

**SANTA CLARA CITY COUNCIL WORK MEETING  
WEDNESDAY, JUNE 2, 2021  
MINUTES**

THE CITY COUNCIL FOR THE CITY OF SANTA CLARA, WASHINGTON COUNTY, UTAH, met for a Work Meeting on Wednesday, June 2, 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](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, Denny Drake and Leina Mathis  
City Manager: Brock Jacobsen  
City Recorder: Chris Shelley

Others Present: Dustin Mouritsen, Public Works Director; Kristelle Hill, Admin. Assistant; Randy Hancey, Fire Chief; Matt Ence, City Attorney; Debbie Bannon, Financial; Laurie Harvey, Utopia/UIA; Roger Timmerman, Utopia/UIA; Megan Webber, Press; Robert Smith, Developer/Taylor Built Homes; Don Willit, SGACC; David Whitehead; Tiffany Whitehead

1. **Call to Order:** Mayor Rosenberg called the meeting to order at 5:00 p.m. He welcomed everyone and thanked them for being there.

2. **Working Agenda:**

**A. General Business:**

2. Compensation Plan discussion. Presented by Brock Jacobsen, City Manager.

- Brock Jacobsen said that the city did a compensation market analysis in 2012 and it was updated in 2019. The market analysis gives a range of pay for each position. The analysis however doesn't give direction on how an employee would move through the range from the minimum to the maximum. This compensation plan outlines a recommendation on how Staffs' compensation would increase through the pay range. This will help the city stay competitive with pay with our neighboring cities. He showed Council the market analysis. He said that the low end of the range where we try to hire the minimum is 71% of the maximum, the midpoint is 86% and the maximum is 100%. We try to hire towards the minimum depending on the qualifications and experience. Currently going from the 71% to the 100% could take 30 years for an employee to move through that because there is no guidance. One of

the things that we are proposing is that within six years of someone being hired they would get to their midpoint so they would go from 71% to 86%. After those six years, they hit the midpoint they could go from their midpoint to the maximum within 6 years so they would be roughly at their maximum within 12 years of working for the city. We would actually create a new maximum pay of 115%. 100% is really the market average. We would leave our ranges where there are but after 12 years, they could actually move to 115% of that average. He said in summary that we would move staff from minimum to midpoint within 6 years, move staff from midpoint to market average in years 6-12, move staff from market average to maximum by year 20 and once staff reaches max than a 1% lump sum payment, no increase to base pay. Increases would be based on budget constraints. This keeps Santa Clara competitive with neighboring cities. This is the proposal, but this is not for approval tonight. This is being brought up for Council to discuss and see how Council feels about this. This gives set guidance for employees to move through and also allows the maximum to move from 100% to 115%.

- Wendell Gubler asked what would happen if the city hired a super star.
- Brock Jacobsen said we could move them faster if we did but this is the minimum that we would like to do.
- Wendell Gubler asked about someone who may not be a super star.
- Brock Jacobsen said we would work through the Department Heads and if they are not meeting the expectations then we would move in the direction we had to in either helping them become a star or help them find an alternative route.
- Jarett Waite asked how much of a pay raise per year it is to get to that point and what have we historically done.
- Brock Jacobsen said it is about a 2% a year increase. He said we haven't done an across-the-board COLA pay increase for a long time. Most of it has been that we have given an amount to a Department Head, and they have X amount to give to their Staff. This would still allow that to happen for those who are exceeding expectations to get more but people could still move through that range.
- Ben Shakespeare asked about the range that our city employees have. What is the Range 1-9?
- Brock Jacobsen said that this is just the range on the sample market analysis so that it fits to a position within the city.
- Ben Shakespeare asked what we are lacking today. Percentagewise where are we down?
- Brock Jacobsen said we are asking to give each employee roughly 2% each year at the minimum. He discussed what other cities are doing. We have great Staff here and he said this will help us stay competitive.
- Denny Drake said that St. George City has an incentive program as well. It is not strictly COLA. Advancement is based on evaluation of Department Heads for the individual job descriptions that are within the city. He said he thinks a combination of incentive plus COLA, but he is not a believer in just automatically raising a wage because of tenure. It needs to be based on performance at the same time. To have job descriptions for the scale of 1-9 and what levels they would reach each year and maybe there is certification in certain areas and when they reach that certification there is an advancement but if they are not achieving and they're not performing then they don't get the advancement, if we could mix the two. We are going to lose good people with

increase wages going to towns where restraints aren't anywhere near where we are. That may never equal out so we have to make sure we can perform somehow and if we have people that are exceptional, we should be able to move them along faster than others are advantageous. We need to, through Department Heads, come up with incentives. That is also part of the raise situation.

- Ben Shakespeare talked about having a base rate and having incentives. It is important for employees to see that.

- Mayor Rosenberg said that the wages and job descriptions are defined, and an employee can move not only across but they can go up or down. They can not only increase by tenure but by qualification and it is already built into the system because they are changing ranges.

- Denny Drake said that to him it is critical that we don't just tie it to length of term, but we tie it to performance too.

- Brock Jacobsen said we do annual evaluations. Evaluations still will play a factor so we know when we have people who are going above and beyond, we can reward them.

- Jarett Waite said that the purpose of the COLA increase was so that they are making the same money they made last year compared to their buying power. This is more like a COLA plan, and we also need to have incentives for someone doing a really good job. He said he is definitely in favor of this, of keeping up with inflation.

- Mayor Rosenberg told Brock that it may help that when he brings this back to Council that there be some job descriptions where someone can go both ways over time. The biggest problem is that someone could top out and not go any higher doing a great job and then they will start moving laterally with their tenure.

- Brock Jacobsen said he will do that.

- Ben Shakespeare said when this is brought back it would be beneficial to see the entire benefit package as a whole. What all is included in that benefit package. We need to be competitive, and people need to be able to make a living and get the fruits of their hard work.

#### 1. Utopia discussion. Representing, Roger Timmerman.

- Roger Timmerman, CEO Utopia Fiber, introduced himself and the CFO, Laurie Harvey. He said it is a great time to finance these types of projects. Utopia Fiber is not a business selling anything. They are an interlocal entity. They are controlled and managed by cities. They are a public sector and a partnership of the city. They have small cities, big cities, and rural cities. Things have been going very well. They have a great model for cities to come in and get all the good and none of the bad of what Utopia has to offer. They are very interested in small cities. He showed their route, which goes through the Wasatch front and into Las Vegas. They have a franchise agreement with St. George and are building routes in St. George. They provide services in over 50 cities in Utah such as schools businesses and city offices and county and State offices. Most people know them for fiber to the home, which is 16 cities right now. He explained their history. He said that in 2004 the top uses of the Internet didn't even exist. Things have changed dramatically. The streaming services and demand skyrocketed in about 2010 and cities said they really need this even though we had a difficult track record and they created UIA, which is really phase 2 of Utopia. A potential city partnership is really a UIA partnership. We talk about Utopia

and UIA collectively as Utopia fiber, but it is actually two different legal entities. UIA has done \$240 million of fiber projects in various cities and those are at no cost to the cities. There are no shortfalls and are completely paid for by revenue from people who choose to sign up. There are no mandatory fees, no taxes, just people who sign up and they get money from those people, and they use that money to pay for the system both operating and the debt service on those projects. They are wrapping up some of those projects and reaching out to cities to see if they want to participate in that. He said they are going to take some of the criticism head on. Some people will say Utopia is anti-government or anti-competitive overreach of government and this should be done by private sector. He said that actually the reality of what they do is it is a pro-private sector move. It enables competition. He said they are anti-monopoly. What his does is they put in a public fiber infrastructure and then they don't provide service and it is now here and is a publicly owned asset and private companies can come in and use it. They would charge fees for the use of it. That is how they pay for the system, but it enables a competitive market. By putting in a public infrastructure they open the floodgates to competitive options within the city. This also becomes the backbone for the city. This can be used for City offices, schools and libraries, City parks, water facilities, State and County facilities. This is not just about homes. This is about everyone who needs it and the city itself becomes the anchor to that. It is also not just about streaming videos. We need remote education and remote work and tele-health and all sorts of things we are now using broadband for. He said that when they build these networks, they destroy things such as weather-caused outages, surprise rate hikes, buffering, evening slow-downs, early termination fees, overage charges, installation fees, coverage cherry picking and speed throttling. All these things are forever eliminated in your community when you build a public fiber infrastructure. He talked smart cities and about putting in a meter infrastructure for the city and smart irrigation, traffic control, air quality sensors, Wi-Fi in public locations such as parks, smart lighting and being able to manage facilities better. They build this through dedicated architecture, so they do fiber to every house, so they are not shared they are not GPON. Everyone gets their own dedicated connection and capacity. They enable 10gb to every home and business. Most connections are 1gb but the whole system is built to 10gb. The customer would come in and state they would get a connection from Utopia and there is no installation fee or commitment. Utopia would be paid \$30 a month and that pays for the fiber. Then the customer gets to pick from a menu. There are like 15 different companies with all sorts of different options. They have phone services and video services and security and all kinds of stuff. This competitive marketplace makes sure that they provide good service, and they know if they charge too much a person is going to switch so competition really changes the way broadband providers behave and you see a dramatic change in the quality. He said the total cost of 250 Mbps is roughly about \$65 a month, 1 Gbps is roughly \$78 a month and 10 Gbps is roughly \$200 a month. No one is forced to sign up. If they want to keep what they have they can. It is an optional service for anyone in the city. He said they do third party surveys, and their net promoter score is 64. People really like it. They are top rated in the State with Google with 4 ½ stars. Their subscriber rate is close to 40,000 now with most of them coming on in the last couple of years. In the last year they built 1.7 million ft of conduit and 1.4 million ft of cable and they connected over 10,000 households. Utopia/UIA finances the project; they bond for it, and they pay for

