MINUTES OF LAYTON CITY COUNCIL WORK MEETING — **DECEMBER 17, 2020; 5:41 P.M.**

MAYOR AND COUNCILMEMBERS PRESENT: **MAYOR JOY PETRO, ZACH BLOXHAM, TOM DAY, DAWN FITZPATRICK, CLINT MORRIS, AND DAVE THOMAS**

STAFF PRESENT: **ALEX JENSEN, STEVE GARSIDE, CHAD WILKINSON, STEPHEN JACKSON, TRACY PROBERT, AND KIM READ**

PARTICIPATING ELECTRONICALLY: **GARY CRANE**

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

Mayor Petro opened the meeting.

AGENDA:

COUNCIL MEMBER REPORT

Councilmember Day informed the Council he had the opportunity to represent Mayor Petro at the Wreaths Across America program at the Veteran Wall. He mentioned this was in place of what generally took place at the State Capital. He stated it was a very nice program. He expressed concern that some of the outer panels on the Wall were beginning to separate or bow in the middle and suggested Staff inspect the panels and consider repair options.

Councilmember Bloxham reported the Audit Committee had met with the City's independent auditor prior to this meeting to review the Audit Report and expressed his opinion it had been a very productive meeting. He believed the community representatives had asked appropriate questions from the auditor and stated he was grateful for their professional contributions. Mayor Petro acknowledged the community representatives, Van Christensen and Doug Belliston, on the Audit Committee. He also mentioned he and Councilmember Morris were serving on the ULCT (Utah League of Cities and Towns) Legislative Affairs Committee and it had begun discussing issues which might affect the City. He indicated it was beginning to prepare for the Legislative session and would be providing updates as necessary. He mentioned participation would have to take place remotely and believed personal communication regarding issues pertaining to bills would be significant this year and suggested the City's relationship with many of the elected officials would be beneficial.

Councilmember Fitzpatrick reported she had received quick responses from some of these elected officials from Layton City and indicated they had been receptive to concerns and/or issues specific to the City.

Councilmember Morris mentioned bills which had been filed early were reviewed during that meeting which specifically mandated municipalities. He informed the Council he had also participated in a UTOPIA Board Meeting and reported it was doing very well and had significantly exceeded the goal for new subscribers. Councilmember Day asked why fiber was being installed along Gentile Street and Tracy Probert, Finance Director, clarified additional fiber was needed to keep up with growth because the original fiber was full. Mayor Petro was pleased to hear the City had exceeded its goal previously identified by the previous Council.

COUNCIL TRAINING

No Council Training was presented.

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Tracy Probert, Finance Director, reminded the Council the City was required, by state law, to have an audit performed by an independent auditor and indicated the Council had hired HBME (Hansen, Bradshaw, Malmrose, and Erickson) as the Firm to complete the audit. He stated Mr. Robert Wood, HBME, had applied Generally Accepted Governmental Auditing standards in the process of performing the annual audit of the City's financial records, controls and statements, and was prepared to present the audit report.

Mr. Probert directed the Council to the report and reviewed what could be located in the document: General Fund, Enterprise Funds, Comparative Financial Statements, Statistical Section, and Footnotes. He indicated Mr. Wood would review the Auditor's report, the report on internal controls and state compliance.

Mr. Probert reviewed documents pertaining to the General Fund and pointed out the following figures:

- Property Tax revenue increase
- Sales Tax revenue increase
- Telecommunications continued decrease
- Licenses and permits
- Charges for services and suggested this was the result of the Parks and Recreation Department cancelling its Spring and Summer programs due to the Covid-19 Pandemic
- B&C Road slight decrease

Mr. Probert reviewed the budget to actual figures associated with the General Fund Revenue page. He also reviewed the General Fund Expenditures reminding the Council it had directed Staff to delay or postpone some expenditures due to the COVID-19 pandemic. He spoke specific to wages/personnel costs and pointed out expenditures in the General Fund were reflected less than budgeted.

He spoke to the Unassigned Fund Balance and reported it had increased approximately $1.1 million and explained this was a result of the City recognizing a savings on expenditures and receiving more revenue than what was anticipated.

Mr. Probert reviewed the Enterprise Funds with the Council and mentioned some of the respective reserves had been reflected in the unassigned fund balance for future projects. He spoke to the swimming pool fund and reminded the Council Surf'n Swim had been closed for a time due the pandemic so revenue had decreased; however, there were still expenses and mentioned Staff took advantage of the closure to complete some needed maintenance.

