

**SANTA CLARA CITY COUNCIL WORK MEETING
WEDNESDAY, SEPTEMBER 1, 2021
MINUTES**

THE CITY COUNCIL FOR THE CITY OF SANTA CLARA, WASHINGTON COUNTY, UTAH, met for a Work Meeting on Wednesday, September 1, 2021 at 5:00 p.m. in the City Council Chambers of the Town Hall at 2603 Santa Clara Drive, Santa Clara, Utah.

Notice of the time, place and agenda of the meeting was provided to the Spectrum and to each member of the governing body by emailing a copy of the Notice and Agenda to the Spectrum and also, along with any packet information, to the mayor and each council member, at least two days before the meeting. **The Meeting will be available to view live stream on the YouTube link: http://www.youtube.com/channel/UCxLBLm30_XLqM1AEmhpcMA.** Council Chambers will be available to residents, but we will have limited availability and follow Covid-19 guidelines.

Present: Mayor Rick Rosenberg
Council Members: Jarett Waite, Wendell Gubler, Ben Shakespeare and Leina Mathis
City Manager: Brock Jacobsen
City Recorder: Chris Shelley

Others Present: Scott Bannon, Assist. City Manager; Brad Hays, Parks & Trails Director; Gary Hall, Power Director; Kristelle Hill, Admin. Assistant; Randy Hancey, Fire Chief; Matt Ence, City Attorney; Joe Brown; Dave Hunter; Ryan White; Zack Renstrom, WCWCD

1. **Call to Order:** Mayor Rosenberg called the meeting to order at 5:00 p.m. He welcomed everyone, introduced the City Council and excused Councilman Denny Drake.

2. **Working Agenda:**

A. General Business:

1. Water Conservation & New Development discussion. Presented by Zack Renstrom, WCWCD.

- Zack Renstrom said that the District has spent a lot of time working with elected officials and with Staff and the one thing that was clear is with the remaining amount of water that we are using we want to make sure that we are using it wisely and efficiently as possible. He said they met with lots of people to try and come up with some new ways to use our water efficiently. He said what he is proposing tonight is only proposals. There will be no action. He said he is here to get feedback from the Council as to what they may like to see or what not like. He said this would only apply to new construction. This would not apply to existing homes. He said as we bring on new projects these new projects are very expensive. They are going to start construction on Toquerville Reservoir this Fall. He said the price tag for that is about \$60 million. So the remaining water we can develop is extremely expensive. The projects are being done because we expect our community to grow and part of what

they do is look at the cities Master Plans and determine how much water they need and we need to make sure what we are using in our water is very efficient. We have reduced our water use by 30% per capita since 2000 and have spent millions of dollars on water efficiency and improving our system. Now we are ready for the next step. He said they are encouraging the cities to continue to use the time of day water ordinance and most cities also have a water-wasting ordinance. He said he is going to talk about the water efficiency standards for all new construction. He asked the City to increase enforcement of the time of day water ordinance and the water-wasting ordinance. He said they want to develop a process where they can start tracking that information and enforcing it. He said it is clear to them that everyone wants to do more with water efficiency but they want to make sure we are all working collectively. They have the ability to transfer water all around the area so there can't be a discrepancy concerning water usage in different cities. He said they are making it very easy for a homebuilder to come in and find out the steps they need to do. If they want to do something unique, they can go out and pay an engineer or landscaper to come up with a water certified home. That is more expensive to do. He said they have broken it up into the indoor component and outdoor component of residential and indoor and outdoor for industrial and commercial. For residential standards what is being proposed is limited irrigation landscape to an area of 25,000 sq ft and lawn no more than 7,500 sq ft. If someone wants to have a pool or spa that would be included in that. Each property would have two meters. There would be a designated landscape meter and a designated culinary meter. He said they don't want just gravel because the heat index goes up so they will be required to plant so many trees and shrubs to make sure we don't get the heat index going on. All new homes would have the smart water irrigation systems. The irrigation system would be connected to the Internet so if there is a rainstorm it will automatically turn off the sprinklers. Lawn would be avoided in areas where it doesn't make sense. Pool covers would be required. When the person goes to get their certificate of occupancy the City makes sure that these requirements are followed. The City Inspector will make sure it happens. So there are some costs associated with this. He said they have met with the Home Owners Association quite a bit and they are already a lot of this that will be asked of them. He said there is wiggle room with some of this. He talked about pool covers. The average swimming pool right now is \$100,000 so this would add about 10% of the cost. If an individual came to the City and were adamantly opposed to a pool cover and they don't want to limit their landscaping. The City can say that is fine but they need to get a water certification and what that would allow the homeowner to do is have more flexibility but also more cost with that. If they want that flexibility they are going to pay for that and they are going to have to take other measures to fall within that. He said they had their landscape architect to come up with a yard that would comply with these new regulations. He showed Council an image of what he came up with. He said if people have larger lots they are encouraged to keep the landscape undisturbed. He said a lot of larger lots are not just planting grass anymore. They are putting sports courts in and fire pits. He said with the commercial and industrial it would be a lot of similar things that they are being asked to do. They are doing energy star appliances. We would want to submeter all the units so we would know who is using the water and where. There would be recycle pumps at carwash facilities. That is technology that has been easily approved and utilized. On the outside that is a little different. He said there will

be a flat-out prohibition on lawns on any industrial project with an exception that there is a waiver granted demonstrating a functional purpose. He said that non-functional grass is banned. If an owner comes into the city and shows why the grass has a purpose, they could do that. It would be the same way with homeowner associations the standard would be no grass but if they put a swing set on it or some other functional purpose then it could be allowed. The default standard is no ornamental grass. He said this has been done in Las Vegas for years and in Phoenix. He said they feel it is important for there to be the trees and the shrubs. There needs to be that cooling affect so when a commercial comes in they need a landscape plan that shows that they have those trees. He said they will be asking that with the trees and the shrubs they be from a list of approved trees and shrubs that are allowed. If they want something that is not on the list they would have to come in and explain where they would free water up for the extra water used for those trees. He said that misting would still be allowed but it would be limited. Decorative water features wouldn't be allowed. He said that before someone got their certificate of occupancy of allowed to open for business the city will actually go in and verify this. He said a lot of this is focused on landscaping. He said he would like the Council's feedback. He wants to know what their concerns are and their thoughts.

- Wendell Gubler asked what is being done with affordable housing homes.

- Zack Renstrom said affordable housing homes should have very little affect. He said he has seen some affordable housing where they are just putting a lot of gravel instead of trees and shrubs and so in their master plan they would have to include more trees and shrubs.

- Wendell Gubler said he had a resident talk to him about the soccer fields that are going in out by the Shivwits Reservation and there was a great concern about our shortage of water and allowing this type of development to happen.

- Zack Renstrom said they are a sovereign nation and they have a Federal water right to use that water and so the Tribe has decided to use a portion of that allocation of water on those soccer fields. They actually sued and a Federal court and the State of Utah and the Water District and the cities signed an agreement with the Shivwits Band and they were allocated a certain amount of water and they haven't been using that water for years but now they are starting to use some of that water on the soccer fields.

- Wendell Gubler asked if they are getting the water out of the Gunlock Reservoir.

- Zack Renstrom said it is coming from two locations. They get 2,000 acre ft of water from the sewer reuse plant in St. George City and St. George City is obligated to pump that up to Ivins reservoir and then they do get an allocation our of Gunlock every year. The allocation changes every year based upon how much water is in Gunlock. They agreed that the allocation that they get out of Gunlock would also be cut if our irrigation companies in the area are getting cut. He said the only ones that can control this is essentially Congress. That is how it happens.

- Ben Shakespeare asked about the circulating pumps on homes. He said the energy code in the plumbing code already has a formula that tells you what pump is required or not. That could be a reference to work off of and most commercial buildings are going to require it. He said he would like to review the City's fencing and pool policy. He thinks that would give people options and would be a way to incentivize people using a cover if a fence is not required if there is a pool cover. He talked about larger lots and the difficulty it could be to landscape them.