it. There is no City debt. They receive revenues from the system and pay off that debt and pay for the cost of the system and that includes everything such as electronics, fiber maintenance, utility locating and repairs and everything needed. The cities are entering into a partnership, so they have to guarantee the incremental financing costs of the project. They will need a number of customers and revenue to cover their costs and they ask that the partner city would guarantee that with the revenue pledged. Then they will go and get customers and then the cities don't have to pay anything. They count any services the cities have with Utopia to offset that risk. Any increase in demand over time helps with more revenue and any new development whether it is commercial or residential all of that decreases a city's risk over time. This brings a dramatic improvement to the city in the form of you saving everyone an average of \$27 a month every household. That is the average impact of bringing in this competitive option. This is saving residents money and increasing property values. It makes a 3.1% impact on average if you have fiber. It protects net neutrality. It eliminates digital divide. He said that no other municipal project makes such dramatic and immediate change in economic and quality of life then doing a fiber project. It will pay for itself. By partnering with Utopia, the city only deals with incremental costs. They can reduce the costs and the timing, and they make it work with very little risk to the city. The take rate is 40% to sign up for the services if they count only residential homes. It is actually less than that because of businesses and the city. They put two years of capitalized interest in there, so it doesn't start for two years. That gives the city time to build and sign-up customers. The first two years all the revenues are banked as a reserve to make sure the city doesn't have any exposure which actually buys about three to four years before the city ever has to worry about hitting that take rate. They have designed the whole thing for Santa Clara, and they know every box and every connection. They have done all that work. It is already designed. It is going to cost Utopia about \$6.7 million and it is going to cover about 2,886 locations. The current design they have is covering everything in the city. He said this comes out to about \$34,000 a month and if you divide that by \$30 a month which is what they charge it comes out to 1,167 subscriptions needed. Do we believe that that many homes would sign up for this or some mix with City connections, businesses, and schools? They do really well with schools. Those are revenues that can count. He said they expect to be 45-50% easily. Cities don't pay the \$34,000 if they are short for a month. They pay the number of residents they are short times the \$30. If there is a shortfall that fell back on the city, they pay them back as soon as there are enough customers. They do need to identify the form of the guarantee. That is usually in the form of a revenue pledge on something that you don't use. Cities usually use their power franchise revenues. If it was actually called upon the City wouldn't actually use that money but whatever money, they wanted to use in a loan. The threshold of breaking even and basically having no exposure is way more conservative than any project they have ever done. He showed take rates in other cities. He said the pros for Santa Clara is there is moderate business revenue potential, similar city take rates exceed needed guarantee levels and there are especially bad existing options which would provide a better ability to get subscribers. The cons for Santa Clara are relatively small interconnect costs but it is not bad, moderate soil conditions and moderate density. He said overall this is actually a low-risk project. He said this looks really good from their perspective. He asked that with such favorable terms why is a

guarantee needed. They are a public entity, and they have the ability to do long-term debt financing. The cities need them to be their partner. The cities need to come to the table and take some of the partnership. There needs to be proof of political support. There needs to be a unanimous City Council vote. They use the guarantee to secure more favorable financing terms. He said that the term is 25 years and starts after 2 years. The initial revenues buffer against the risk. Business revenue and City revenues buffer against it. If there is a shortfall any shortfall is a loan paid back when revenue is sufficient or at the end of the bond period whichever is sooner. UIA is obligated to pay for expansion, additional installations, annexations, upgrades, all repair, and maintenance with no guarantee from the city. The city takes on the incremental steps to get it built out in the city. Any new development over time decreases a city's risk. The risk for cities never goes up. He stated that they can do an optional survey. Surveys are useful in gaging political support, and they will ask residents if they want the city to do this and would you sign up. The real-world experience is very important though. He said they have actually done a survey in the city. That survey showed really strong support and it has only gotten higher as more people have done remote work and remote education. He said another option the city has is an RFP. An RFP is useful but not required. Utopia is a public entity, so they do all of the purchasing and contracting through their fee process. It is to the City's discretion to partner with other public entities or not but if the City wants to bring other providers to the table to make sure no one else is out there to solve this problem for them. An RFP is a nice way to vet companies. He stated that Utopia is the only ones building citywide fiber networks in the State. There aren't any other carriers doing that. He said the next step is City Council approval on an agreement. There is no financing, no debt, no public hearing required, it is just a contractual agreement with UIA. They issue the debt, so they do public hearings and all the stuff to make it happen. If the City Council approves the contract, it is off to the races. They take care of the project for the city. They build it. The service is available citywide. Contractually they have two years to be done. They expect to be done closer to 1 ½ to 1 ¼ years. They market it and sell it. They have capacity to build it and they are shovel ready. They have the UETN, UDOT, State and County contracts in place that can bring lots of opportunities and revenue to the City. The Citywide coverage guarantee is a big deal. They commit to that. It is publicly owned so this will be a forever asset to the community. They consider all their networks owned by the community and treat them that way. They report to the City Manager. This is your system. They have a good track record.

- Mayor Rosenberg asked if the city owns the infrastructure.

- Roger Timmerman said it is treated like it is. Technically it is under the umbrella of UIA. As an entity they are owned by the public, but the governing structure is a Board made up of City Managers, City Council members and Mayors. Even though it is not technically owned by the city you get to use it like it is owned by the city.

- Mayor Rosenberg asked if they maintained the system.

- Roger Timmerman said yes and they do all the insurance for it and the utility locating and all of that.

- Mayor Rosenberg asked if they provided for capital replacement and all the new investment that goes into it.

- Roger Timmerman said yes. He said the fiber lifespan is longer than the term of this. The electronics is much shorter, so they replace and refresh electronics over time.

There are different lifecycles for every piece and if anything breaks before then they replace it anyway.

- Mayor Rosenberg asked if the \$30 a month increase.

- Roger Timmerman said no. In five years from now it might be more than that but that is tied directly to the financing so that doesn't go up. The service side is probably going to go up with the rate of inflation. The tiers would be increasing. You get better and better services in the future for lower costs, but they will probably fall in line with the general current pricing structures.

- Leina Mathis asked if the city is on the hook for the shortfall, then opposite to that if the subscribership increases substantially does the bond repayment get done quicker and then once the bond is repaid does the \$30 continue indefinitely.

- Roger Timmerman said that it is all-collective. Keep in mind UIA is lots and lots of different projects. They use the upside to reinvest back into this and prevent having to go back to any other cities for future guarantees and backstops to debt. If they are able to cover all of that and still have an upside, then that does put them into position to lower the cost of services or pay off some of these bonds early but the triggers of when that happens and why they leave to the discretion of the Board so that they can always do what is right. The profits stay with the cities.

- Mayor Rosenberg asked if they have another city have a bad experience and not have the high take-rate are other cities at risk.

- Roger Timmerman said the exposure is tied directly to your guarantee. A city would have to pay up to the amount of their shortfall so there is not any exposure to any other city. The city is isolated from risk of all the other projects. There is no situation where they could come back to the city and say because of another city you now have a negative impact. Everyone is taking on the incremental risk and the upside gets applied to what is in the best interest of the cities collectively. He said the prices across the board are the same. As they get lots of business revenue and upside the likelihood is that they come in in a position to be able to subsidize the fiber to the home projects from things that are completely outside of your guarantee or within your city. They do whatever is in the best interest of all of the cities.

- Leina Mathis asked that on any given day can Brock Jacobsen call UIA and ask about the subscriber numbers for Santa Clara and they can give him that number so we would know if we were in line for a shortfall.

- Roger Timmerman said the city gets access to all of their reports and stats and revenues and they regularly send out reports to the cities.

