



HIGHLAND CITY

HIGHLAND CITY COUNCIL WORK SESSION MINUTES


Thursday, January 5, 2023

Approved February 7, 2023

Highland City Council Chambers, 5400 West Civic Center Drive, Highland Utah 84003

VIRTUAL PARTICIPATION

 YouTube Live: <http://bit.ly/HC-youtube>

 Email comments prior to meeting: council@highlandcity.org

6:30 PM WORK SESSION

Call to Order – Mayor Kurt Ostler

The meeting was called to order by Mayor Kurt Ostler as a work session at 6:30 pm. The meeting agenda was posted on the *Utah State Public Meeting Website* at least 24 hours prior to the meeting.

PRESIDING: Mayor Kurt Ostler

COUNCIL MEMBERS

PRESENT: Timothy A. Ball, Brittney P. Bills, Kim Rodela, Sarah D. Petersen, Scott L. Smith

CITY STAFF PRESENT: City Administrator Erin Wells, City Attorney Rob Patterson, City Recorder Stephannie Cottle, Finance Director Tyler Bahr, City Engineer/Public Works Director Andy Spencer, Police Chief Brian Gwilliam, Fire Chief Brian Patten, Library Director Donna Cardon, Assistant Public Works Director Jeff Murdoch, Communications Coordinator Lina Costa Olsen

OTHERS PRESENT: Jon Hart

City Engineer/Public Works Director Spencer discussed the Pressurized Irrigation (PI) meter install project; contractors do not want to fix grass months after installing the meter and residents will want their good grass replaced. According to the contract, the contractor has 30 days to get vegetation or grass back alive, and if it dies, the resident will fix it at their own expense. Residents will need to be made aware that they will need to water the grass every day to ensure that it survives. Council Member Rodela stated she feels that a 30-day timeframe is reasonable so long as residents receive adequate communication and instruction regarding what their responsibility is.

Council Member Smith asked if the cost of the service would increase dramatically if the time frame were extended from 30 days to 60 days. Mr. Spencer stated that he does not believe the increase will be too significant if the time frame is extended to 45 or even 60 days, but anything beyond 60 days would likely be very costly.

Council Member Ball inquired as to the percentage of grass that will survive the meter install. Mr. Spencer stated that if residents take care of the grass as instructed, he believes only five percent of the cut grass will die; he

recommended a 30–60-day timeframe for the contractor’s responsibility to keep the grass alive. A majority of the Mayor and Council supported a 60-day timeframe. Mr. Spencer then stated that he had a pre-bid meeting with all prospective contractors today and informed them they would have 48 hours to dig and install meters and within one week of making the cut, the landscaping will be put back in place. One contractor communicated that they have had nothing but problems when they put the sod back immediately; they recommended waiting 30 days after meters are installed and then the contractor will come back and replace sod on an entire street. Mr. Spencer stated this makes him very nervous; he was much more comfortable with the idea of replacing landscaping immediately. He anticipates the City will receive many complaints if landscaping is not replaced for up to 30 days. The Council discussed the matter and indicated they feel the contractor needs to guarantee plantings for 60 days and that they need to finish the replacement of landscaping on a street within a week of completing the meter install.

The meeting began at 7:02 p.m.

1. FY 2024 HIGHLAND CITY BUDGET

The City Council will discuss priorities for the FY 2024 Budget. No formal action will be taken.

City Administrator Wells stated that the purpose of tonight’s work session is for City Administration to provide the Council with an update on outside influences that are impacting the Highland City budget, conduct a priority discussion and ranking of budget priorities, have a discussion about the City’s Open Space Fee, and decide on next steps. Relative to outside influences on the budget, she discussed an audit alert for the City. Audit alert 2022-01 requires the creation of a development fund to show revenues and expenses of development related activity outside of General Fund; staff has taken a phased approach to complying with the audit alert and they are attributing all applicable costs to a development related fund. They are also looking to see what other cities are doing in this area. High level discussion among the Council and staff centered on the manner in which development related activities are tracked by staff to determine they are allocated to the correct fund. Ms. Wells stated that the intention is to finalize the creation of the fund before the next FY.