- Zack Renstrom said that it will be more difficult for larger lots to comply so either they need to keep it undisturbed or putting in large sports court and doing the water sense program. He said big lots use a lot of water. He said if the Council wants large lots and a lot of grass there is going to be a lot less homes in the area. That is a discussion the City Council needs to have to decide what you want to do with the remaining amount of water we have. Those big lots use a lot.
- Mayor Rosenberg asked if there is an exception if a person owns his own water right.
- Zack Renstrom said they are asking this to apply to everyone. If they own their own well they would be exempt.
- Mayor Rosenberg asked if the homeowners that have shares in the irrigation company would be exempt on the landscaping requirement.
- Zack Renstrom said right now they are saying no but that is part of the discussion. He said there are big farms that are getting developed and they are taking their water and moving it to somewhere else and then the District has to come in and fill the requirement for all that new home and that model can't be sustained.
- Mayor Rosenberg said in order to convert that water to culinary you have to purchase it.
- Zack Renstrom said either they purchase it or there is an exaction ordinance that says that if a person wants to develop their property into homes that is fine but that water has to go to a government municipality and they would receive a substantial reduction in their impact fees.
- Mayor Rosenberg asked if the new ordinance would include that language.
- Zack Renstrom said yes and that is something they would have to amend with their impact fees to accommodate that better of how that would happen.
- Ben Shakespeare asked Zack as they are putting this together how is it being formed. Are the cities having a say at the table? How are they going about it right now?
- Zack Renstrom said the District hired two consultants to help with the process. They have been inviting city staffs to come in on a weekly basis right now to go through and talk about the pros and the cons and certain options. He said they are now going to the city councils to get their feedback. After he meets with all the city councils and get feedback from them they are going to come back with a very specific ordinance that the councils can take that ordinance and copy and paste it. The Washington County Attorney's Office will be writing up that draft sample ordinance based upon the feedback they get back from the city councils. He said all the city council members he has talked to all agree that something needs to be done.
- Matt Ence, City Attorney, asked if Zack knows about the other discussion item that the Council has tonight about a potential temporary ordinance on this issue.
- Mayor Rosenberg said there is a temporary ordinance on the agenda tonight that is basically going to alert new development that this is coming. It doesn't prohibit the development from moving forward but it primarily puts them on notice that they need to implement water efficient landscaping. We know it is coming but we have some large projects that are on the table and we don't want to miss the opportunity.
- Zack Renstrom said that is very forward thinking and exactly what we need to be doing as a community. He said he has a lot of big developers come and talk to him about what they can do. It is great to have that discussion with them and they are coming up with some really interesting ideas.
- Mayor Rosenberg asked what Zack's timeline is.

- Zack Renstrom said in the next two weeks they are going to meet with all the city councils and then in three weeks they hope to have out that draft ordinance to all the cities and ask them to have that on their agenda by the first of next month and hopefully have them start passing. He said that individual council members that he has talked to have said they want to pass this but only as long as the other cities adopt it. He said this probably won't go into affect until Jan. 1 to give some time to the home builders to adjust with it. He said a lot of the builders are already doing these things.
- Mayor Rosenberg said he got a letter today from the Home Builders Association supporting the water conservation measures.
- Zack Renstrom said he wanted to commend the Home Builders Association because they know how important this is. They have been coming to meetings and spending a lot of time doing research. They have been wonderful. They are concerned about this issue and they want to help.
- Jarett Waite asked if fruit trees would be allowed on that list of trees.
- Zack Renstrom said yes. There are certain fruit trees that are easier on the desert than others. If they want trees or certain other trees they can plant them they just have to go through the design landscaping on that. There will be some fruit trees on there. It will just depend on which kind.
- Jarett Waite asked about the requirements for the smart controllers. They are a little bit techy.
- Zack Renstrom said the controller that is most being installed right now is the Beehive by Orbit. He said they offer a class where they walk people through how to run it. He said these meters are very effective for secondary homes. He said professional landscapers are really good about running these clocks.
- Jarett Waite said he doesn't see anything that is really a red flag for him at all. He asked how easy it is to get Bermuda grass.
- Zack Renstrom said there is a hybrid Bermuda grass. He said it will continue to grow as the demand continues to grow.
- Ben Shakespeare asked about the progress on the Lake Powell Pipeline.
- Zack Renstrom said there has been a delay in it. Right now all of the states are meeting together talking about the Colorado River and how some of the states have abused the river so there is a really robust conversation going on right now amongst the states and the State of Utah has already that at the very minimum out of the negotiations that the Lake Powell Pipeline is a priority for the State of Utah. Our Commissioner of the River, the Governor told him whatever the negotiations are the pipeline has to be a part of those negotiations and it is the priority for our State. It is coming but we got wrapped up in a drought and with the interim guidelines that came up. He said he thinks it is going to be better because it is going to clear up a lot of things that we knew we were going to have to deal with in litigation. We are growing as an economy and they see that and they realize it is important to help us out down here.
- Brock Jacobsen, City Manager, said our Public Works Director has a concern about the two meters and the long-term maintenance. He asked about the plan to mandate and watch what is installed in the backyard.
- Zack Renstrom said with the Water Smart program they have to landscape the back of their yard. He explained how that would work.
- Brock Jacobsen asked about what would happen if some municipalities said they

would not pass this.

- Zack Renstrom said the consequences of that is they could be found in violation. Right now the Regional Water Supply Agreement states that every city has to have a robust conservation program and use water wisely and if all the other cities say a minimum conservation program requires this and these are the reasonable standards that city could be found in violation of the Regional Water Supply Agreement and essentially shut them off from future water. He said he doesn't believe any city will go there. All the cities have been very positive about it. He said a lot of people are asking about the sewer reuse and that will become a major issue in our County. He said the Regional Water Supply Agreement doesn't address the sewer reuse water so they will likely be coming with that because it will play a bigger role locally.

- Mayor Rosenberg asked if Zack met with the irrigation companies yet.

- Zack Renstrom said not formally. He has met with individuals that are big players in those. The Board has said strongly that if a person is farming they should be able to they should be able to farm that land and the District needs to be able to help him farm for as long as he wants but when he changes then there is a change and the water needs to come back on our culinary system.

- Leina Mathis said she was under the impression that all of the cities were going to adopt the same ordinance particularly where a lot of this is outside landscaping so that the landscaping contractors wouldn't have to know different ordinances for different cities.

- Zack Renstrom said the Home Builders Association has a complaint about that right now that each city has different landscaping ordinances so they are asking for specifically this to keep it uniform. The intent is that all the cities adopt the same standard.

- Ben Shakespeare said it does concern him, the backyard CO and tying those together. Some homeowners may not have the money or know what they want to do back there. He said he would recommend that we find a way to address that. He said to look at the provisions in that.

- Mayor Rosenberg said there could be a way that as long as the landscape plan was submitted and it complied that it could be approved and the CO could be issued and then a period of time provided for that to be implemented and then give them the opportunity to switch things and modify it and they would still be on the hook to do that. The leverage for that is that we have a \$500 deposit. We could work through that in the ordinance.

- Ben Shakespeare said with manpower that is going to be problematic if we don't address some provision with backyards.

- Mayor Rosenberg asked on multi-family projects where the irrigated area is common area there would still just be one irrigation meter for the common area.

- Zack Renstrom said yes. He talked about their goal. It is to educate people. They started the new "Clock On" program. It is encouraging people to turn down their landscape clock now that weather is getting cooler. There is going to be a lot more of that.

- Mayor Rosenberg said those are already on the City's website and social media.