He also mentioned the figure specific to the unrestricted fund balance identified for emergency medical was directly related to the retirement system calculations.

He added the athletic fund was also negatively affected because of the pandemic and explained expenditures were made and then programs had to be cancelled and suspected a budget amendment would probably be needed.

He reviewed other Governmental Funds reporting the difference from budget to actuals were under budget.

Robert Wood, HBME Auditor, reported the City applied for the GFOA (Government Finance Officers Association) excellence in reporting and believed the City would receive this for the 26th year in a row.

He explained the role of the independent auditor and what he was required to address in the Report. He announced he was recommending an unmodified opinion, the best the City could receive. He informed the Council of those items which was compared with other companies used in determining the auditor's opinion. He stated the City's internal control structure and financial reporting was also reviewed and directed the Council to where those could be located in the document. He reported Management was following the Council's direction and appropriation for each individual fund. He informed the Council there were three small issues specifically identified with State Compliance: the City had excess available funds specific to unassigned fund balance, deficit fund balance in the Athletic Fund, a result of the pandemic, deficit in the Emergency Dispatch Fund, also a result of the pandemic. He pointed out these small findings could easily be accommodated in the Fiscal Year 2020-2021 budget.

He was pleased to present a report of this caliber to the Council and emphasized Staff was doing what was expected and required for the City to receive this type of report. He also mentioned the meeting with the Audit Committee and echoed what was previously said about the significant experience the community representatives had with governmental and financial reporting.

He asked if there were any questions.

Mayor Petro expressed appreciation for Mr. Wood's honesty in presenting the document. Mr. Wood mentioned the CARES Act Funds received by the City and indicated he was still waiting for direction from the Federal Government specific to those grant funds and announced he would be back in the future to provide an audit specific to those funds.

Mr. Probert specifically directed the Council to Sales Tax and pointed out the Sales Tax Revenue was much better than anticipated and reviewed the comparison from previous years. He also reviewed the budget for the first three months of the budget year and compared the figures with previous years which reflected the significant increase. He assured the Council he had reviewed the details to verify the figures and accuracy of what had been reported and identified it was correct. He recommended the Council move forward with those remaining items/projects still on hold after the first of the year, January 2021, since the City was in a good financial position to fund them.

Councilmember Day requested further clarification and Mr. Probert continued to further explain the reasons why a significant increase might be recognized even with a decrease in the hospitality industry. Mr. Probert pointed out September was the first big month for the RC Willey Home Furnishings store and online Sales Tax was the City's fourth contributor. He also mentioned September was generally a higher month because it was a quarterly reporting period which included small business revenue; however, increases were reported across most categories. Councilmember Day expressed concern for the hospitality and restaurant businesses.

Councilmember Fitzpatrick requested clarification with what was being asked of the Council during the regular meeting and Tracy explained the Council was only being asked to accept the document. Mayor Petro mentioned the two citizen representatives had completely reviewed the document and expressed its confidence with the report.

Councilmember Bloxham referenced the ranking of paid Sales Tax by business types and asked Mr. Probert where he believed RC Willey would be reflected and Mr. Probert responded probably in the top five. A discussion took place regarding those items still on hold and Mr. Probert reviewed that process.

Councilmember Morris reported one of the bills possibly being considered was a possible increase of unassigned fund balance for cities. Mr. Probert reported the City had identified a target of approximately 15% and believed the City experienced a very diverse economy and demographic which he believed was in a great opportunity to support the City and had adequate revenue to weather economic downturns.

Councilmember Day didn't see any reason for further discussion with moving forward on those items which had been delayed or postponed. Councilmember Fitzpatrick would like a list of those items which had been delayed or postponed but was also in favor of moving forward to fund those.

Mayor Petro directed Staff to forward a list of the postponed or delayed items to the Council.

REZONE REQUEST – 1370 WEST GENTILE STREET – CP-1 (PLANNED NEIGHBORHOOD COMMERCIAL) TO M-2 (HEAVY MANUFACTURING/INDUSTRIAL) – APPROXIMATELY 1370 WEST GENTILE STREET

Chad Wilkinson, Community and Economic Development Director, announced he was prepared to provide an update of those things which had taken place since the item was last discussed in the City Council Meeting of Thursday, November 19, 2020. He reminded the Council it had directed Staff to look at a variety of considerations with a focus on M-1 (Light Manufacturing), M-2 uses and whether any of those uses could be added to a list of uses for the C-P1 zone and whether M-1 was another option which could be considered for the property.