Ms. Wells then discussed the status of the Pleasant Grove lawsuit relative to their transportation utility fee; a ruling of the court is anticipated this spring. The decision could have an impact on fees charged in Highland City, including the road fee, which generates \$1.1 million each year, the public safety fee, which generates \$862,000 every year, and the open space fee, which generates \$300,000 every year. All road projects that are funded with the road fee, that have not yet been bid out, have been paused. Discussion centered on a reasonable timing of the court rendering a decision on the lawsuit and the projects and other items that are typically funded with the revenues of the road fee. Mayor Ostler stated it is his recommendation that the City begin the process of moving away from charging the road fee and public safety fee, with the understanding that it may take some time to finalize the removal of the fees and shifting to another revenue collection mechanism. Council Member Peterson stated she feels it makes more sense to move away from fees and include all costs for service in the City’s property tax fee calculation; this is a more transparent process and one that will not be challenged in court. Council Member Smith stated that in the past residents have expressed support for a fee rather than increased property taxes. Mayor Ostler stated that is correct; residents feel that the fee will generate revenue that is deposited into a specific account that can be tracked rather than part of the general fund. They also supported the fact that an equal fee is charged to all homes in Highland, versus increased property taxes for certain homes depending upon their value. Ms. Wells stated that the City could implement a systemic property tax rate for certain services, such as roads and public safety; this would increase transparency relative to the manner in which property tax revenues will be used.

Council Member Ball inquired as to the necessary property tax percentage increase to make up what the City will be losing in fee revenue if the road and public safety fees are eliminated. Ms. Wells stated she has not completed that calculation yet. Finance Director Bahr stated that the current budget includes \$1.9 million in property tax

revenue; it would need to be more than doubled to generate the revenue currently being collected via fees. This generated ongoing high level discussion among the Council regarding their preference for a fee or increased taxes; Council Member Smith stated he would like to wait for a ruling to be made on the Pleasant Grove fee. He stated he is concerned about the optics of making a change now without a legal decision being made on the fees. Mayor Ostler stated that the City can wait, but it would be appropriate to begin communicating with residents about these issues. Council Member Ball agreed. Ms. Wells stated Administration can begin working on some messaging; she discussed some background information regarding the implementation of fees and taxes and some decisions of the Council that have been subject of a referendum for voters to decide upon. Council Member Peterson stated she is supportive of waiting to make a decision until the courts have rendered their decision on the Pleasant Grove lawsuit.

Ms. Wells then discussed future items, such as a City-wide fiber project, an expansion of the cemetery, a museum for the Daughters of the Utah Pioneers (DUP), and expansion of the Highland Glen Bike Park. The latter could be completed through an eagle scout project. The Council discussed funding options for some of the unfunded future projects, as well as opportunities for partnering with other community groups to fundraise for a project. Ms. Wells then asked if there are any other future projects that have not been included in Administration's list that the Council would like to explore or get more information on. The Council brainstormed and developed the following list:

- Community Center (Council Member Peterson)
- Safety Evaluation (Council Member Ball); work to include safety of trails and dead-end roads.
- Beacon Hill Park (Council Member Smith); he noted there was a plan for the Park, but the City is stuck at step 1.5 of a five-phase plan.
- Highland Glen Park (Council Member Smith)
- Filtration System at Highland Glen (Council Member Rodela)
- CERT Program (Mayor Ostler)

Ms. Wells then discussed ongoing projects, including Mountain Ridge Park; phase one of the park is scheduled to be completed this summer, though there is some questionability on the ninja course and soccer fields due to funding. Relative to Highland Glen, the City is still waiting for Sonntagg to send word that their equipment order has been finalized. Council Member Smith asked what is done with the old equipment that is ripped out of parks; he wondered if it can be surplus and sold to generate some revenue that could be used for park improvements. Assistant Public Works Director Murdoch stated that playgrounds must be certified for safety purposes and the City cannot surplus something that is not certified. Ms. Wells stated that she can explore that matter further with City Attorney Patterson. Finance Director Bahr added that some metal pieces taken out of the park may be recycled, though that does not generate a large amount of money.