3. Silverado Concept Plan discussion. Applicant, Joe Brown.

- David Hunter, Applicant, said they were at Council a few months ago. The feedback they got at the work session was the site plan they presented looked okay. He said a couple of weeks after that meeting they got a phone call from the Mayor who said that in the PDR it actually says per project there is only 30 units density allowed. He said they thought it might be worth it to come back and show Council a 2-D elevation of what the street view would look like with the apartment. He said the site is by Harmon's. He showed the renderings to Council. He said the commercial would be in front of the apartments so the apartments would be completely hidden. He talked about the rates in this area. He said there is a need that exists. They would not be obtrusive to someone's view corridor or neighborhood. This is surrounded by commercial and it is going to be market-rate housing. He is hoping this will be more of an affordable solution for the City of Santa Clara. He said they have Cubby's and Cup Bop committed to come in to the commercial and retail which will be a great amenity for Santa Clara. He said they are presenting a new site plan. He said they won't be big water users. He said they want some feedback from the Council to see if this is something that they should try to change the PDR for. He asked if this is the direction the City wants to go. He said he doesn't think there is a better place to stick density than in that swell.
- Mayor Rosenberg asked if this was a long-term rental plan.
- David Hunter said they will not do short-term. It will be at least a six-month minimum rental.
- Mayor Rosenberg asked if there is going to be any component of this that could qualify for some of the attainable housing standards such as tax credits.
- David Hunter said yes. If that would tip the scale in favor of this project then they could do some affordable housing.
- Mayor Rosenberg said the Planning Commission is looking at a revision to the PDR ordinance next week and right now there is an exception for senior housing and this would allow an exception for an affordable housing type product. That is something we are talking about and has strong support from the Council and this area definitely needs it. The language could be tweaked a little bit to where you wouldn't necessarily have to meet the tax code requirements and they may be able to present their own criteria to where a certain percentage met that AMI requirement.
- David Hunter said they would not be opposed to that. He said their intention for this is this is where your kids are going to go while they are getting their foundation set. He said they didn't envision this for seniors.
- Mayor Rosenberg said he sees it as potential for work force.
- David Hunter said this is a unique site and a perfect site for doing this. Council can decide what it wants to be.
- Mayor Rosenberg said he agrees. Their site plan and location sets it up. This is a great place to do this. It is not adjacent to single-family and is nestled behind a commercial and it is down where you can do multi-story and not impede the views.
- Ben Shakespeare said this is a perfect location for something like this. He said he would like to review the ordinance. The city and the developable has changed since the ordinance was written. He said he doesn't think there would be a lot of push back in that area.
- David Hunter said the language is a little bit ambiguous because it says "30 per parcel".

- Ben Shakespeare said there is an easy way around this and we need to understand that as a Council. They could do that. He said he would rather look at this as a whole development. He said he would rather look at the ordinance as a Council knowing that since that was approved the demographics have changed and the need has changed.
- Leina Mathis said she likes the location of the apartments. She likes the change in their design. She said she does not want to do away with the ordinance but rather tweak it so it gives an exception for the affordable housing component. Our City desperately needs an affordable housing component. That is where her vote lies is to put in an affordable housing component. She asked about the man cave/hobby huts. Are they going to allow any of those to be slept in? She said the renderings had kitchenettes and things like that.
- David Hunter said they will be owner occupied and won't be rented and that will not be a nightly rental but they will be able to put a studio upstairs. They will have a tax ID and will be condominiumized.
- Leina Mathis said we might need to address this in our ordinances.
- Mayor Rosenberg said they would be treated like a townhome and they would count as part of the overall project in density and have to meet the residential component for that.
- David Hunter said they were 128 units on 20.74 acres.
- Mayor Rosenberg said they are under 12 units. They are under 7. It sounds like they are going to be okay. When they become single-family dwellings it has to be considered a residential mix on the density-side. He said he would rather treat them like that from the City's perspective because then they are going to get the adequate parking and everything else that comes along with the residential unit.
- Leina Mathis asked if they know what there C-store is going to be.
- David Hunter said they don't know.
- Jarett Waite said he likes the orientation of the C-store. He asked how the elevation of this would compare to across the street.
- David Hunter said the people from the south are elevated up quite a bit so they will never see the apartments but will see the top of the C-store.
- Mayor Rosenberg said if you want to see the wash it is going to block the wash but if you are looking at Red Mountain and Pine Valley it is not going to even come close to that.
- Jarett Waite said the apartments are three-story but the rendering makes it look like you are only seeing about two-stories because it is so much lower. Is that the way they are planning to work?
- David Hunter said what Council is looking at is exactly to scale. He said they are right at 35 ft. They are not asking for a height variance.
- Mayor Rosenberg said they would have to be sprinkled because they are three-story.
- Jarett Waite said he likes the colors and the look. They are on the right track there.
- David Hunter said they will design and review with Council and they will fine tune it too.
- Wendell Gubler said this is a good place for an apartment complex. What they have shown is really nice. He said he would like to see an affordable housing element if we could because we really need it.
- Brock Jacobsen talked about the newly adjusted AMI. When affordable housing is talked about it includes HOA and utilities.

- Mayor Rosenberg said if there is an affordable housing component that could be defined by the applicant that was approved by the Council that is a real easy think to include in the ordinance.
- Matt Ence said he agrees with that.
- Mayor Rosenberg said they would present a plan that provides some workforce housing as part of that project and there is some control that can be verified that it wouldn't necessarily have to meet the same requirements as the tax credit that the Utah Housing Corporation does. It could be custom fitted for their project and then Council would have to approve it and it would be built into the PD approval. It would be a condition in the zone change.
- Leina Mathis said it would get recorded the same way on the plat.
- David Hunter said they would love to see what the parameters that we are talking about. They are hesitant doing tax credit financing because it becomes impossible to sell.
- Mayor Rosenberg said he doesn't want to push them into that boat. He said he just wants them to define their plan that works for them and bring that and all we have to do is change the ordinance or approve an alternate plan by the City Council. It would be a simple ordinance. He told them to come up with a plan and make sure it includes all the components. They are under the 8 units so they are not going to have to do the fancy amenity.
- David Hunter said they are going to do a full amenity space.
- Matt Ence said we have a land exchange agreement with Joe Brown and David Hunter that is sitting at the title company waiting to be closed.
- David Hunter said it is done, signed and finished.
- Matt Ence said he will touch bases with the title company because the last he heard was it was sitting there waiting to be signed and hadn't been done.
- David Hunter said if there are any issues, they will resign it. He said he knows it has been done.

2. Power Rate Increase discussion. Presented by Gary Hall, Power Director.

- Gary Hall said tonight they are going to be presenting the cost of service and rate design study that Financial Solutions has been working on for the City for the last few months. Mark Beauchamp is the President of UFS and he will be giving this presentation to the Council and going into detail on this rate study and also the power cost adjustments. The cost of service and rate discussion will include the financial state of the Power Department, what it is right now, where it is going to be in the future and where it should be in the future for the next five years. The second discussion will be on the power cost adjustment. USF has done this power cost adjustment for Washington City a few years ago. Rick Hansen, the Power Director for Washington City said it is working well for them. They haven't had hardly any backlash from residents. This is a rate increase program that could be implemented either monthly or every six months or how we deem necessary and that passes along the power cost increases or decreases to the customer. It doesn't fluctuate a whole lot. Washington City does it monthly.
- Mark Beauchamp talked about the financial projection results. He showed the Council the proposed rate track. Overall the Electric Utilities are in very good shape

financially. We may need to adjust rates in small amounts to keep it that way. He said there are certain key financial targets that they look at to see how utilities is doing. Santa Clara is about on average but a little bit higher on the debt to equity ratio but over the five-year projections that is projected to come down. The age of the City's electric system is in really good shape. He said he wants to talk about how they assess the needs for rate adjustment. He talked the debt coverage ratio, which are mandated when bonds or revenue bonds are issued. He said the cost of service results look very good. They do need some tweaking but are in very good shape. He said what they are proposing is a power cost adjustment mechanism. They also have a proposed rate design to achieve certain rate adjustments and certain targets that they have established. He said they are not looking for any approval on the rate design at this meeting but if Council agrees with what they have done they will bring this back to the Council in the next meeting for approval. He said the first thing is to build out a long-term financial model looking out five years. It is based on what has happened historically and what they think will happen in the future. It is built upon certain assumptions. The key assumptions are: First, Annual Inflation, which right now is a 2.2% inflation rate. Most economists believe that the inflation rate will fall back to our historical norm of about 2.2%. He said that they assume going forward between 2020 and 2022 there will be about 8.3% increase in sales. He said they assume the power supply cost changes in 2022 will go up by 1% and then 3% increases in 2023 and 2026. If a power cost adjustment is implemented moving forward any changes in the power supply cost would be picked up through the power cost adjustment mechanism. He then talked about the Anticipated Capital Improvement Plan and Projected and the debt associated with it. He said they assumed the purchase of both generating units in this study. He said with these assumptions they built out the financial model. He talked about the certain key financial targets they look at. A major one is debt coverage ratio. Whenever a debt revenue bond is issued they come with bond covenants and those require the utility to maintain a coverage ratio. The coverage ratio looks at the amount of cash that is generated from operations in a given year and compares that to the total debt service payment. The bond ordinance typically requires maintaining about a 1.2 or 1.25 coverage. But because electric sales are so dependent on weather and certain other things that could increase the cost a safety factor is built in usually about a .2. If we fall beyond that debt covenant we are in technical default on the debt so what will happen is down the road when we go to issue debt again it will show that you failed your bond covenants and it will affect your bond rating and the interest that you pay on your debt. The City is above that minimum target until 2024. In 2025 and 2026 you fall slightly below that minimum debt ratio and we want to make sure you are above. He said the next thing they look at is how much cash does the utility need to maintain in reserves at a minimum. Santa Clara is considered a relatively low-risk utility. They look at five factors in determining the amount of cash the City needs to maintain. The first one is operation and maintenance costs. There needs to be enough working capital in reserves for the timing difference that exists from when the City pays bills to when you get the money from customers. That money needs to be in the reserves at all times. Next he talked about the purchase power costs. There are two things that occur, one is a working capital leg and also the power costs varying on a month-to-month basis. He said the next thing is the debt service payment and the need to make sure the largest debt service payment that occurs throughout the