- Denny Drake asked that as far as billing is concerned does the city handle the billing for the customer or does UIA do it and if there is a service that needs to be cut off is that handled by you and through a report, we would know what has happened and where we were in the shortfall.

- Roger Timmerman said they do the billing and what Denny said is right.

- Wendell Gubler asked if all areas would be covered and he specifically asked about crossing the river to get to the South Hills.

- Roger Timmerman said their commitment is they would get to every area. They work closely with cities to know what is coming in. The crossing of rivers is not hard it is the permitting.

- Mayor Rosenberg said he doesn't think the permitting will be hard. He asked if the city would get a seat on the Board of Trustees.

- Roger Timmerman said they have two categories: the original founding cities and partner cities. The original cities have the far greater financial commitment and even shortfalls in the early years, so they have the member positions and then there are the partner positions. The structure is designed so that the City gets influence but when it comes to voting on issues that affect the collective and the history of the organization that is only the original founding member city votes. He said they can make some introductions of board members and you can attend the meetings, which are done remotely so city managers of the partner cities can attend. In every meeting there is opportunities for discussion and opinion and sharing and it is very open to the desires of the partner cities but from a legal perspective when it comes down to a vote it is usually just the original voting members that get an official vote. He said all the partner cities would all vouch for the organization.
- Denny Drake asked if he were to go to the citizens how would he convince them to sign up with Utopia and what advantage is that to us.
- Roger Timmerman said when they do the project the city should feel like it is their responsibility to get the people to sign up but at the same time Utopia feels like it is their responsibility to get the people to sign up so we would both be working on it and the messaging is when people move in get them to sign up telling them that Santa Clara has the best broadband in the Country. The new move-ins and the city offices and facilities are one of the best points of communication with people to get signed up and also through newsletters and from Utopia there will be flyers and a lot of online digital adds. He said in addition to the City's efforts and Utopia's efforts the service providers are all fighting over the customers as well. He said one of the biggest sources of people learning about Utopia is from their neighbors. He said the frustrations people have with uploads and other things drive them to Utopia's service.
- Leina Mathis said to clarify Utopia is the billing agent and they send out the monthly bill. If a person has service through someone like Info west...
- Roger Timmerman said there will be two bills. There will be a bill from Utopia for \$30 for the fiber and whichever company a person picks for services will bill that person \$35 or whatever they sign up for. If a person does have a bad experience, they can switch providers and keep fiber. People can sign up for it in one place and choose from and pick their provider in that one place.
- Denny Drake asked if Utopia is going to be here in 30 years.
- Laurie Harvey, CFO/UIA, said the financial position of UIA is they just finished a bond with Pleasant Grove City and they currently have substantial cash revenue. Cash-wise they have a positive fund balance. They have currently 700 new customers coming on per month. That jumped up to almost 1,000 after COVID hit. It has settled in to 700-800.
- Ben Shakespeare asked if prior to entering into an agreement can we review financials and see where everything stands.
- Laurie Harvey said they are all online. She said the bonding rating is based on the City's credit rating. She said that UIA without a city partner has a bond rating of BBB-. It is investment grade but is based on the service revenue and they have a hard time finding rating agencies that can rate them. They don't have the criteria in place because they are kind of new but if they have a city partner, they look right through service revenues to the credit worthiness of the city.
- Roger Timmerman said that now is a really good time to finance. When interest rates

are higher, risk is higher.

- Jarett Waite asked if the city pulls the plug on this are we giving up potential subsidies in the process.

- Roger Timmerman said that this is something they have watched really closely. So far, the State programs have all been aimed at rural areas that are a lot more rural than Santa Clara. It looks like that money is not going to be eligible for this type of project. A lot of cities used the CARES Act money to kick-start a project or subsidize it to lower the cost even further. If Santa Clara has some CARES Act money to take it down from 40% you could do that. He thinks it is a bad use of the money because 40% works easily. The latest plan, the American Rescue Plan, decreased and the lobbyists went in and said that any area that currently has providers that claim 25mgs service are not eligible so entire State of Utah is not eligible.

- Jarett Waite asked about redundancy. If a fiber line gets cut somewhere and then a whole city is out or something what would that look like for the city where we are the first in Southern Utah and there is only one-line coming in. Is there a redundant line somewhere?

- Roger Timmerman said they are fully redundant in and out of Tonaquint Data Center and from there to the city we have planned with this a single route. He said they can work with the city on what a secondary route would look like from here to there. The long term is to actually have not just redundancy in and out of the data center but to have an I-15 route that is currently being completed in sections by UDOT and various partners and they also have a tertiary connection from Century Link into St. George. There are a lot of things in the long term in a 2-year process and it is likely that those are going to be resolved with some of these other projects. If they are not, they will work with the city on how to do this and work it with some of these other projects. The long-term intent would be to be fully redundant, but the initial phase would be single path. They do interconnect their facilities and they have redundant air conditioners, battery backups and standby generators. He said their facilities are larger and are hardened and are generators so they can run indefinitely. It is much more reliable and hardened than any other provider.

- Jarett Waite asked if Roger could share what the aftermath is for those other companies that don't jump on the network and decide to stick with their current infrastructure. Are people losing jobs and companies going out of business or do they adjust?

- Roger Timmerman said that the main ones that lose are the really big ones. He said that Utopia is not their biggest problem. This hasn't really affected them significantly.

- Mayor Rosenberg said there is one resident who took the time to fill out a speaker card. He asked her if she wanted to make a comment.

- Tiffany Whitehead, 2167 Jacob Drive, said she understood that there is a possibility of us getting fiber and she is crossing her fingers that that happens. She said she and her husband David moved here in the summer of 1999 and David served one term on the City Council here in Santa Clara. They have always been interested in the success of this community and the citizens and that is ongoing. She said for the last 21 years they have been Internet dependent because they have been self-employed and primarily rely on the Internet for education, for work and their livelihood is actually critically dependent on the Internet to earn their living. She said due to poor service and problems they have burned through three Internet providers over the last 21 years, and

they are on the fourth one right now. But what they rely on and what they really need is reliable upload and download speeds that keep up with all of the applications that they use. She said she recently retired from a career in software and technology and so she has literally a dozen applications that she relies on that are all virtual and Internet dependent. She said when they have traveled to other cities and in other countries, they have found that fiber optic networks provide the speed and the reliability that the world needs and allow all individuals to earn a living. She said she is there to voice her support of installing a municipal public fiber infrastructure for Internet connectivity here in Santa Clara. She said she is going to give two reasons (of many) that support this effort. The first one is that Santa Clara is home to a number of residents who are working to better their situations and Mr. Timmerman has covered masterfully all of the high-level view and a lot of details. She said this is so important to her and all of her neighbors. Our environment right now in the world of education is shifting from book based to virtual based learning and we need rely on fast and reliable Internet connections. She gave an example of a neighbor down the street. She is a single mom who up until COVID changed her working landscape went to an office in downtown St. George. Not only is she holding down a full-time job she is also working exclusively online through Southern Utah University to get her bachelor's degree and she is going to become a teacher. All of this is online. Her job is online and so is her education. When COVID hit she was able to move home, but she could only do it if she could prove she had reliable Internet. They tested her Internet speeds and through a lot of effort and expense she really couldn't afford at the time she got the Internet that she needed, and she had some problems with outages and slow speeds but as long as she has good Internet connection she can support her family and she can continue to go to school and she can better her situation and this fiber optic network will allow her to do both with greater ease and efficiency. She said she likes the fact that there are no rate hikes because that really affects a number of people in our community. They can't afford rate hikes. She said that last year when the COVID restrictions made it necessary for a lot of us to work from home many Washington County residents had to come and because there was so many people working from home the Internet connectivity and speeds were adversely affected. She said in her home alone there were four adults working full-time and all of them were Internet based and all of them doing 100% remote work and sometimes one or two of them would have to drop off of the Internet connection they had at that time and get their phone and get their personal hot spot. It is disruptive. A fiber network would not make that necessary. She said she just retired from an 8-year career in technology. She started as a technical writer and has been a contract administrator and now she has just retired from being a legal operations manager for a software company. She said the first company she worked for was originally a Santa Clara company. Now they are in Salt Lake. Most recently she is retiring from Vasion formerly known as Printer Logic, which is up on tech ridge. When COVID hit all 130 plus of their local employees had to work from home. They were used to working 100% remotely but some of them had problems because their Internet speeds were slow, they had to take an actual Ethernet cable and plug it in so that it would work so they would have enough speed to do what they needed to do to get their jobs done. A fiber network would solve that problem. She said that if any City Council members were reluctant to do this and don't see the need for it your constituents need this and many of them do because after COVID a lot of people are

now working in 100% remote work environments. She said her son just moved across the Country back here to Utah because he got a different job, that is a Boston based company, that he can now work 100% remotely and he needs that connectivity to support his family and needs to be able to keep up with those uploads and download speeds. Even if a Council member may not need it, they have family members and friends who do need it to rely on their livelihoods. She said she wanted Council to hear from someone who is kind of in the trenches and is observing that from a perspective that is real life. She asked Council to allow this fiber network to be installed in Santa Clara. She thanked Council for their time.