Still focusing on ongoing projects, Ms. Wells stated that Administration plans to include funding in the budget for phase one of pressured irrigation (PI) meter install, Well #4, and other ongoing projects identified in the City's Utility Master Plan. Additionally, Administration is working to implement a two-way texting system that allows staff to respond to text messages sent to the City identifying a problem in the City. Council Member Rodela stated she would like for the communication between the City and residents to be tracked in order to determine the amount of time it takes for the City to respond to a complaint or safety issue. Ms. Wells stated she assumes there will be timestamps on the communications; the City's work order system has the ability to generate reports that would include information on the City's response to a request for work. However, the two-way texting system is not a work order system; it is simply intended to generate an item that is sent to the work order system. Mayor Ostler stated he would like to see an additional step that allows the City to report back to the resident that the work they have requested has been completed.

Ms. Wells then conducted an activity among the Mayor and Council to rank pending projects in the City. Items included on the list of projects/purchases included:

- Additional funding for Parks Maintenance Building
- Staff COLA's separate from merit increases
- Contracted tree replacement.
- Cemetery connexes/ lean-to for equipment storage
- General Plan update
- Payroll processing software
- Dog park by Town Center
- Phase 1 on fence repair along Alpine Highway
- Mountain Ridge Park Maintenance
- Contract Fire Marshall for Building Department
- Increased funding for trail maintenance & expansion
- Update to 2016 Transportation Utility Fee Study
- Additional funding for park improvements: playgrounds, added amenities, other improvements.
- Capital facilities plan creation.
- General Fund study update

There was discussion among the Council regarding the scope of several of the projects/purchases included on the list; they also recommended minor adjustments to the scope of a few projects and the addition of a few more projects to the list, including the gravel pit recharge, Dry Creek Lake, and updating the Trails Master Plan. They then participated in an activity to rank each of the priorities. Ms. Wells summarized the results.

Item	Score	Rank
Additional funding for Parks Maintenance Building	22	1
General Plan update	22	1
Mountain Ridge Park Maintenance	22	1
Payroll processing software	21	4
Staff COLA's separate from merit increases	17	5
Dog park by Town Center	15	6
Cemetery connexes/ lean-to for equipment storage	14	7
Increased funding for trail maintenance & expansion	14	7
Phase 1 on fence repair along Alpine Highway	14	7
Additional funding for park improvements: playgrounds, added amenities, other improvements	13	10
Capital facilities plan creation	13	10
Contract Fire Marshall for Building Department	13	10
Contracted tree replacement	13	10
General Fund study update	13	10
Update to 2016 Transportation Utility Fee Study	10	15

Ms. Wells stated that this feedback will be considered along with available funding and will be used to inform Administration's tentative budget, which will be presented to the Council by May.

Ms. Wells then moved to the City's Open Space Fee; in the FY23 budget, the City's expenses are \$600,000. Revenue sources for these expenses include \$300,000 generated by the Open Space Fee, \$270,000 in General Fund revenue, and \$30,000 from sale of property, interest earning, etc. Considerations for the Council include sales tax volatility, uncertainty on the Pleasant Grove fee court case, and other ranked priorities. Additionally, the Council should consider the original intent/purpose of Open Space subdivisions, the practical reality of Open Space subdivisions, and parks usage/programming. Options available to the Council include the following:

- Maintain status quo for the fee.
- Eliminate the fee.
 - Identify revenue source replacement.
- Reassess what should be open space and what should not.
 - Potential fee adjustment
 - Public involvement
 - Newsletter articles
 - May 11 – City Open House
 - May 18 – Community Budget Presentation

Mayor Ostler stated the thought is that any decision to eliminate the fee would be made in advance of the adoption of the FY24 budget; he asked the Council to consider the matter from that position in order to determine how the open space fee revenue would be replaced in the budget.