year is in the reserves. When you pay debt through bonds one payment is interest only and the other payment is both principle and interest and we need to make sure that larger payment, the principle and interest, is in the reserves at all times. The City needs to have cash in their reserves at the start of the construction season to make sure you can complete the projects that are planned for that year. He talked about the historical rate base and what it represents is bad things happen to our infrastructure because of catastrophic events and there needs to be enough money in reserves to start the repair and replacement process until adequate financing can be arranged. He said that is a bit of subjective assessment. He said they look at the age of the infrastructure and the risk of the area for something catastrophic occurring. He said they take 1% of the historical investment and assets and keep that in reserves at all times. When the calculation is done for 2022 it comes out to about \$1.9 million. It increases each year because expenses change. It goes up in 2026 to about \$2.5 million. Looking at the projected cash reserves without any rate changes you are exceeding the target in 2022 and 2023 but fall below the target in 2024-2026 so we need to do something to get the cash reserves back up and above the minimum. He said the next target is looking at certain minimums such as minimum debt coverage ratio, minimum cash reserves and we have to set rates high enough to maintain those levels. There is also an upper boundary. It is called the target operating income. We want to fully fund depreciation expenses because that is a representation of the amount of infrastructure being used and consumed by customers in a given year. We want that amount to be set aside. But if we only set aside depreciation expenses at the end of 20 years when that asset needs to be replaced it will cost more so we have to set aside an amount that is equivalent to the inflationary increase in asset replacement costs. That is where the target operating income comes in. The infrastructure inflation rate for electric utilities is about 3.2% a year so for the City that is about \$400,000 a year that would need to be set aside to fully fund replacement cost of infrastructure. This becomes the upper boundary. He said that without any rate adjustments the debt coverage ratio is good for the next three years but then you fall below it in the next two years. The cash reserves, which are currently above the minimum, are expected to fall below the minimum in 2024 and 2025. The target operating income in 2026 it is projected to fall negative. This indicates that something needs to be done to adjust rates and keep the utility financially stable because if we don't the cash is going to continue to decline, debt coverage ratio is going to continue to decline as well as operating income. The need for rate increases don't typically go away they just compound on themselves and just continue to get worse. Customers tend to prefer small inflationary type rate adjustments rather than large adjustments. He said they try to stay below 5% if they can. To keep the utility on track and financially stable they are proposing a series of three 2.5% rate adjustments. It will keep that debt coverage ratio well above the minimum and keeps the cash reserves above the projection and the operating income will be positive. He asked input or concerns from the Council.

- Mayor Rosenberg asked about the adjusted operating income. Where it starts to tail off after 2024 when the rate increase drops back to 0, is there any advantage to consider a 1% to prevent that from tailing off.

- Mark Beauchamp said it would start to dig a whole. Things are going to occur over the next five years that we don't know today. There are always those unknowns. If it went down to 1% and something else happened we could be setting ourselves up for

large adjustments that might occur 3 or 4 years from now. He said they are also trying to build a buffer for the utility that if something unexpected did happen or our projections are off in years 4 and 5 that enough is built up to minimize any immediate rate impacts on customers.

- Mayor Rosenberg said he is wondering in 2025 and 2026 where there is a 0 increase why wouldn't we want to do that at a 1% to keep them from dropping in those years.

- Mark Beauchamp said when they do these studies those should be updated every 3 to 5 years. Other than that they are relatively stable unless there is a major change. He said the financial projections are more key and a lot easier to update and they should be updated more routinely.

- Gary Hall said that if the Council approves the power cost adjustment along with the rate increase that would help buffer those last two years as well.

- Mark Beauchamp said absolutely. The power cost adjustment is going to lower the risk. As the power supply costs change that will get passed down to customers so we are reducing our risk associated with those changes. He said that if there are any changes in the power costs in 2025 or 2026 it is very likely that they would come back and say there doesn't need to be a rate adjustment even though the cost has gone up. He said they are conservative in their projections and that is why the safety factor is built in because there are a lot of consequences if you start failing your bond covenants especially on a continual basis. He next talked about the cost of service study. The study takes the total revenue requirements for the utility and it looks at what classes or who is causing certain costs to occur. Then they allocate that portion of cost to the respective classes. He said they look at the distribution system and the requirements of each class then they go through an allocation process. The cost of service will change over time. What we try to do is move in the direction that the cost of services is stayed and do it in a manner that is slow and methodical that minimize in adverse rate impact on any customers or customer classes. He talked about the small commercial and the medium commercial. They are a little bit higher so they are going to get a little bit more than the 2.5% because the cost of service study says directionally that is how we should move. Large commercial gets 4%. He said another component is the fixed monthly customer charge. It has impacts on residential and small commercial. He said the year long customers end up subsidizing seasonal customers so it could be a fairness issue if you don't charge the proper customer charge. He said in Santa Clara the residential customer charges are right in line. They are not proposing any changes to our residential customer charge. Small commercial there is going to be some slight adjustment and the same thing with medium and large commercial.

- Ben Shakespeare asked what determines small commercial verses large commercial. Where do our businesses fall?

- Mark Beauchamp said small commercial is billed on an energy only rate. Medium and large commercial have a demand charge. The demand charge is when you look at the customer's peak usage in the course of a month and bills them based on that maximum demand because it represents their usage of the distribution system. They don't have the capability to identify that demand for small businesses. There is usually a break point as to what is defined as small commercial and what is defined as medium. Sometimes that is determined on the cost of the additional metering.

- Jarett Waite said that for small commercial it is up to 10 kW demand and medium is 10-15 kW demand and large is above 50 kW demand. He asked for examples of

businesses that fall into those categories.

- Gary Hall said he believes Harmon's is considered large commercial and some of the gas stations are considered small commercial. He asked Jack Taylor if he knew which businesses were which.

- Brock Jacobsen said we have very few that fall in the medium category.

- Gary Hall said that Ace Hardware and Tagg N' Go will and those other new businesses will probably fall in the medium category and not the large. The Tagg N' Go could go in the large depending on how many customers they have. It depends on the usage.

- Mark Beauchamp said residential demand is usually about 5-7 kW so the demand threshold should be right around or a little higher than a typical residential customer.

- Jack Taylor, Power Consultant said that anything over 30kW was medium to large. It went up from there.

- Jarett Waite said on the website it says that 10-50kW is medium.

- Mark Beauchamp talked about the power cost adjustment mechanism. He said that as power costs change it is automatically passed on to customers. There is good and bad to power cost adjustments. The bad part is that if it isn't implemented correctly it could cause problems for the customers because if it is done only on a monthly basis we only look at one single month and those costs can jump up and down substantially on a month-to-month basis. We don't want those large fluctuations to be passed on to customers. He said they put in place a rolling average mechanism with a recommended six month rolling average. Any variation over the last six months gets passed on to customers. The mechanism changes slowly over time. It protects the utility and also protects the customers to some degree from large rate adjustments that would occur if all the sudden the utilities financial condition deteriorated it keeps the utilities stable to prevent those large fluctuations. The risk is split between the utility and the customer. It is one of the number one things that a utility can do to help maintain the current and future financial stability. He said they recommend that utilities have power cost adjustments. He said they are proposing to put this in place this year.

- Jack Taylor asked how they figure that six-month period each month. Who would take those power bills and put those numbers together in a spreadsheet and give that to Sherry so she can get the correct numbers in for the rates.

- Mark Beauchamp said they provide a model. He said the model looks over the six-month period and recalculates what the power cost adjustment is. He said the way that they do this there is always a timing difference because the sales vary on a month to month basis so they actually track the long term over and under recovery.

- Gary Hall said we have already confirmed that Polaris will accept that program or that model.

- Ben Shakespeare asked if we could go back to previous years and see, if we were implementing this, what this would look like. What it would look like per household for cost.

- Mark Beauchamp said that is something that can be done.

