staff had completed an analysis for the Council to review prior to approving the Ordinance during tonight's Council Meeting.

He referred to the rate study completed by Zions Public Finance, Inc. which committed the City to the increases identified in the Plan. He reviewed information which reflected the trend pertaining to culinary water was not meeting project needs. He explained the need for secondary water capital needs and identified each of them and a discussion took place. Mr. Probert pointed out the City had already postponed some projects by a number of years to allow the rates to remain as they were currently. Stephen Jackson, City Engineer, indicated the new Valley View Tank project had been completed and stated it was necessary to be completed in conjunction with the Highway 89 project and a discussion continued.

Mr. Probert reviewed the cash balance analysis and reported the increase specific to cash on hand would be sufficient to cover proposed projects. He shared a base rate comparison with other cities and indicated he had normalized the rates as each entity utilized its own formula. He pointed out the City would still be one of the lowest after all increases, both implemented and proposed.

Mr. Probert explained the process used by Staff to establish the tiers to be implemented with the Monthly Consumption Schedule.

Mr. Probert reviewed the water revenue since rate increases were implemented, November 2018 to October 2019, with the Council. He identified the revenue recognized for each month and compared those figures with and without availability of secondary water and shared the methodology Staff had used in calculating the recommendations for the Fee Schedule and a discussion took place. Mr. Jensen pointed out Staff had researched accounts of residents contacting the City and the vast majority consumed a significant amount of water not only this year but also in past years. Mr. Probert also mentioned a timing issue relative to reading meters contributed to high water bills received in October for part August and September usage and explained how that would be accomplished by Staff.

Councilmember Day requested clarification whether the State mandated a tiered usage/payment structure or just a conservation rate structure. Mr. Probert responded it required a conservation rate structure, which would obviously result in a tiered structure.

Councilmember Brown explained how she could obtain information pertaining to her utility account by using the app on her phone.

Councilmember Davis arrived at 6:47 p.m.

Mr. Probert concluded after considering consumption, revenue, the tiers, and information obtained from Weber Basin Water, he proposed a shift in the tiers for those residents without access to secondary water to a different tiered system. He emphasized the City not only desired to be responsible to the Water Master Plan and the City's water system, but the residents as well. He recommended a shift in the tiers for those residents without access to secondary water and identified the new proposed tiers. He explained how the proposal would affect residents and believed it still fit within the model, even though he believed the revenue and consumption came in as expected under the previous tiers and the discussion continued.

Mr. Probert clarified the recommendation for the base rates per meter size, the 20% for those with secondary water, maintaining their tiers, and adjusting the tiered structure for those without secondary water. The discussion continued and Mr. Probert clarified the rates per 1,000 gallons of water.

Mr. Jackson informed the Council of conservation goals proposed by the State referred to as Draft Regional Conservation Goals. He reported Layton City fell into the Weber River Area. He explained the City's Water Master Plan calculated the City's use and announced the State was encouraging a twenty percent decrease in water use by 2030, and the City would be expected to have residents decrease their water consumption by 50 gallons per day, per person. He added 2040 projections requested an additional six percent, followed by a four percent decrease which would result in a 30% total decrease.

Gary Crane, City Attorney, also provided information he had obtained from Weber Basin and reported the AWWA (American Water Works Association) had been experimenting with the proposal. He stated if proposed legislation was adopted it would require cities to adopt an AWWA auditing software which would require an additional Staff member to complete the audit. He expressed his personal opinion it would require Utahns to change their way of thinking as it pertained to landscaping.

Mr. Jackson also mentioned Senate Bill 52 requiring all new secondary water connections be metered which were installed after April 1, 2020, and all secondary water providers were required to have a plan to implement metering on the entire system allowing them to report water usage.

MAYOR'S REPORT

Mr. Jensen informed the Council Staff was suggesting to not schedule a City Council meeting for Thursday, January 2, 2020. There were no concerns from the Council.

He reminded the Council, City Offices had traditionally closed on the afternoons of Christmas Eve and New Year's Eve beginning at 12:00 noon and inquired if there was a concern with continuing that practice. There were no expressed concerns from the Council.

The meeting adjourned at 7:01 p.m.

Kimberly S Read, City Recorder