He mentioned the application was very specific in requesting the property be zoned to M-2, Heavy Industrial, and suggested this was more of an exercise in considering other available options for the applicant's consideration. He pointed out the Council had recently approved amendments to the CP-1 zone and reported Staff had identified uses in the Industrial Zone which could be appropriate for the CP-1 zone and provided the list of items/uses which was now allowed in the CP-1 zone. He pointed out those uses which were allowed in all three; M-1, M-2, and CP-1 zones and Staff had identified those uses which could be considered.

He informed the Council a meeting had been scheduled with the applicant and Staff explained the additional uses and options which were available to him since implementation of the amendments to the CP-1 zone and reported a consensus couldn't be achieved. He indicated further discussion occurred regarding the current zone change application and reported Staff continued to believe the request for heavy industrial uses wasn't appropriate; therefore, wasn't comfortable in bringing a recommendation of approval to the Council for the rezone.

Mr. Wilkinson informed the Council significant public interest had been experienced by Staff since the last public meeting with many more potential neighboring property owners reaching out to Staff. He explained due to that public interest it was Staff's desire to bring this before the Council for a decision as soon as possible. He announced Staff's recommendation of denial for the rezone remained unchanged based on non-compliance with the General Plan and the Planning Commission's recommendation.

Councilmember Day requested Mr. Wilkinson share the list of the commercial uses and related services allowed in the CP-1 zone.

AMEND THE LAYTON MUNICIPAL CODE – TITLE 15, "BUILDINGS AND CONSTRUCTION", TITLE 18, "LAND USE DEVELOPMENT", AND TITLE 19, "ZONING" – RELATED TO DEVELOPMENT STANDARDS AND POLICIES – ORDINANCE 20-30, ORDINANCE 20-31, AND ORDINANCE 20-40

Mr. Wilkinson reminded the Council of a meeting approximately one year ago during which residents had expressed concern with development which had taken place in an area of the City with sloped property. He reported Staff identified standards which needed to be addressed and revised as a culmination of the process. He mentioned a multiple month's long process in which the three separate titles of code related to development; Titles 15 – Building Code, 18 – Subdivision Development, and 19 – Zoning, in an effort to coordinate the three codes and to reflect similar terminology, clarify roles and responsibilities relative to inspections and plan review, and clarifications specific to terminology. He indicated some things were removed which were obsolete and others were added for further clarification of the ordinance.

He announced the proposed ordinance was a culmination of those efforts. He stated it was important to note that there was a separate group of development guidelines and design standards which had been adopted and referred to the City's website to identify the variety of design standards. He reviewed the following with the Council:

- Definitions and clarifications in Title 15
- Predominant changes proposed for Title 18
- Definitions specific to the sensitive lands ordinance and mentioned specifically how the "average slope" would be calculated

He informed the Council, Staff had begun a comprehensive review of the City's Sensitive Lands Ordinance and recommendations would be proposed to the Council in the future.

He asked if there were any questions. Councilmember Day stated he would ask his questions in the next meeting.

PRESENTATION – WATER RATES ANALYSIS AND MASTER PLAN PROJECT REVIEW

Mr. Probert reminded the Council that following the last presentation, and based on the presented analysis, it was recommended to continue forward with the proposed 10% water rate increase. He indicated he was prepared to answer any questions from the Council and stated it was Staff's recommendation to move forward with the proposed increase.

Councilmember Day commented he wasn't opposed to the increase but was hesitant to approve the increase until the City identified how the secondary systems would function. He suggested the City address the specifics associated with contracts and water from private irrigation companies.

Councilmember Morris expressed agreement with Councilmember Day and inquired whether those secondary companies contribute to the secondary water infrastructure system and requested those issues should be addressed during a future meeting. Stephen Jackson, City Engineer, mentioned significant funds for secondary water projects identified in the Analysis was specific to new development out west and stated Impact Fees would be used for that infrastructure and user fees would pay for future maintenance and operation costs. He reported Staff was currently working through specifics regarding contracts with the private irrigation companies and believed a discussion with the Council regarding that issue was forthcoming. He mentioned the maintenance of the current system was critical and indicated there were multiple culinary projects which needed to be funded until the City could move forward with the secondary water projects once those agreements were in place.