- Ben Shakespeare asked if this has been proposed previously. Is there a reason we haven't looked at this before?

- Mark Beauchamp said he doesn't think it has been proposed historically.

- Leina Mathis asked what is done for new customers that don't have a six-month

history.

- Mark Beauchamp said it is not done on a customer-by-customer basis. It is done only on the system. He said the power supply bill is entered in and the kilowatt hours associated with that with how much energy was delivered to the city and those two numbers get entered and the spreadsheet calculates the power cost adjustment and that is applied to all customers equally.

- Jack Taylor said one of the reasons the City hasn't jumped on it is because the market for a number of years has been so good that we just didn't jump on it. He said we tried to get this earlier than this but what happened last summer with buyers that we better get something implemented and it has taken too long to get it done.

- Ben Shakespeare said we are basically looking at a rate increase of 7.5% over three years and only because we don't know beyond that and also doing a power cost adjustment which would be six month rolling of whatever the cost of power is rolled on to the consumer.

- Mark Beauchamp said that is correct. He said the power cost adjustment can go up or down.

- Ben Shakespeare asked if anyone has pointed out to our power providers that as they shut these coal and gas down our rates go up. He said in the three year plan 2025 is when things swing for us and it looks like it is because of a \$2 million substation upgrade that is in the capital improvement plan. Are we on target to do that upgrade and what is that upgrade?

- Gary Hall said we had planned that substation in South Hills. We have two 10-megawatt transformers in the Grimsaw substation. This year our peak was 20 megawatts so we would be pushing the limit on having one substation to run the whole City so the substation in the South Hills will add to our capacity.

- Jack Taylor said they have fans on them and they will go up to 12 or 14 megawatts for a short period of time but you don't want to get to that point.

- Ben Shakespeare said that substation regardless of growth that happens in the South Hills is needed. Is that correct?

- Gary Hall said yes. Even if the growth stops right now it is almost warranted. With the growth continuing then yes, we definitely need that substation for redundancy.

- Jack Taylor said you are collecting impact fees, too, for that infrastructure and that is billed into this.

- Jarett Waite said he is not a huge fan of the power cost adjustment. He said he likes that right now customers know what they are going to pay and they can look at their bill and it all makes sense. With the rolling six-month average it could get fairly confusing to the customers.

- Gary Hall said that Washington City added a separate line item on the customers' bills that shows the power cost adjustment so the customer can see exactly what they are either paying extra or they might see the reduction on that line item. There was a little bit of backlash from some customers but once they explained to them that sometimes it would be a positive and sometimes it would be a negative they were okay with it.

- Leina Mathis said it wouldn't be the six-month average for the individual consumer. It would be the six-month average for the City's purchasing cost, assigning that adjustment and then passing it to each particular bill.

- Jack Taylor said that is correct.

- Mark Beauchamp said per kilowatt-hour basis.
- Leina Mathis said you could have a consumer who is conserving and they are still going to see that charge for that power cost adjustment.
- Mark Beauchamp said yes but it would be less because they are conserving.
- Brock Jacobsen said there is a house-to-house component.
- Jack Taylor said you have to remember that the main reason we do this is because it is those high load hours where we get hit really hard. Even though people are conserving and trying to use less they still add to that overall peak of the system when that power is costing us the most.
- Ben Shakespeare said we have enough generator power now to bridge that by next summer.
- Jack Taylor said yes, that will help us. But things can happen. We could lose a transmission line and then we have to pay higher power costs to get to us. There are a lot of things throughout the system that can change. It is a way to protect us. The future doesn't look good in the power industry, and he said he thinks it is important that we adopt this in the City because there is no infrastructure being built for future and we are shutting down all these coal plants. We need to protect ourselves.
- Mark Beauchamp showed the actual proposed rate adjustments. (See attached.) He showed the four main rate classes and how it will impact each customer and the type of customer in the class. The customer charge of \$20 is kept the same. They applied the 2.5% adjustment in the energy rate. The average usage is around 1,250 kW hours a month. The average bill will increase about \$3.25 in year one and in year two \$3.33 and then \$3.41 in year three. That is the impact on each residential customer. The percentage increase on residential customers is at differing levels of usage. The small commercial would increase by 3.5% on average. He said for the medium commercial said the customer charge consistent with the cost of service increased from \$34 to \$64 over the three-year period. It is a \$10 increase each year in the monthly customer charge. The energy rate was lowered. It was offset by increases in the demand charge. Overall this class will see a 3.5% increase. The impacts on a typical medium commercial customer because their energy usage varies so much in that class we look at the load factor which is a ratio between the customer's peak demand that occurs in a month and their average demand and that is where the demand charge comes into play. The average medium customer sees about a 3% increase in the monthly bill. The last class is large commercial. The monthly charged is increased each year, in three years it is about \$200 and the demand charge is increased by \$1 each year and the energy charge was brought down. The impact is about 1% on the average customer and it can range anywhere from 2.5% and for a customer that exceeded 65% load factor they would actually see a rate reduction. He said the intention is to get the Council's input and feedback and if things look good to bring it to the next Council meeting for approval.
- Ben Shakespeare asked who is purchasing our power right now when we exceed. Who is the responsible party to say that we are going to buy that power when we need it?
- Brock Jacobsen said that Kristelle Hill gets on and sees the projections and all the data from UAMPS and what it is projecting and factors in the temperature and everything then she can see what they are projecting our load to be and then she can go on UAMPS site and it gives the price for every megawatt we want to buy.

- Ben Shakespeare said it sounds like it could be a lot of money. Are we just basing UAMPS as our go to?
- Jack Taylor said they have a pool and it is everyone's resource for their city so UAMPS will look at the whole picture of everyone in UAMPS, all the members, and they look at what their load is going to be for that next day and determine whether or not they need to buy more resource or they are going to be long. He said at times we can get power cheaper through the pool and Kristelle or Gary won't go out and buy any more resource because it is a good price. He said things are starting to change and it is getting more expensive. UAMPS will go out when they see they are short and try to find a resource if they can. Every year we look at our portfolio of what we have and we determine if we ought to go out and buy more megawatts of resource and try to cover those whole we have in our system so that we don't hit with higher power costs. Summer is the time that hurts us the most. The generators have that good base load so that is why we went with them.
- Gary Hall said we cannot shape our resource with our load. In the summertime we really can't purchase a resource to cover that and shape it so we have to run generators to shape it or buy up the market.
- Ben Shakespeare said there was a lot of information here. He would like a little more information. He would like to see how it works for Washington. He doesn't know enough about it to make a good decision one way or the other.
- Mayor Rosenberg said we can take some time and evaluate this and put it on a future meeting agenda for discussion again. Council can bring back some questions. We can ask what a typical home cost is going to be and what it is going to look like. He asked if this is a public hearing when it comes back.
- Brock Jacobsen said yes. The public hearing was set back in August for next week. He said it sounds like a lot of the question sits on the power rate adjustment.
- Ben Shakespeare said the rate concerns him. He is not opposed to a rate increase but in five years you are going to jump 10%.
- Mayor Rosenberg said the power costs could jump that much. The City is in good shape right now but costs are going up and our debt coverage and everything else is dropping into dangerous levels as a result of those cost increases so if we don't do something with the rates or the power charge we will be in trouble with debt coverage and that affects a lot more than just the Power Department.
- Brock Jacobsen said on those charts on those last two years there is no increase and you start to go the opposite direction. We have had two years without the power rate increase and now it is back to where we are doing it again and so you see those two years where you don't do anything. We could come back in 2024 after we implement that increase and have a study done again and we could have an adjustment again. Every year there would be some type of an adjustment. He said the average user would be up about \$3.
- Ben Shakespeare said his concern on this is he felt he didn't have much time to understand about Generator 2 until Council approved it. We just went through a whole slew of information to process so before we go down that road he would like to understand it well enough. He is not opposed to it. He wants to have a better understanding of how this affects everybody.
- Gary Hall said this is covering our costs. The design that USF has proposed, that is what they do professionally and that is their job and that is the suggestion they are

giving us to cover our costs. They have done all the research and this is what they are suggesting.