- Mayor Rosenberg said that talking to some of the power crew the word on the street is that Utopia could co-locate the fiber inside the existing power conduit with the power lines. Is that true?

- Roger Timmerman said the design right now is all new conduit and fiber and not using any existing. If the City has some and wants to let them use it, they would love to use it.

- Mayor Rosenberg said we even have some empty ones, and they could probably use those.

- Roger Timmerman said it gets a little hairy if the conduits are going into power enclosures and things like that and their technicians can't get in and out of there but if the city has conduits that can be intercepted and pulled off to the side and they can isolate it from the electrical infrastructure then it is great and that can lower the cost of the project and make the project go faster.

- Ben Shakespeare asked where the original founding members stand today.

- Roger Timmerman said the original project was a totally different structure. It didn't go well, and they spent a lot of money, and they didn't end up with \$185 million of assets. There were all sorts of problems with lawsuits and challenges and canceled grants and other things. It messed the whole organization up for those first ten years. Those cities and their structure are that they had pledged sales tax revenues to back those bonds. They don't have a significantly higher tax burden than non-Utopia cities it is just that is where some of their money has had to go versus other cities and what other cities typically do but it has been a cost to those cities. That is Utopia. That is a different organization and Santa Clara is not partnering with Utopia. A lot of it was a lawsuit from Qwest and some of it was Federal and some was the State Legislature was a big problem for Utopia. He said they are past that, and things have gone really well and ultimately those original cities are on the hook for some debt that they are paying. Phase 2, UIA, is 100% successful and able to build and grow and expand and do new partnerships without exposing any of the partners into UIA to the downfalls of Utopia.

- Ben Shakespeare said but they are the Board.

- Roger Timmerman said they are different Boards. There is the Utopia Board and the UIA Board.

- Ben Shakespeare said he thought Roger said the original members were the Board and we don't get a seat at the table.

- Roger Timmerman said this is a little bit of an over complication because many of them are similar but the representation and the financials and the contracts and everything are separate so Utopia and UIA are separate legal entities with different Board representatives but most of those founding members of Utopia are also UIA Board members as the cities but the people in those positions are different.

- Ben Shakespeare said the original founding members are on the hook for the big investment.
- Roger Timmerman said that Utopia is smaller than UIA. UIA has done a lot more investment than Utopia.
- Ben Shakespeare asked if the Utopia debt got paid off.
- Roger Timmerman said no it is being paid as payments come due on it over time.
- Ben Shakespeare asked if part of UIA is going to that or not.
- Roger Timmerman said they are separate.
- Ben Shakespeare said he is confused as to what makes up the Board. Roger said earlier that the Board was the original founding cities, and we would get a voice but not a seat.
- Roger Timmerman said there is no voice and no reason to be a voice at Utopia. It is done. It has built what it has built and hasn't issued any new debts and hasn't done any new projects for 10 years. UIA is where everything has been happening for the last 10 years and there are two different Boards. UIA has a different Board, and those people vote on these partnerships and what we do with the growth and expansion and new financing and all of that. It would make sense for you to attend those Board meetings, but you would not have a vote with that Board but would definitely be involved in that project. He said he can't unravel Utopia's structure and all of that, but he can have City representation attend the meetings and benefit from the experiences of other cities.
- Ben Shakespeare said he sees this growing but if we end up with 50-60% Statewide at what point does it determine that that \$30 a month comes down. If this continues to increase who determines when that happens.
- Roger Timmerman said that if this has gone really, really well and we have healthy cash reserves and we're building out the last remaining areas of the original cities and now it is all going into the new partnership of cities and all of those projects are successful, so UIA is going to be in the position to do some good things. What do those good things mean and when does it happen is the Board's decision. We want to maintain flexibility to always do what is in the best interest of all of the cities collectively and we can make some commitments so it is likely that all cities are going to get far more benefit collectively than they would individually because a lot of the revenues aren't even coming from the cities. We have an opportunity to bring far more benefit to the cities than the cities would ever get if they were putting in their own individual box of downside, upside risk and all that other stuff. At the same time what are the triggers for when your bonds do get paid off. He said they don't know and they are not willing to make any commitments because it may make sense to pay that off in 10 years or 15 years or whatever so assume it is the worst case scenario that the City is on the hook for 25 years and they expect and hope they are able to do better than that by paying that off early and lowering the cost of service but it is always something they will revisit every year with the Board to discuss and try to decide what is in the best interest to the cities. There is no contractual obligation to Utopia from a debt perspective but there is cost sharing. There are ways that UIA pays Utopia for services.
- Laurie Harvey said that in 2009 it was clear that Utopia wasn't going to make it as it stood, and the cities refused to let the dream die so that is when UIA was formed. It was formed as a financing arm of Utopia. Utopia couldn't issue a debt anymore and so these cities got together to pledge some more franchise fees and formed a new local

government entity so that they could continue to build up the infrastructure and that why the Board are separate and why the UIA Board exists.

- Roger Timmerman said that from the City's perspective it is a nice structure because it does create a very clear line of the City's obligations would be tied to 100% success with healthy cash position and none of the Utopia debt obligations and contracts. He asked if there are any next steps for the city.

- Mayor Rosenberg said he thinks Council will have some discussions with Brock and will be in touch. He thanked Roger and Laurie for being at the meeting and for their presentation.

3. Short Term Rental update. Presented by Brock Jacobsen, City Manager.

- Brock Jacobsen said recently we had some discussion about short-term rentals. We have considerable amount in the city and more development projects that are looking to come to Santa Clara with vacation rental options. He said the question was asked at the last Council meeting of where we want to go. How many do we want to have? How many are going to turn into resorts communities? Is that the route we want to go? He said currently we have 332 vacation rentals that are actually in the ground or are being built with 438 units approved in The Edge at Grand Desert, which would give us a total of 770 vacation rental units. Currently at that rate we have 2,716 residential connections and 313 of those are vacation rentals, which is 11.5% of our utility connections. If you add on the additional 438 that would give us 3,173 connections which would put us up to 24% of our utility connections would be vacation rentals. He asked for direction to Staff as people come in and talk about vacation rentals. Where are we going and what direction for Staff to say yes or no? Do we want to look at putting a complete halt to vacation rentals for Santa Clara City?

- Wendell Gubler asked if the Edge at Grand Desert is built yet.

- Brock Jacobsen said they are not built at this time, but they have been approved.

- Wendell Gubler asked if there is any idea when they will start building.

- Brock Jacobsen said he didn't know.

- Mayor Rosenberg said the City has been approached by one of the property owners that is part of the Edge at Grand Desert about being able to move forward but there's been nothing submitted. Council has approved the preliminary plat for the first phase. It is still a viable project, but nothing has come in to TRC recently. The development agreement has not been approved but in the land use plan that was approved for Black Desert, was there short-term rentals identified in there? It is a conditional use but did the land plan show anything that way?

- Matt Ence, City Attorney, said that he doesn't think the land plan showed anything specific on that. He said that was an element of their plan, but he doesn't recall if it was part of the plan that was approved.

- Mayor Rosenberg asked Council if they are aware that Robert Smith is pursuing some on his piece west of Arcadia as well. Brock and Staff are looking for input when we have developers coming in to TRC and starting to talk about short-term rentals is the city still open to that? Do we want to put a moratorium on that such as what the County did?

- Denny Drake said he is not concerned about vacation rentals as much as he is what do we want. He doesn't want to see a mixed use in them. If we have 24% of our units as

vacation rentals that is a pretty transient community.

- Mayor Rosenberg said he is looking for some input and asked Shawn Guzman if St. George City having similar discussions as this.

- Shawn Guzman, St. George City Attorney, said with the way they have their ordinance structured and the amenities that are required for short-term rentals they don't see any new ones being approved right now on the horizon. He said their focus now is on encouraging developers to build townhomes, not apartments, but townhomes with individual ownership. House that people can buy, that those young families that are starting out can afford to get into and own. He said they believe they have over 2,000 illegal short-term rentals in St. George alone and they have quite a number of legal short-term rentals as well. He said right now they would like to focus on getting housing that people can get into. They just approved a tiny home project off of Dixie Drive and seeing how that looks with some parameters on it to make sure it looks good and stays good but provides that housing source. He said they had quite a discussion at this last Legislative session to try to get back some of the ability to enforce the short-term rental ordinances. He talked to them about how many units that we have in Southern Utah that can be made available for our permanent residents right now that are being used illegally as short-term rentals and therefore not providing housing for the people that live here. Another problem they are having right now is several of their apartment complexes have started charging separately for parking which they have no right to do. When their site plans were approved there are a number of stalls that are required to be there for each unit but another way to make money for some that pitched those apartment complexes as affordable places for people to live.