Councilmember Bloxham requested clarification prior councils had approved the three rate increases as a whole and inquired if the first two increases had been approved with the possibility the final third increase would be approved following additional scrutiny and Mr. Probert responded Staff had recommended a review each year to determine if the model implemented by Staff was still applicable to fund the needed projects. He added the first two increases; 35% followed by the 20%, were the most critical to the model. Councilmember Bloxham asked if the ten percent was necessary or if it was only necessary because it was included in the model of three rate increases for the purpose of funding identified projects. Mr. Probert responded the Master Plan was a long term plan for 10 years and reiterated the rate increases were set to accomplish the long term plan.

Mr. Jackson added Staff had moved projects in order to make the rate increases as palatable as possible while considering the recommended funding for the operation and maintenance of a system ensuring it was compliant with Federal and State regulations, continuation of the ISO (Insurance Services Office) Audit specific to the Fire Department and reported the City received the highest rating possible which resulted in residents receiving the benefit of lower insurance premiums. He emphasized the City's system was a well-run, well-functioning system and pointed out the Plan recommended the City spend $3 million per year for maintenance and replacement. He reported Staff had adjusted that to just under $1 million in order to ensure the rates weren't excessive and reminded the Council the rates didn't have to only fund projects; but replacement and maintenance of the system as well. He indicated some of the infrastructure was aging and replacement was becoming more routine as opposed to constructing new infrastructure.

Councilmember Bloxham expressed concern with the amount of funds in the unreserved fund balance, yet the City was continuing to propose the last ten percent increase. He expressed agreement the system should be well funded and inquired if there were other options available without implementing the ten percent increase.

Councilmember Morris pointed out secondary water still wouldn't be available to all areas of the City and expressed concern some would be paying for it in some way even though they didn't have access to it and requested clarification about the demand for secondary water. Mr. Jackson explained the premise of the entire Master Plan was to utilize all water resources available to the City in the most optimized manner. He added Weber Basin was the wholesale supplier of water for the area and although Layton City owned its own wells, in order to meet the demand into the future, the City had to identify new water sources. Previous to this Master Plan, the previous Plan included language directing the City to purchase 8,000 acre feet water from Weber Basin and added in order to do that, at projected prices, construction of an entirely new treatment plant would be required to bring the water, known as the Bear River Pipeline, to the City. He continued to explain the cost to provide that water to Layton residents would be astronomical compared to what was currently paid for water. He pointed out the City was fortunate to have three reservoirs on the east side, which no other community had, which could provide that amount of water and mentioned the number of calls from residents inquiring about their access to secondary water. He indicated many residents believed secondary water was much cheaper; however, the City's rates were fairly comparable if the water resource was appropriately used. He emphasized secondary water afforded the City to optimize its water system, reducing the large capital projects for culinary water by constructing secondary water projects. He explained the City would save money overall in the long run by implementing the use of outdoor secondary water.

Mr. Probert clarified if the proposed combined plan wasn't implemented residents would pay more for culinary water because that system would need to be substantially larger and mentioned the proposed Plan was structured to ensure the lowest cost possible by optimizing all water resources. He stated if the secondary water was eliminated an oversized culinary water system would cost much more. Councilmember Day added that scenario would also result in unutilized water running into the Great Salt Lake.

Mayor Petro mentioned a possible cooperative agreement with the entities providing secondary water and requested an update. Mr. Jackson responded the City was currently an operator of Weber Basin's secondary system and clarified Weber Basin would remain the owner of that infrastructure. He reported this was different than what was being considered with Kays Creek Irrigation in which the City would own and operate the pipeline infrastructure; however, Kays Creek would continue to own the reservoir until the system became a pressurized system. He believed similar agreements with the Davis Weber Canal and Holmes Creek Irrigation would take place in the future to transition into one system at which time the Layton City water system would consist of both culinary and secondary water.

Councilmember Fitzpatrick indicated she would rather wait and see that outcome and expressed concern regarding each entities respective infrastructure and the integrity of each system. She questioned whether the proposed 10% increase would be enough if the City took over an existing system. She also believed true conservation issues hadn't been addressed in the Plan. Mr. Jackson stated replacement costs for systems had been taken into consideration and were included in the financial analysis of the Water Master Plan and identified what had been implemented or was being considered specific to conservation.

Councilmember Thomas expressed concern with the Plan being a catch-22 and explained water conservation would result in a decrease in the amount of water used; however, that would also result in a decrease of funding. He pointed out the infrastructure improvements and costs to the system would still need to be recognized. Mr. Probert responded a certain level of conservation was also built into the model included in the Master Plan.

MAYOR'S REPORT

No Mayor's Report was shared.

The meeting adjourned at 6:59 p.m.

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Kimberly S Read, City Recorder