Council Member Smith stated that when the City increased public safety fees, residents were glad that the Council was supporting Public Safety employees. The same was true when the City increased its road fee because residents understood the revenue would be used to repair or improve roads. However, he has heard complaint after complaint about the open space fee and he proposes to eliminate it; he feels the replacement revenue is already available to the City. Sales tax revenue has increased year after year, and he does not believe that there will be an economic shift that would result in total loss of new sales tax revenue. Mayor Ostler agreed the open space fee has been contentious; he stated he and Council Member Smith do not pay the open space fee due to the location of their residences, but there are four Council Members who do. The concern among the public is that the fee is not evenly applied. Some subdivisions are paying the fee, though they do not have immediate access to open space. Others are getting a great benefit due to direct access to open space amenities. If the fees are eliminated, however, there are some park spaces that will become programmable and will need improvements such as bathroom facilities and parking area. He added that people will be coming into neighborhood parks and open space that are not designed for a great deal of people. He concluded that in 2005, there was a public vote on the open space fee; the question submitted to voters included information about maintenance and improvements to open space. The residents were opposed to eliminating the open space fee at a ratio of 66 to 33 percent. Council Member Smith stated the problem with the vote is that 75 percent of the City does not pay the fee, so a majority of voters will not vote to eliminate it. Mayor Ostler stated that if the Council decides to do away with the fee and other fees, in favor of increasing property taxes, people will believe that the City increased property taxes to pay for open space. Additionally, if the open space fee is eliminated, all open space/park property must be open to the public and programmed. Council Member Smith stated that all parks are public parks; there are differences between reservable parks and those that are not available through reservation. No one has said that parks in open space neighborhoods cannot be accessed by the public. Mayor Ostler stated that is correct but noted there is no public parking area for these spaces so they are difficult for the general public to access.

Council Member Rodela referenced Nob Hill Park in American Fork, which does not have public parking/access. It is designed just like the open space subdivision parks in Highland. Many other parks in other cities are similar to those in Highland subdivisions, but they are not reservable. Neighborhood parks are actually City parks, but not all parks are reservable in other cities. Mayor Ostler stated that if the City decides to eliminate the open space fee, the question will be asked as to the benefit those who do not live in an Open Space neighborhood have received. Council Member Rodela stated their benefit is that they are living in a City that is known for its trail system, large parks, and a great deal of open space. Mayor Ostler agreed, but noted that the reason that the Open Space subdivisions were designed was to give residents living in those areas a direct connection to that open space. Council Member Ball agreed and those residents likely have increased property values and it would be easier for them to sell their home in a down market. Council Member Peterson agreed. Mayor Ostler stated that the developer benefitted from building an Open Space subdivision; he was able to charge more for building lots and homes; those living around those neighborhoods did not pay the fee, but will not get the same benefits if the fee is eliminated. Council Member Smith stated that his neighborhood is managed by a Homeowners Association

(HOA); they pay for a park, but it is private. They also use Highland Glen Park and they do not pay an open space fee for it. Mayor Ostler stated that he is also concerned about issues arising from private parks when the park space in Open Space subdivision is declared open to the general public.

Mayor Ostler asked the Council to consider the implications of eliminating the fee and pursuing a property tax increase in the same year. Council Member Rodela stated that the entire community benefits from the presence of open space amenities. Mayor Ostler stated that is correct, but some do not have open space directly adjacent to their homes; he anticipates there will be complaints lodged by the residents of the City.