- Mayor Rosenberg said that Shawn Guzman is a great resource if Council has any questions. He thanked Shawn for his insight.

- Ben Shakespeare said the 24% is a staggering number although half of that isn't even close to starting. We have to look at the 11.5%. There is other housing coming in that we have already approved with more to come. He said we could say we would like to have no more than a certain amount of percentage and we could monitor it that way and they would still have to meet all the amenities and things like that. It is helpful to see all this.

- Leina Mathis said she agrees. We probably ought to set a percentage cap. She said she echoes what Shawn said. Her concern is that we don't have anything that is reasonable to accommodate young families moving back. She thinks that should also be our focus.

- Denny Drake asked if we didn't just run a water line to The Edge to help with their development.

- Leina Mathis said it will be developed but it might not all be vacation rentals.

- Mayor Rosenberg said the water line also looped the existing City system. There are some other City benefits that came along with it. It wasn't strictly for The Edge. If The Edge doesn't develop something will end up developing on that particular site. He said the owners of Silverado, which is to the east of Harmon's on Pioneer Parkway, and they are trying to come up with a Master Plan. They met with the city, and they are trying to come up with a Master Plan that has a mix of residential options with man caves on that hard to use piece. They are also looking at a small apartment project and a larger townhome project in there. They are struggling with the densities trying to get the densities to accommodate the infrastructure. He said it seems like everything

developers talk about right now is density based. He stated that right now our short-term rental conditional use permit requires certain things that have made those projects successful in Santa Clara and we need to be very protective of those things. The increased amenities and not just a pool but water park type pools. He thanked former Councilman David Whitehead for the ordinance he helped the city develop that allowed the conditional use for short-term rentals to happen because that has been very successful. We need to protect that. We are probably going to get pressed a little bit to intermingle it or dilute it, but we need to be strong and protect it. We also need to look at the bonus density that we have in there now that lets them go from 8 units to 12. We need to have some thresholds in that, maybe some low-end thresholds. We are not going to have affordable townhomes if they have to go and build water parks to get them approved to get that bonus density. They ought to have something as part of that. We may want to go back and look at that a little bit. He said if we keep the integrity of the short-term rental ordinance, it will enforce itself because of the amount of money that has to go into them and the management and everything else that is part of that. That will limit the future applications for it. Or they will build projects we may welcome that will become revenue producers for the city as well as employment centers for the city and help offset some of our infrastructure costs and help supplement our impact fee accounts all of those things provide long-term revenues in the form of bedroom taxes and other things we receive. Those can be beneficial to us. He agrees we need to do some focus on trying to provide some housing that can be attainable. He said he doesn't think it will ever be affordable anymore but maybe it can be attainable.

- Denny Drake said he thinks we have to be looking outside of the box. Permitting fees are \$30,000. Are we willing to make amends with our impact fees to try and offset the affordability of a townhome project coming in. If we are really trying to help people attain homes, we have to look at every single aspect. Land costs are not coming down so what can we do as a Council to help offset the cost. We don't want to shortchange our public infrastructure.

- Ben Shakespeare said it worries him when we start talking about capping this because when you start putting a moratorium on building costs skyrocket because now you have eliminated the competition. He said that as these townhome projects come in, we may want to look strongly at this. We are approving a townhome project assuming it is going to be sold. The affordability side we should start in on money management and good credit scores and let's put some of this back on the users. Achieving a low interest rate is first and foremost. He said we may want to look at our ordinance and review the vacation part and talk about amenities. He said we have never expected townhome projects to not be sold so now it is a rental project and that has caught us all off guard. This is happening all over the County.

- Mayor Rosenberg asked the City Attorney how you stop that.

- Matt Ence said to change the ordinances.

- Mayor Rosenberg said the City doesn't regulate if a property that is owned can be rented. How do you enforce that it can only be sold to the person who is going to own it and live there? He said we had discussions years ago about trying to keep something someone can buy and be affordable. Discounting the impact fee is a one-time discount so that just becomes a profit margin for the first sale. How do you keep it that way?

- Matt Ence said the only way to restrict that is to put affordable housing covenants on

the property so that they run with the property regardless of who owns it.

- Leina Mathis said that maybe we should use our density bonus provision and use that as a provision for affordability and offer some incentives in the density bonus to let them know if they are willing to do this there are some home deed restrictions or whatever we are going to put on it and allow this density if they will do these many units.

- Mayor Rosenberg said it is more than just the design of the product it is the limitations on what they can do with it after they get into it.

- Matt Ence said that is already happening in some places in Utah.

- Mayor Rosenberg said maybe we can look into some things like that.

- Jarett Waite said another option is to work with Switch Point on something like the River Walk project. They invited the other cities to consider partnering to provide that sort of housing in their communities as well. He said we could reach out to them. They have all this figured out for that type of a project.

- Mayor Rosenberg said those are the types of things he would like to see us look at little bit more to pursue.

- Jarett Waite said they built that project with city money, with State money, with fundraising. There was a lot that went into it. It looks beautiful and is working really well and is providing that housing that wasn't available to those people before.

- Denny Drake asked David Whitehead to address that vacation rental attitude. Is there a saturation point? David has dealt with it as a City Councilman and as a developer.

- David Whitehead said things dramatically changed with the pandemic. Prior to the pandemic his stats showed that we were at the saturation point but that all changed. We have right now as of yesterday in the greater St. George area there was only 1 vacation home on the MLS. Some developments have some that are coming up but there's only 1 listed on the MLS. That 1 home is listed at \$2.4 million. There is such a demand for something investors are willing to purchase homes for as low as a 4% cap rate. They are willing to come down on the returns in order to get into anything that will deliver any type of a return so there is a big demand for it. There is a lot of people wanting to come to Southern Utah to visit. In August St. George was rated as the #1 drive to vacation location. We are found out. People want to come here. It is a great place to be. It is a great place to vacation so there is a demand for it. What happens once tourism starts picking up in other places? It will probably still be better because more people are aware of Southern Utah but there will be some balance so at that point when people are spending a million dollars on a four bedroom vacation home but then their occupancy rate drops and their rates come down a little bit it will become an expensive home to carry and we may see some coming on the market and then it won't be so appealing to develop some many homes.

- Denny Drake asked that we know there is marketability for them. Does that drive it or are we looking at the community and saying where do we draw the line and keep the residential community as a priority verses the transient community as a priority?

- David Whitehead said you can have both. He said he has always believed vacation rentals need to be separate from residential. There are always problems when you mix the two. You are making some revenues for the city with vacation rentals. It is very advantageous for the developer to build vacation homes because they sell for about 50% or more than a regular single-family home. The money is driving it. That will stop as soon as the demand goes down. There is a terrible need for affordable homes.

He said he doesn't know how these young families are going to get into a home. Interest rates are low, but it is driving investors because there are a lot of good investment loans to buy these homes and rent them out, so the cash buyer generally wins out. Affordable housing would be wonderful but how do you do it?

- Denny Drake said that real estate has always been cycling. There are highs and lows. If you are market driven, then you let the market handle it. That becomes a problem for new homebuyers.

- David Whitehead said we have so many people moving here and he doesn't see the market changing much. He said that a survey showed that people are going to be working 3 or fewer days in the office now and if they can work from home, they are going to move to a rural area that is safe and beautiful and have all the activities that they want to do so as long as people have that option we are going to continue to grow and prices will probably stay high.

- Leina Mathis said that David from a developer's standpoint had problems with mixing uses. She said she has problems with that as well and she asked what his concerns are from the developer's standpoint.

- David Whitehead said if you have a residential home next to a vacation home you are undoubtedly going to have noise. A vacation home is a vacation home and people are vacationing and they are out doing things. They are there to have fun. Most vacationers are families and a lot of times we are coming in late and leaving in the early morning and a lot of times these vacation homes have a lot of people in them so when you have a lot of people in them it is going to be noisy and loud, and a lot of activity and you don't get to know your neighbors because they are transient. People are purchasing homes in residential neighborhoods to get to know their neighbors and wanting that stability. He said that zoning needs to be protected. That is really important. That is why we have zoning so people will know what they are going to be getting.

- Mayor Rosenberg said that is the most important part of the short-term rental is everyone knows the day they buy it every home in there is a vacation rental.

- Jarett Waite said he was thinking about what it would look like if we put that 24% in our newsletter. We would probably get quite a few calls that 1/4 of our town is going to be vacation rentals. That is probably scary for a lot of citizens. The 11.5% sounds pretty doable but giving up a quarter of our city is pretty scary.

- Ben Shakespeare said that is not giving credit for the homes that have been approved.