- Brock Jacobsen said we can bring it back and have more discussion on it on the rate design and on the power cost adjustment.
- Leina Mathis asked if there can be some projection for that discussion, some projections that includes all of the categories, residential, small, medium, and large. If we are going to be business friendly and asking businesses to come to our commercial developments it would be nice to see what impact that would have on them.
- Gary Hall said he had slides in here that took care of that.
- Mayor Rosenberg asked if Council wants specific businesses.
- Leina Mathis said not all of them but if we have a number of them it would be nice to be able to have that information to be able to make a more educated decision. It might be completely valid and fine to do but it would be nice to know what that is.
- Jarett Waite said he remembers doing this five years ago and looked at what other cities were doing so we weren't way over jumping and all the sudden our power was outrageous. He said he would love to have that data as well. It would be nice to know where we are going to end up compared to other cities based off what they are doing as well. He said five years ago we didn't take the full amount that was suggested. It was a little less. We felt that would keep us competitive with everyone else but enough that we would be okay.
- Wendell Gubler said is it good to have a public hearing next week when we don't even feel comfortable about it ourselves and don't feel like we have the knowledge to make this decision.
- Brock Jacobsen said we won't have the public hearing next week. If Council is not ready to make that decision then we will postpone the public hearing for a future date.
- Jarett Waite said he doesn't think we are far off from passing this we just need a little more information to try and digest this.
- Gary Hall told the Council to think about this and go over this presentation individually and then they can email him and he can pass it on to Mark and see if he could present any extra information like a comparison with other cities.
- Mayor Rosenberg said to do that. He asked the Council to get their questions to Gary or Brock. This will probably be on the City Council Meeting for next week for some additional discussion. We will reschedule the public hearing for when we are ready for it.
- Mark Beauchamp said they will get together the comparison on the power cost adjustment historically for the Council.
- Wendell Gubler said it is hard to hear on Zoom. When we have a discussion like this it would be nice to have the people here in the room where possible.
- Mayor Rosenberg said that normally we would try and have them here. Mark is back East. We can have Mark come. Normally Gary would be here but couldn't because of Covid.
- Wendell Gubler said he doesn't think we need Mark to come out. It is just important that we have Gary.
- Mayor Rosenberg said Gary or Jack and we can bring Jack down. He said we won't have this discussion until Gary is back and able to attend in person. We are probably at least a month out for the public hearing. He said we would double rate to avoid debt coverage rate issues. That will never happen to this City again. It affects everything.

He asked the Council to remember that.

- Ben Shakespeare suggested looking at the city's bonds and when they are coming off so we can balance that and make sure we maintain that.

- Mayor Rosenberg said the reserve amounts he had there aren't enough in his opinion.

- Brock Jacobsen said they asked him where they came up with those reserve numbers. He said it is based on data throughout the Country where they feel that is a comfortable number.

- Brock Jacobsen said he thinks that varies. That could be us saying that number is not a comfortable number.

- Mayor Rosenberg said this is important. He wants Council to understand it and so take the time and ask the questions that you need to. It is important.

- Ben Shakespeare said as a Council we need a business type look at 10 years and what bonds are on and off and our payment.

- Mayor Rosenberg said to learn it so we can understand it because the power rates are coming and we don't have a way to offset it. There is no cheaper power and it is going to do nothing but go up.

- Council took a break for four minutes.

4. Graveyard Wash Reservoir & Annexation discussion. Brad Hays, Parks & Trails Director.

- Brad Hays said the next three items on the agenda are related but they are also independent and should be considered separately. He said that the Graveyard Wash Reservoir is something that St. George is looking to build. The reservoir follows Hwy 91 up to the north. This is located right next to our City Yard. It is 55 acres of BLM and 14.5 acres of private property. The project is a three-stage project. The first stage is to get water to the Shivwits. The second phase is the Graveyard Wash Reservoir. It is a storage area for reuse water. It is treated water that will come from the sewer plant and be pumped in there to hold. This will be a way to store water so we can irrigate. This is approximately .3 of a mile northwest of Santa Clara City. The reservoir access is Hwy 91. The capacity is 2,030-acre ft of water. The inundated area is 71 acres. The high water elevation is 2,890 and the low water conservation pool is 2,854 so the actual depth of the reservoir can be up to 82 at full capacity and it will drop to 46 ft. He said that Staff is looking for some direction on if we would be interested in annexing this and what kind of questions you might have so we can research and bring this back. There will probably be some recreation use here. Would the Council be interested in bringing this into Santa Clara City?

- Ben Shakespeare asked if this is right on the Santa Clara River.

- Mayor Rosenberg said no.

- Wendell Gubler asked if there is any other source of water coming into that wash.

- Brad Hays said there is some other water but the majority of it is reuse or drain water.

- Mayor Rosenberg said it is not surface water that is coming in there but they can bring water down with the pipeline connected. There is a little bit of surface water and a little bit of surface run-off during a storm.

- Wendell Gubler asked that if this dam were to break would our City Yard have a problem.

- Mayor Rosenberg said it would be gone. This is a St. George City project that will be

reviewed and approved by the State Engineers Office in accordance with standard practice.

- Wendell Gubler asked if St. George and the Water District are going to get the benefit from it. Are we going to benefit?

- Mayor Rosenberg said just St. George City. The Water District has nothing to do with it at this point. St. George got the permit, and they would pay and build the dam and they own the water that goes into it.

- Wendell Gubler asked if they would pay for our generators if they don't build it properly.

- Mayor Rosenberg said their insurance might.

- Ben Shakespeare asked why we wouldn't annex that land. What would be the negatives? It is right up adjacent to our City and our residents are literally right across the road so at least by annexing it we would have control of some access and recreation.

- Wendell Gubler asked if Ivins would be opposed to us annexing it.

- Mayor Rosenberg said they are proposing an annexation for a new yard that is farther up the wash. They are working through the BLM right now with an RP&P application. The Western Corridor wraps around it too.

- Brock Jacobsen said there has been some discussion on the basin and the dam being built and whether it should be the District doing it or St. George. St. George is the one who has proposed it and wanting to do it but the topic has come up of the District being involved in doing that.

- Ben Shakespeare said it 100% should be the Water District.

- Mayor Rosenberg said that right now St. George owns the water, they control the pipeline, they control the BLM right of way and they have proposed to build it out of their own funds. That could switch to the Water Conservancy District any day but currently it is a St. George City project.

- Wendell Gubler said when we had a discussion about building bridges a few years ago there was a discussion about putting a bridge right there in almost the same location because that is where the Western Corridor was coming.

- Mayor Rosenberg said it goes around it.

- Brad Hays said the dam is 1,750 ft long and have the elevation of 2,900 ft. and 586,000 cubic yards of fill.

- Mayor Rosenberg said it is a big dam and it is right in our face and he has pointed that out in numerous Mayor's and RWSA meetings. He said his thought is that we annex to the center part of the road. Everything south of the road would be in Santa Clara and Ivins could annex down to the north side of the road. It is out in the Santa Clara River reserve but the reserve doesn't prohibit the road. It would be a decent annexation. We would pick up Jimmy Rosenbrook's piece and the irrigation companies property as part of the annexation that right now are in the County. Then the reservoir would be inside the City. We may not be able to stop the reservoir but we can maybe pursue the recreation component to be in Santa Clara City and possibly an additional RP&P for recreation facilities on the reservoir. If it is inside the City they will have to at least come and ask for a grading permit.

- Leina Mathis asked if we would approve the access to it off of the road if it is within the city.

- Mayor Rosenberg said we could probably dictate that if it is on the Road Master Plan.

They are working on a road access right now. The water department is working with the Hafen family to get an access for the construction of the reservoir already. They may be working with Kelly Graf, too, on the south end. He is not sure.

- Ben Shakespeare asked if there is a reason that St. George picked the most remote location from their city to build this. Are they concerned with the stench off the reuse?

- Mayor Rosenberg said that St. George City doesn't have any locations inside the city limits. Their locations on the west side were in the sensitive environmental species areas and they didn't get the right of way on. They had two reservoirs approved and those are the only two areas that worked.

- Leina Mathis asked if there is any benefit or liability to the City by annexing it if it breaks.

- Matt Ence said he doesn't think it makes any difference.

- Mayor Rosenberg said we would just be able to control what happens around the reservoir.

- Ben Shakespeare said if we annex it why not annex as much as we can around it in the fact that there is probably developable ground down around there.

- Mayor Rosenberg said that would be a good question to go ask Keith Riptrick about if the same limitations about releasing property for development exist here as we've got in the South Hills because we are talking about bringing the South Hills boundary way back to the north. That proposal discussion is the next item on the agenda. We are recognizing that nothing is going to happen down in there. Why would we want to continue to expend City resource and police protection and everything else out there if there is not going to be any benefit come back? There would be the same issues on this side. We may be annexing something the never can be developed for something other than recreation but when the reservoir is built it could be a nice recreation site for the City. It could be the urban fishery we have always wanted.