Council Member Bills asked Mayor Ostler if he believes the Council should make all of its decisions based on what benefits the majority. Mayor Ostler stated that depends on how a decision is applied; at the time the Open Space Fee was implemented, residents subject to paying the fee believed that they were part of an Open Space Special Service District (OSSSD). The agreements with those residents are now being changed. Council Member Bills asked Mayor Ostler if it is his opinion that the decision regarding the Open Space Fee was permanent and indefinite. Mayor Ostler stated the problem is that the fee was not applied fairly, and every Open Space subdivision is not the same. Council Member Peterson agreed and stated that the current Council has inherited a problem that should not exist and that is a result of previous decisions that were made; the Council must make a decision based upon today's conditions. Council Member Smith agreed and added that these decisions were made over 20 years ago and the population of the City has doubled since that time; Open Space neighborhoods are not growing, while the rest of the City is. The Open Space subdivision concept was great, but the design and implementation were problematic. He reiterated he supports eliminating the fee and looking for another source of revenue for open space maintenance. Council Member Peterson agreed and added that she thinks that the majority of the Open Space subdivision parks are already being used by the general public; in her neighborhood there are sports groups that are using the small field areas for sports practices and other activities without reserving them. Mayor Ostler asked if the Council would be concerned if the spaces were programmed for regular usage for recreation programs and other activities; some residents will be opposed to that type of activity as it will be occurring right in their backyard. He suggested some will want to continue to pay the fee in order to keep the open space private.

Mayor Ostler polled the Council to determine their position on the open space fee moving into the next FY; all Council Members voted to eliminate the fee July 1. Council Member Smith stated he would support eliminating the fee sooner than July 1 if that were an option. Mayor Ostler stated Administration will need to work to identify a replacement funding source for the money that is currently generated by the Open Space Fee. The Council indicated they feel that the \$300,000 can be found in current funding sources and they included this issue among the top four critical issues for the upcoming budget. The Council then discussed the best method of communication between the City and residents about this issue and the potential to adjust other areas of the budget – and possibility consideration of a tax increase – to replace the revenue generated by the Open Space Fee. The Council expressed a strong desire to be very transparent relative to the discussion and decision making process regarding this issue. City Attorney Patterson added that the OSSSD will need to make the decision to eliminate the fee.

The Mayor and Council thanked staff for organizing this meeting and for the input they provided.

ADJOURNMENT

The meeting adjourned at 9:28 pm.


I, Stephanie Cottle, City Recorder of Highland City, hereby certify that the foregoing minutes represent a true, accurate and complete record of the meeting held on January 5, 2023. This document constitutes the official minutes for the Highland City Council Meeting.



Stephannie Cottle, CMC
City Recorder

**Welcome to the FY24 Budget
Priority Setting Work Session**

January 5, 2023



1

Agenda

- Update on outside influences on the City Budget
- Priority Discussion & Ranking
- Open Space Fee Discussion
- Summary/ Next Steps

2



**UPDATE ON OUTSIDE INFLUENCES ON
THE CITY BUDGET**

3

Audit Alert 2022-1

- Requires creation of Development Fund to show revenues and expenses of development related activity outside of General Fund
- Net revenue
 - One-year vs long term
- Staff attributing all applicable costs to fund
- Looking to see what other cities are doing

4

Pleasant Grove Fee Lawsuit

- Decision in the spring???
- Road Fee -\$1.1 million
 - Pausing on projects
- Public Safety Fee -\$862,000
- Open Space Fee -\$300,000

5



PRIORITY DISCUSSION & RANKING

6

Ranking Methodology

- Options
 - Critical
 - Important
 - Would be nice
 - Unneeded
- Need to vote on each one
- Determining what staff puts in the budget

7



OPEN SPACE FEE DISCUSSION AND DIRECTION

8

Open Space Fund Overview

- FY23
 - Expenses -\$600,000
 - Revenue
 - \$300,000 – Open Space Fee
 - \$270,000 – General Fund Transfer
 - \$30,000 – Sale of property (will be transferred), interest earnings, etc.

9

Considerations

- Budgetary
 - Sales tax volatility
 - Uncertainty on Pleasant Grove Fee Case
 - Other ranked priorities
- Other
 - Original intent/purpose of Open Space Subdivisions
 - Practical reality of Open Space Subdivisions
 - Parks usage and programming

10

Options

- Leave fee status quo
- Eliminate fee
 - Identify revenue source replacement
- Reassess what should be open space and what shouldn't
 - Potential fee adjustment
- Public involvement
 - Newsletter articles
 - May 11 – City Open House
 - May 18 – Community Budget Presentation

11

Open Space Fee Discussion/Direction

12



13