- Brock Jacobsen said it will offset that percentage.

- Ben Shakespeare said it is kind of fair to say that we have approved Desert Edge, but Brock hasn't added in everything else that has been approved that hasn't been built today.

- Brock Jacobsen said we don't know the numbers for Black Desert as well and he did not take into account the Solace and Desert Village numbers.

- Mayor Rosenberg said let's go back and look at the PD ordinance and the density bonus section and some ways to try and develop some attainable housing.

- Brock Jacobsen said we will work with Matt Ence and our City Planner.

- Ben Shakespeare said listening to everybody as a Council we all share the concern that they can't be mixed. A nightly rental and a residential community cannot be mixed. If there is direction for Staff that is clear direction.

- Mayor Rosenberg asked a gentleman if he was here for a specific reason.

- Robert Smith thanked Council for giving him a minute. He has a lot of thoughts on vacation rental, and he has an interest in them. He has taken a different approach on how he has managed his with onsite property management. He feels that makes a big difference. That really sets what he has done at Arcadia apart from others in the area. He said he heard the comments tonight at not having vacation and residential communities mixed or combined and that was not intent when he spoke via the phone to Council last week with his new development he is trying to get approved for. His intent was first and foremost to try and get closer to attainable or affordable housing. He doesn't know if that is possible or not. Attainable is more realistic or a better goal and his approach to get there was to do the vacation rentals and segregate them to the south end of his property as much as possible from the residential side. He has a packet to show to Council. He said they made some revisions and he wanted to show Council that. His point in wanting to do a portion in vacation rentals was to absorb all the costs of all the amenities that the whole community could benefit from and not just the vacation rentals but the full-time residents as well. He can go back and work that plan. One option he had was to try and request the whole subdivision to be vacation rentals and that is not his goal or intent. All he wants is for a portion of it to be vacation rentals. He said they have addressed the parking concerns and have added street parking and parallel parking along the side, and they have made some arrangements of how they separated the vacation rentals from the full-time residents. He says in his thoughts it is possible to have vacation rentals and full-time residents co-exist next to each other. He has tried to create separation through fences and through layout and design. He said addressing the concerns of noise and late nights at the pool his management company has always been there to let people know that it is closing time and it is time to go so it is not a problem they have because they have Staff that is there and security that comes and they have gone to great lengths to make sure they are not being a nuisance to the City and are not disturbing the neighbors next door and they would continue to do that. He said it was mentioned about big groups, they don't have anything that is that big. The rentals he is seeking approval for are 1, 2 and 3 bedrooms and 700-900 sq ft units that sleep 4-10 people and that is the cut off. He asked if he could pass out what he has brought to Council tonight.
- Mayor Rosenberg said he is more than welcome to take it to TRC in the morning.
- Robert Smith said he has talked to Staff two or three times, and he is not sure what more direction to go with them. This is the third or fourth revision with them. He said his main objective was to address the concerns from last week's meeting, which was primarily parking, and how to separate the two uses.
- Ben Shakespeare asked him to share the changes that were made.
- Brock Jacobsen asked if Robert has the presentation on a flash drive.
- Robert Smith said he emailed it all to Corey Bundy yesterday. He has it on his computer but not on a flash drive.
- Brock Jacobsen asked if he had his computer with him.
- Robert Smith said he did.
- Brock Jacobsen asked Kristelle Hill if he could email it to her and she could put it on the screen.

5. Fireworks restriction discussion. Presented by Randy Hancey, Fire Chief.

- Chief Hancey said that as you know we are in a drought and the Five County area is actually in Stage 1 fire restrictions now which means no open flames, no fireworks, no campfires outside designated camping areas. St. George City has limited the fireworks to designated areas in the city parks. Ivins City is doing similar with just allowing fireworks in the park areas. He said they had a discussion with Staff last TRC regarding what we want to do here in Santa Clara City. He said if you look all around there are fires going off every day. He said what he would like to do is restrict the areas for fireworks. He said there is a map attached. He said they want to choke it down to those residential areas that they feel are safer for fireworks. We don't want to have anything in the South Hills area or any of those open areas where it has the potential to cause a wildfire or cause a large fire. He said on this map there are a couple of areas he would still like to restrict down just off of Pioneer Parkway a little bit. He said they did have a discussion of allowing fireworks in Gubler Park in the hard parking area. However, there is a city ordinance that says there are no fireworks allowed in City parks.
- Brock Jacobsen said that is without Council approval so Council could make an exception.
- Chief Hancey said if Council wishes we could make an exception to approve for fireworks during the 4<sup>th</sup> and the 24<sup>th</sup>. He said he wanted to come to Council and see what Council's feelings are. Does Council like this map? Does Council want to see some areas more restricted? What are Council's thoughts and feelings on that?
- Denny Drake said his feeling is unless we get some rain we need a fire restriction on fireworks, period, Citywide.
- Chief Hancey said that he personally as Fire Chief would like to see fireworks restricted to this one small area, perhaps the city park. He said he thinks if we restricted it totally or banned it, we may potentially open ourselves up to a lawsuit where we are taking business away from some people but if we provided an area where they could light fireworks it is less dangerous.
- Ben Shakespeare said he likes the map.
- Leina Mathis said she likes the map, but she is not sure why Julie Drive is exempt because the homes right across the street aren't and they are just across the Parkway and there is no barren ground anywhere.
- Chief Hancey said this is our first draft of this map and it can be tweaked a little bit before it goes on the website and made notice to citizens. He said there are some areas he noticed that he would like to make restricted.
- Ben Shakespeare said any property adjacent to open space should be restricted.
- Chief Hancey said it is actually written that it is within 150 ft of any drainage, open area, open field that it is a restricted area, and you cannot light fireworks.
- Jarett Waite said he agrees with Leina. It seems like Julie Drive and Nicholas wouldn't be 150 ft to an open area. He said he noticed on the other corner of Pioneer Parkway and Red Mountain Drive those lots have been developed so we could take that off because that is not open space anymore.
- Chief Hancey said that part of that is because they are close within that 200 ft to an open area.
- Brock Jacobsen said it shows it is a vacant lot but there is a home there now. It is all developed.
- Mayor Rosenberg suggested expanding it to where any lot adjacent to the potential

risk areas. He said you can tell the homes that are adjacent to the fire risk so make sure that buffer goes at least one lot into the developed area all through town.

- Chief Hancey said they will expand the map out so we can see those a little closer and draw that line and then we will put it on the city website.

- Brock Jacobsen said it will be brought back to Council next week for approval with the resolution.

- Robert Smith reminded Council about the site plan he showed last week. There are townhomes along the east side of the property as well. They didn't indicate any fencing or have off street parking along North Town or 400 E. so that is what he is addressing this week. He said in an effort to create some separation from the townhomes to the north they rearranged two of the condo buildings and they added boat and RV parking specific to the vacation rentals. There is still boat and RV parking to the north for primary residents of the townhomes. Along North Town Road they have added 33 stalls that is going into their property and not along the City's right of way with parallel parking along the south and then along the west there are another 33 parallel parking spaces all along 400 E. They have added fencing, which will be a solid block wall on the east and the west side. On the north and south they are proposing iron fencing. He said the point of doing these rear loaded units is because it is much more attractive for anyone driving by to see the front of a house and it also takes driveways and parking, so it is in the back and contained within the subdivision. He showed elevations and renderings of what they are proposing and also a parking exhibit that has a cross section.

- Leina Mathis asked about the building that was removed from the site plan down in the vacation rentals. Did it get absorbed up in the townhomes?

- Robert Smith said there were four buildings on the site plan last week and he didn't remove it, but he moved two of the buildings. They are still down on the lower portion. There are still 80 units. He continued to show the renderings to Council.

- Mayor Rosenberg asked about the front elevation of the condos. Would this be the elevation that would be facing North Town Road and also face the interior street?

- Robert Smith said that is correct. The roads are really big roads. They widened the road to provide parking. He said he thinks they can meet the Council's concerns and still do a great development.

- Jarett Waite asked what the phasing plan is for the project.

- Robert Smith said that currently it is shown in six phases, and they were going to develop along the east side of the subdivision.

- Jarett Waite said that is a leading question. It is like what the Mayor was talking about that you know what it is when you move there so if the vacation rentals are there first that might be a little easier for someone to digest that they are going to be sharing and not that they invaded my space.

- Robert Smith said they intended to market it all along to let people know what is coming and what this is approved for and that is why they tried to go in to get the whole thing approved this way at one time so they can tell people up front that this is what is planned. They plan to go along the east side with the townhomes and work their way counterclockwise, but he could easily go the opposite way. Not all vacation rentals are the same. What they are proposing are not the giant sleep a lot of people. These are small homes. He said he believes that management is key to success. It

makes such a difference having them there. They have onsite presence all the time. Providing enough parking is a big thing that they have done. He really wants to work with the city to develop something that is really great that everyone can be proud of and happy with. He said he wondered if Council would prefer if he would have come and asked for the whole thing to be approved as vacation rentals. He asked if they would rather see him apply it that way instead of part of it being vacation rentals and part of it not being vacation rentals.