- Ben Shakespeare said he kind of likes the idea of having within the City boundaries.

- Wendell Gubler asked if we annex it are we responsible for negotiating with the BLM to get the dam put in and all the stuff.

- Mayor Rosenberg said they have the right of way in their pocket right now. They have the right of ways issued to the city. It was done back in 2004. They still have to go through their design and their dam safety approvals. The City Yard was there before but we have expanded the Yard but the power plant wasn't there back then.

- Brock Jacobsen said that Denny Drake has spoken before about our right to the reuse water that we send to there. Dustin has been doing some research and it sounds like that is the case. The Mayors had some discussions that we have to put a claim on that water so there is some potential with that. If we paid our cost maybe we could potentially use that.

- Mayor Rosenberg said if the Water District gets involved we could see benefit coming out of it. This is a reservoir that they would fill during the winter and use to supplement the surface irrigation in the other times of the year. It helps them offset their irrigation peaks. Right now it is a St. George City project. We have reuse water that gets discharged to the Virgin River everyday but we don't have the means to get it back up here. We are not an owner in the pipeline or the pump station. If we can negotiate some kind of a use inside the pipeline that comes to us there now, who knows?

- Gary Hall asked if this all goes through and the dam is built, is there any way we

could require some kind of riprap to protect the yard? We have a lot of money sitting there with the generators and the equipment.

- Mayor Rosenberg said if the dam breaks that riprap won't do any good.
- Ben Shakespeare said if that failed everything goes.
- Mayor Rosenberg said we could potentially lose Gates Lane and the bridge.
- Ben Shakespeare said his questions are about insurances and all of that.
- Mayor Rosenberg said we are not assuming any liability. St. George City would assume the liability. They will have to do dam break analysis so we will have an idea of where that flood would go and what would be impacted. Our insurance would probably cover our generators and then they would probably go and try to sue St. George.
- Leina Mathis asked how much of the City would be without power and potentially for how long.
- Mayor Rosenberg said it depends on the time of year.
- Brock Jacobsen said he doesn't know that we would lose power but we wouldn't be able to generate.
- Gary Hall said the power poles are up on the hill above it. They are okay. We would lose our generation but we would still have our feeds.
- Ben Shakespeare said we don't have control over this but he would prefer it to be within the City so at least we have some controls that way. He would like to pursue it.
- Mayor Rosenberg said we can control what happens around it and if we don't Ivins probably will.
- Jarett Waite asked Brad to do an RP&P and the asked if it has to be within City limits.
- Brad Hays said no, it can be near the city.
- Jarett Waite said we could do an RP&P and make this really nice nearby and not be in City limits.
- Mayor Rosenberg said some of it may be developable. We would have to talk to BLM.
- Ben Shakespeare said that on the highway he would imagine it would.
- Mayor Rosenberg said the highway frontage is all private.
- Brad Hays said that on the other side there are some burial sites and it is all sensitive acreage.
- Mayor Rosenberg said we can go talk to Keith. He would give us a pretty straight answer. We would at least control the recreation aspects around it.

5. Shooting Ordinance Change discussion. Brad Hays, Parks & Trails Director / Matt Ence, City Attorney.

- Brad Hays said that he and Matt talked about this and we follow the State Guidelines and there is no shooting within 600 ft of a dwelling or other type buildings but there is shooting allowed within City limits so what Council has asked is that you would like to ban recreational shooting within the City limits. He said with the Grand Desert, Santa Clara Hills 3, the recreation we have with the BLM up above our new park there, there has been a lot of close calls from shooting.
- Matt Ence said in the packet there should be a draft Fire Arms Ordinance. The State law says you can't discharge a firearm within 600 ft of a structure. That wouldn't

change. It is a State law. He said we looked at some of the firearm restrictions that were in some of our neighboring cities and so this is based on some of those including St. George and Ivins. The idea is it would basically prohibit the discharge of firearms, period, unless the discharge met certain exceptions and those would include things like self defense, defense of property, anything that would be considered legal defense under the State law. It would exclude law enforcement officers in the discharge of their duties. It would exclude discharge at a safety approved shooting range. It also excludes discharge for the purpose of nuisance wildlife control as well as for killing a trapped animal that had been caught in a live trap or for killing of domestic livestock. This draft also includes a prohibition on trapping, which applies to any kind of trap that uses a clamping mechanism. Live traps can still be used. He said this is pretty standard. The idea is to have some pretty broad exceptions so that some uses of firearms that you still see in Santa Clara related to agriculture could still happen. This ordinance is pretty straightforward.

- Mayor Rosenberg said the idea was to incorporate this ordinance so we could start enforcing it within the City limits but at the same time withdraw the City limits back and remove a bunch of the southern part of the South Hills out of it so that we are not trying to enforce it through that entire area which would be difficult to try and do. We can enforce it closer to the City on this side of the ridge but when you go over the ridge it becomes a lot harder.

- Leina Mathis said she thinks that becomes a win-win too because that still allows our residents a place to go and shoot without having to drive across the County.

- Mayor Rosenberg said it becomes a County and BLM's responsibility. He said he thinks the ordinance looks good.

- Leina Mathis said it is noted on here that some cities have it as a Class C misdemeanor. What is the difference between a B and a C misdemeanor?

- Matt Ence said generally speaking it is difference in fines.

6. Proposed De-annexation in the South Hills discussion. Brad Hays, Parks & Trails Director.

- Brad Hays said this was brought to TRC and discussed and came up with an option first and then modified it. We took out the ACEC, the 124 acres that runs along Stucki Springs Road. There is also another ACEC down by where we were going to put the shooting range. The de-annexation actually comes up to 1,000 acres but when you subtract those two it is about 850 acres. We kept the water tank in and the 52-acre park in and also to the south kept a buffer for shooting that follows the Cove Wash and cuts over to Stucki Springs and goes to the Grand Desert and goes back. He said he has two plans in there, one that shows the General Plan and one that shows the private property line. He showed the map to Council. He also showed the General Plan map.

- Jarett Waite asked about the triangular area.

- Mayor Rosenberg said this is the Ox Canyon Wash. This is all in the Area 6 now. There is developable ground out there but the cost of it gets really high. There is no infrastructure out there at all. He said if the Council is okay with this he will write a letter to the County and BLM that we are really considering de-annexing this property and turning it back to them and see what their reaction is. He wants the Council to understand what we are doing and be okay with it. He will write the letter and put

them on notice and see if it gets a reaction and if it doesn't we can do it and put our shooting ordinance in place and pull our boundaries back. He asked Council if they want him to talk to them about our proposed annexation around the reservoir at the same time.

- Council all agreed that was a good idea.

7. Temporary Landscape Ordinance for all New Development discussion. Matt Ence, City Attorney.

- Mayor Rosenberg said this is the Mayor getting nervous and we have Black Desert and Silverado coming in and we don't have this irrigation and water conservation ordinance in place yet.

- Matt Ence said he has an idea that he thought he would discuss. We've got a draft ordinance which basically follows the most recent draft we have from the Conservancy District in such a way that it could be adopted as a temporary land use regulation until we get the permanent ordinance put into place. After listening to Zack Renstrom tonight a lot of what he said is not consistent with this. It sounds like some things have changed in what they are recommending and in some of the direction they are going. He said the thought came to him as he listened to him tonight that rather than doing this and putting a big, long regulation into effect he said he wonders what the effect would be on any developers that may come in the next 90 days if we just adopted a temporary ordinance that said that they have to comply with any water landscape efficiency ordinance that we adopt within 90 days of their application date. What we are trying to avoid is when they come in with an application for a development approval and they have a complete application they are essentially vested in that application with whatever ordinances we have in place at the time. We are trying to avoid them getting in the door before you have the change to adopt a water efficiency ordinance. Because we don't know yet what that ordinance will look like but we may within a month and maybe have it potentially adopted within two months instead of going this route if at the next City Council meeting we adopt a regulation that says that we will be adopting a water efficiency ordinance within the next 90 days and we could even make it longer and go up to 6 months. Any development application that comes in between now and when that ordinance is adopted as a condition of their application they have to agree to accept and comply with any ordinance that is adopted within that period. We avoid that situation of them being vested before we can get the ordinance in place. He asked if any of them are going to be putting in landscape within the next 90 days.

- Leina Mathis said if it is a PD they are going to have to submit their landscape plans. They might be out of compliance with their landscape plan.

- Brock Jacobsen said on Robert Smith's he doesn't have a landscape plan completed. Bob Nicholson told him it would be okay and he would just work with Brad on finishing the landscape.

- Mayor Rosenberg said if this temporary ordinance was in place it probably could. It may have to be brought back.

- Matt Ence said once Council adopts a permanent ordinance then he would have to come in with his landscape plan that complied with the ordinance. If we are talking 60-90 days that is probably not going to hurt any developers. He said that is an

alternative to trying to adopt an ordinance. He said he has already taken some things out of it. He has tried to deal with some of the issues already but the more he thought about it and listened to Zack and seeing how different what he was talking about was to this draft that we used to create this he wonders if the better way is to give ourselves 90 days, get what they recommend, adopt it if that is what Council wants to do and then at that point say to developers that now they have to comply with this.

- Leina Mathis asked if there would be any problem with providing them a list of some items we anticipate may be in the ordinance so that when they design those landscape plans that they can put that in mind.

- Mayor Rosenberg said we can definitely share it.

- Matt Ence said between now and next week when Council can actually adopt this he can take Zack's presentation and modify what he has done here and give it to Council next week to adopt. It may still change.

- Jarett Waite said it is like a PD zone and we just approve it pending the landscaping plan being completed meeting the requirements as Staff sees fit.

- Matt Ence said for approval you can make it conditional on that landscape plan coming back.

- Mayor Rosenberg said all the developers have verbally committed to the water conservation ordinance. They know if they don't do something they are not going to be able to continue in business so they are willing to support it. He said he worries a little bit about clause of exacting water rights. They can give it to the City and take credit for impact fees. He has a question about this on his ordinance. That water should come to the City and they would get a credit from the District. He said we can do this for up to six months. When we eventually get the ordinance the temporary one gets replaced.

- Matt Ence said you can but that starts to create a practical issue.

- Mayor Rosenberg asked if we could do a shorter period and extend it if we want to.

- Matt Ence said we could but we could be in the danger zone if we tried to do that.

- Mayor Rosenberg asked if this could be on our agenda next week.

- Matt Ence said it could.

- Mayor Rosenberg said if we did 90 days from next week that would take us to the first week of December.

- Matt Ence said if you do 90 days you could extend it up to the six months as long as you come back and say that the conditions are the same and we see the same issue and we are going to extend this temporary ordinance.

- Mayor Rosenberg said to do the 90 days with Council's agreement and if the Water District ordinance happens sooner then great and we can implement that. If we need to extend it we will.

- Leina Mathis asked if there is going to be an exception in the ordinance that allows developers on their project plans to identify the open space so that we know what all that looks like and it meets all the requirements but exempt them from providing the detailed landscape plan.

- Mayor Rosenberg said let's identify the landscape areas and then let them slide on the details for now.

- Jarett Waite said we might want to go to the end of the year to play it safe.

- Brock Jacobsen suggested 120 days.

- Matt Ence said if it came right down to it the Council could go ahead and adopt an

ordinance without waiting for the Conservancy District. In a pinch if enough time had passed and developers are wanting to know what to do the Council could adopt an ordinance and come back later and amend it.

3. Staff Reports:

Fire Chief Randy Hancey

- Our wild land crews went up to the Oak Grove fire today. They are going back up tomorrow. They will be helping on that for a little bit.
- The Department has moved into the Rachel Drive Station and crews are getting settled in and fine tuning things. He thanked the Council for their support.
- Fire restrictions have been lifted Countywide so in the next couple of weeks we will look at opening up the general burning season. That is usually around the 15th and he will get that notification in the newsletter so citizens will be aware when that is opened.
- Jarett Waite asked about the response to the fires in the churches.
- Chief Hancey said they went out as a standby crew for St. George. They caught the guy and the State Fire Marshall and the ATF are involved in the investigation.
- Ben Shakespeare said that got him thinking that we need to have cameras up around the City and it needs to be a major priority to get cameras where we can put them feasibly.
- Chief Hancey said there was a little bit of damage done to the wall around the firehouse on the park side right behind where the recycle bins are. One of the firefighters heard the commotion going on and the police were called and we caught the kid and we are going to need to repair the wall again.

Brad Hays

- The Tourism Advisory Board approved the funds for our second phase of Canyon View Park improvement. It goes to the commissioners this week. We put in for \$100,000 and got that.
- Did anyone try the speed bumps in Gubler Park? He wants to order more.
- Brock Jacobsen said his recommendation would be to have the 3 inch in the entrance and the 2 inch down the middle.
- Ben Shakespeare said for recreation we are sending the wrong message with those big ones.
- Mayor Rosenberg said it sounds like we should get the 2 inchers.

Scott Bannon

- We have had a few issues with the water in Town Hall. We had a plug up last Friday and we had to call in a plumber. He got a company to come out and put in a bid. He talked to them about a quarterly inspection.
- The Building Department is busy with Fred doing all the inspections himself. We have 350 active permits. He has done 280 inspections.
- We have interviews tomorrow for another building inspector/building official. We have three good candidates.
- He talked about Buildings A, B and C across the street. Those three buildings are fine.
- Mayor Rosenberg said to check that once in a while. He saw three young girls with their bikes parked outside of Building A. They are parking on that grass.
- Leina Mathis said that is why she was wondering if they were issued a CO.

- Brock Jacobsen said he did apply for a business license this week.
- Scott Bannon said our City Planner comes on board on Sept. 27.
- On Sept. 7 at the Planning Commission the first item on the agenda is the proposed amendment for the affordable housing from 30-unit apartments limit to planned development residential zone. The second one is the public hearing for the rezone, the R-1-10 planned development for the Desert Edge project. The 20.7 acres which is Robert Smith's, for a conditional use permit for the nightly rentals in the Coyote Landing portion of it. The thing is the planned development on Rachel Drive by Harmon's. It is Pad A between Café Rio and Harmon's. They already have the two end units filled. One with Beans & Brew and the other Roxberry Smoothies.

Brock Jacobsen

- If the Council is going to the League of Cities and Towns let him know. They can register themselves and let him know. Slots fill up on those excursions. Let him know. Hotel rooms are reserved up there.
- Mark Anderson with Zions Bank said that on the bonding of the fourth generator, one of the options on doing that bonding is using Zions Bank as them buying the bonding. The only caveat is if we go that route they are no longer our financial advisor in this situation so they would be operating in Zions Bank's best interest. Mark is going to get some more numbers as to what they would be. That is the downside is we wouldn't have a financial advisor working with us on that. But the benefit is with Zions Bank we would have better options than what we would get in the market. Plus going out on the market there is going to be additional costs. He said he has no concerns.
- Ditzie Whitehead had back surgery and is doing better. She wants to come back to work in a couple of weeks. She has been doing a little work from home. Ditzie does a lot and Staff is trying to pick up the slack but anyone that knows Ditzie knows that is hard to do.

Mayor Rosenberg

- He got an email today on Constitution Day. Kristelle is putting the program together. He has Troop 407, the Boy Scout troop coming to do the presentation of the colors. There will be an opening prayer and Tode Hafen is working on the National Anthem. The Daughters of the Pioneers will be here. He encouraged all the Council to come. It is going to be kind of a special event. It only lasts 30 minutes. It is Sept. 17 at 1:30. The bells will be programmed to ring at the end. It is simultaneous all across the Nation. Dennis Leavitt will have copies of the Constitution and flags. We may need some Staff help earlier that day. We need podium and mics and some chairs. Maybe 30 or 40 chairs. It was put in the newsletter today.
- Jarett Waite asked Brock to email the Council with the certain times and events the Council needs to be at for Swiss Days.
- Brock Jacobsen said he will get an email out on events and what Council's assignments are.
- Gary Hall asked Council about going on the tour. He asked about a date. He should be back to work next week.
- Mayor Rosenberg suggested the middle of October.
- Gary Hall asked Leina about the Christmas tree lights on the big Christmas tree does she want it all white.

- Leina Mathis said yes and lots of them. She wanted it to be the big sycamore right across the street from Town Hall.
- Gary Hall said they talked about the pecan tree. The sycamore will still have leaves on it.
- Mayor Rosenberg said that will work.
- Gary Hall said he will get the lights ordered and get them put up.

4. Adjournment:

Meeting Adjourned at 9:24 p.m.

Chris Shelley – City Recorder

Date Approved: _____