- Mayor Rosenberg said that based on what he has heard tonight he doesn't know if Council would support the whole thing going vacation rentals.
- Robert Smith said that is not his desire to turn the whole thing into vacation rentals.
- Mayor Rosenberg said he likes how he brought the vacation rentals into one area. He said he thinks he is going to have some problems with the amenities with the shared amenities with the neighborhood and the vacation rentals. He told Mr. Smith that he is asking for long-term issues mixing those two.
- Robert Smith said there would be a master HOA that both communities are part of.
- Mayor Rosenberg said the kicker is meeting the conditional use. The vacation rentals have to have beefed up amenities as part of that project. That would also be the amenities for the townhomes.
- Robert Smith said he would like to have them shared. This is what makes the most sense. He provided some amenities as far as gazebo and barbecues and playground area. He would really like to do some great amenities. He thinks that if they are Arcadia type of amenities, they can handle this size of subdivision.
- Leina Mathis said that typically townhomes don't require an amenity.
- Mayor Rosenberg said only if it is bonus density and the townhome density is 10.
- Robert Smith said he has provided some amenity. He said it could be one great amenity.
- Ben Shakespeare asked if he intends to sell the townhomes.
- Robert Smith said yes.
- Brock Jacobsen said he agrees with the Mayor. He thinks on the shared amenity if he was a full-time resident there and on a busy holiday weekend there are a lot of people that want to be at the pool and the full-time residents thinks this is where he wants to go, and all the vacation rentals come there you have that conflict.
- Robert Smith said he gets that, and they see that every day at Arcadia where Santa Clara residents want to use that knowing we are vacation rentals but still want to come into Arcadia and use the amenities knowing that.
- Leina Mathis said you have that same issue in regular HOA's. You have the same problem. You have the owners who are there occupying them all the time and then you have people who use it as a second home and their kids show up every holiday weekend and overrun the pool. It is the same thing.
- Ben Shakespeare said the amenity is a much better amenity then you would get in a townhome.
- Brock Jacobsen said 199 units is a lot of units.
- Robert Smith said that the amenities can be completely for the townhome residents and the condos, their amenity is Arcadia. Would that be an acceptable option?
- Mayor Rosenberg said that is what he talked about initially.
- Leina Mathis asked how many units were in Arcadia.
- Robert Smith said there are 78 units after this last phase. He said that these will be

much smaller units. The Arcadia units are 5-bedroom units. He stated that the nightly rentals are not full year-round. Holiday weekends are busy but the majority of the year it is not occupied like that.

- Mayor Rosenberg said that the condos are going to function a lot like a hotel. It is a three-story structure. It looks like a hotel. It functions like a hotel, a nightly rental. Parking is interior and separated.

- Robert Smith said they are building the maintenance building at Arcadia right now to house everything, cleaning wise, linen wise, and they would be able to meet the demands of this additional development.

- Brock Jacobsen asked if all the check-in and everything would be happening at the clubhouse in Arcadia for the vacation rentals.

- Robert Smith said that when someone comes to Arcadia, they are sent a code and they can go right to their condo. There will be Staff at the clubhouse that will be there to help. They have wristbands for everyone that comes in and they monitor that. He said employees there throughout the day cleaning up, doing towels, and picking up. There is a lot that goes into it but that is the commitment he is willing to take to make sure it is done right.

- Leina Mathis asked if the onsite management is proposed to be in the clubhouse building on this property.

- Robert Smith said yes. It would close down and kick people out at the end of the day when they are supposed to. Security would come later on that night as well to make sure people aren't there that shouldn't be there. He said his company builds the home as well, so they won't install speakers on the outside of the homes. Some places do that, but they won't do that. They restrict that in their CC&R's as well. They have it documented in their literature for the rentals that after their quiet hours they enforce their rules.

- Brock Jacobsen asked about the street that comes off of North Town to the vacation rentals. Is there a crash gate or is that an open road?

- Robert Smith said it is open right now. If we need to put a crash bar or a gate they can. They are open to that. He asked Council if there is anything he can do to get the Council to feel comfortable about a project like this. He has listened to the comments tonight and written down notes. He said he is glad that a lot of thought and effort is going into what the future plan is for vacation rentals. He thinks that is very wise. He said what he is trying to do is different than what anyone else has proposed before.

- Mayor Rosenberg asked if there was any RV or boat storage in the townhomes.

- Robert Smith said yes and showed Council the area for the storage on the map.

- Mayor Rosenberg said that is not a lot of spaces for storage.

- Robert Smith said they left the detention basin, and they don't know if it will be needed or not, but the idea is that would become boat and RV parking as well if it is not needed. They have detention at the south end as well.

- Mayor Rosenberg asked what the street width is on the interior roads.

- Robert Smith said the main road is 35 ft so 30 ft of asphalt.

- Mayor Rosenberg said people are going to have trailers and they are going to need a place to go. They can park on 400 E., but they will need some place to go. He said the biggest issue he has is contractors. It is the painter or the framer or all those guys who live out there and have a trailer. Housing for that industry is what we are kind of looking for and those guys have tool trailers and stuff that they hook up to their trucks.

- Robert Smith said he thinks the city ordinance is 48 hours and they have restricted it too.
- Mayor Rosenberg said he would like to see a place for those guys to be able to buy a house.
- Robert Smith said a lot of his employees that work for him, he thinks of them when he thinks of this development. He said he is trying to provide good, attainable housing at a great quality that schoolteachers and contractors and people who work in the city can afford to live here.
- Mayor Rosenberg asked that if the City can put together some language would Mr. Smith be willing to work with us on providing some deed restricted housing, something that would provide some attainable housing that could have some restrictions on it to where it could stay attainable housing inside a townhome project.
- Robert Smith said he would like to. He really would. He would like to look at that.
- Mayor Rosenberg said it is a new critter.
- Robert Smith said the front-loaded units are ones he always thought would be a better fit for attainable housing.
- Mayor Rosenberg said they would have set price controls on them that Robert would have to build into his cost model.
- Robert Smith said that is where the absorption of the amenities onto the vacation rental side helps with those costs.
- Leina Mathis said she is even okay with that to help with some of the density bonus.
- Mayor Rosenberg said if we can work something like that out then we start checking boxes on City needs. He said that he likes that the units are down there together on the vacation rental stuff. If the amenity package is part of the townhome project and Robert works out something with the HOA that they can use it, but it is inside that HOA there are some things like that that we can talk about. Denny just suggested taking everything south of that road and making it short-term rental. So, the amenity package and everything south of the amenities was inside the short-term rental. The other things start checking boxes on the city need list and the more Robert starts checking boxes the more favorable the project can be viewed.
- Leina Mathis said she would like to see the more attainable housing verses adding more vacation rentals.
- Ben Shakespeare said he would agree. He likes the townhome ratio in this. He said instead of the detention basin we were talking about it would be great to see more trailer and boat parking.
- Mayor Rosenberg said he doesn't see why there couldn't be both with the right surface, a permeable pavement or something in there, that could be a retention basin and a parking area.
- Robert Smith said vacation properties sell for more. They are more desirable because there is a high demand and a low inventory right now. He said he feels like if he could get some more vacation rentals that absolutely helps offset the cost to provide more attainable housing because he knows he will be able to sell his vacation rentals at a premium.
- Mayor Rosenberg suggested he take everything the Council has said and go back and look at his financial model and maybe tweak things a little bit and come back and talk to us. We are starting down the road of a development agreement as part of the zoning that will spell out all of these other things that are part of that zone change so it will

complicate the zoning a little bit. He told Robert Smith this could be as fast as he is ready to come back with something. He said it may take a little while to put together a development agreement.

- Robert Smith said he is on the agenda next week with the Planning Commission. He can make these changes with the plan by then, but he doesn't know that the deed restriction and housing and all that can be done with Matt Ence by then.

- Mayor Rosenberg said he needs to work out some things before he goes to Planning Commission. That is where the public hearing is, and he needs to have all the answers for the public at that public hearing. That Planning Commission meeting is a critical meeting because of the public hearing.

- Robert Smith asked if he could make a request to table that at Planning Commission and would he be able to get back on in 2 or 4 weeks.

- Brock Jacobsen said he can table it and it would be a month. They meet the second Thursday of each month. That would be July 8.

- Mayor Rosenberg suggested having a joint meeting with Planning Commission and bring everyone to the Work Meeting the first week of July.

- Brock Jacobsen said the Work Meeting is July 7 which is just the day before the Planning Commission meeting, but June 30 is a fifth Wednesday so if we wanted to have a Special Meeting potentially, we could do that.

- Mayor Rosenberg said he could come to TRC to discuss things and he could have separate meetings with the City Attorney.

- Robert Smith told Matt Ence he would reach out to him for discussions on what his thoughts are on this. He expressed appreciation for letting him have this discussion tonight.

- Mayor Rosenberg said the email that Robert sent him about the road easements, the city is interested, and he will be talking to him about that.

- Brock Jacobsen talked about the Special Meeting on June 30.

- Jarett Waite said he will be out of town.

- The rest of the Council and Mayor Rosenberg said they will be here.

- Matt Ence said he quickly found a deed restriction from Park City and circulated it and sent it to Council. They have it in their in box. He would be interested to have feedback from Council. He will email it to Robert also.

#### 4. FY2021-2022 Budget Review. Presented by Brock Jacobsen, City Manager.

- Brock Jacobsen said this will come back to Council next week. He said this current FY with the pandemic we went bare bones and so things turned out better than we anticipated but we have increased our budget to account for some projects and equipment so this our last Work Meeting to discuss if we need any changes with the budget. The budget has increased by roughly 35% from this current FY. It is going up to just under \$8.2 million in the General Fund. The General Fund balance is \$880,000 that we are using in the fund balance to balance the budget. That is really the projects and equipment that we put on the list of needs. That still leaves us a pretty healthy fund balance and we are still projecting for this current FY that we will put about \$400,000 in the capital projects fund and that will still give us a 21% fund balance, unrestricted. We can now go to 35% if we need to with the new bill. A couple of big things in there is the Canyon View/BMX parking lot update. A big one is \$300,000 for

Engine 33 replacement for the Fire Department. We also have in this current budget the street sweeper. We have our annual chip slurry seal this next year and we may have to chip seal Santa Clara Drive. Those are the big things out of the General Fund. Each year we transfer funds from the Enterprise Funds to the General Funds for costs incurred by the General Fund. The amounts being transferred to the General Fund from the Enterprise Fund: from the Water Fund it is \$101,631, from the Sewer Fund it is \$56,000, from the Power Fund it is \$62,256 and from the Storm Water Fund it is \$25,694. That helps the costs that we incur in the General Fund that benefits the Enterprise Fund. In the new budget we have two new positions: a new fire fighter and a new City Planner/Economic Development Coordinator. We are transferring from the Enterprise Funds to Enterprise Funds Water and Storm. Water is transferring \$100,000 and Storm \$30,000 to help pay for their portion of the MBA bond for the \$260,000 payment. Parks Impact Fee is paying \$30,000 and Public Safety is paying \$20,000 for that. We have no plans to issue any new debt in Enterprise Funds for the General Fund.

- Leina Mathis asked that on the revenue side for the General Fund the reimbursement for the Court and Fire/EMS from Ivins City both of them are substantially higher than they have ever been. Is there a reason for that?
- Debbie Bannon, Financial Department, explained that we just changed how we accounted for it, so we are recognizing all revenue that we are collecting from Ivins. If you look at the public safety expenses the payments to them is higher, so it is just an accounting adjustment. The increase of budget going from 45% to 46% increased us quite a bit.
- Brock Jacobsen said part of the big increase as well is there is two budgets, and the fire budget alone has almost doubled. It went from \$652,000 to \$1.19 million and EMS went from \$582,000 to \$891,000 so there were some big increases in there. Capital equipment is mostly the reason for the increase. They have the engine replacement, the chase truck, radios and an extrication cutter and we have to pay another percentage this year.
- Mayor Rosenberg asked if the CARES funding is in there.
- Brock Jacobsen said for this current year, yes. The CARES Act is accounted for this current year. The next year the American Response Fund we have not accounted for that yet.
- Mayor Rosenberg said so that will be additional revenue beyond the budget.
- Brock Jacobsen said yes just as we did with the CARES Act, we will create a whole separate fund that can account for that revenue and the expenditures so that will come as we get the total guidance of what we can do with it. He said that we get one distribution in July or August and then we don't get another one for a year, but we have until December 2023 to expend the fund.
- Leina Mathis asked if we finished spending the \$184,000 that is listed on the budget.
- Brock Jacobsen said yes it has all been allocated. The remaining will go to wages for public safety.
- Denny Drake asked if the Federal infrastructure that they are talking about funding is there any of that that can be used here. We need Santa Clara Drive and Pioneer Parkway as part of the MPO for the closures and shutdowns in the Gorge all the time. They are actually using our roads.
- Mayor Rosenberg asked aren't they already in the MPO roads, those two. Let's look

at that. Pioneer Parkway for sure. We know we have additional improvements out there. We have to show them the capacity improvements we are proposing on Santa Clara Drive with the signal/lane changes. We might be able to get those eligible.

- Brock Jacobsen said that we are waiting for from the County the exact property tax. We are hoping to have that next week. We have a projected number, but they didn't have that exact number for us. He talked about the Enterprise Fund: in the Water Fund we are currently maintaining 53 miles of culinary water distribution and the FY 22 budget is just under \$1.9 million which is actually a decrease of 29% over this current FY. One of the big decreases is we paid off a bond, so we are one bond debt free. We refunded that bond a few years ago but we paid it off a bit early. There are a few expenses for that fund for capital expenditures that happened with the waterline booster pump. The Sewer Fund is \$740,000, which is a decrease of 5% over current FY. The Electric Fund is at \$5.469 million, which is a 1% increase. There is also in that budgeted \$900,000 to start design and work on extension of the South Hills extension to the Green Valley Sub.
- Mayor Rosenberg asked if there is some money in there to buy some equipment in the Green Valley Sub. St. George City asked him today if we want to order the reclosures for the substation that we are connecting in to at Sun Brook. He said he told them yes because they probably have a super long lead-time. They are going to get us a cost and go back and look at the agreement with St. George City on that line. He will forward that information on to Brock. St. George always intended that when they did that improvement that we would put in at least the poles in the Sun Brook area at the same time they did. Let's leave some funding for those types of things.
- Brock Jacobsen said he will make sure with Gary Hall that we account for that. That would be impact fee eligible. He will make sure it is in the capital facilities plan, which is being redone right now.
- Jarett Waite asked if the third generator is in this budget.
- Brock Jacobsen said the debt payment for it is in this budget. We already issued that bond so that payment is there. He said the Storm Water Fund is at \$487,000, which is a decrease of 6%. The Enterprise Fund mostly decreases and is relatively flat with nothing major. He talked about how we are excited about this next year getting some projects and equipment purchased that Staff has put off. Staff is excited to get some of these things done. He said he appreciates Council's support through this last year as we worked through the uncertainty of 2020 and 2021 and looking forward to this next year to allow us to expend some funds and get caught up on a few things. We will have a public hearing next week and have this for adoption.
- Leina Mathis asked if we have to do anything with the funds that we are going to create in the new capital projects fund. Do we have to formalize any approval for that?
- Brock Jacobsen said no we will just transfer those funds to the capital projects fund and then they will be allowed to be expensed as Council sees fit. We could use them if we wanted to next FY for some of the projects. One of the good things is to stock away a little bit and build that fund up for some bigger projects that may be coming our way. If there is anything that we do have to do formally it might come to Council as a budget amendment which will be on June 23 when we do the budget amendment so if there is anything we will make sure we do it then.

6. Water rate increase discussion. Presented by Dustin Mouritsen, Public Works

Director.

- Dustin Mouritsen said Washington County Water Conservancy District is increasing the fee for purchasing water by .10 cents per 1,000 gallons from the current price of \$1.34 to \$1.44. Last year we spent \$91,595 for regional water. Using our average water consumption from last year the .10 cent increase will cost us about \$15,000. We are proposing a rate increase to our customers of .10 cents per 1,000 gallons. This would be a profit of almost \$70,000 a year to the Water Dept. although it is more than needed to cover the .10 cent increase by the Conservancy District. We could use the excess to pay for future infrastructure improvements, help cover the cost of the recent increase in material necessary to repair water lines, new employee, and aged equipment replacement. The last rate increase was July 2020 at .10 cent per 1,000 gallons.
- Mayor Rosenberg said this is something we do every year now with the Water District. They raise it .10 cents a year. It is part of the Lake Powell Pipeline Fund and for capital improvements.

**3. Staff Reports:**

Dustin Mouritsen

- We got 600 ft of asphalt added on to Pioneer Parkway today at Red Mountain and it will be striped Friday. The LED crosswalk signs got put in at Chapel Street and Santa Clara Drive.

**4. Adjournment:**

Meeting Adjourned at 8:45 p.m.

\_\_\_\_\_  
Chris Shelley – City Recorder

Date Approved: \_\_\_\_\_