

1 **PROCEEDINGS OF THE MUNICIPAL COUNCIL WORK**
2 **MEETING OCTOBER 18, 2011**

3
4 **THE MUNICIPAL COUNCIL MET AS A COUNCIL OF THE WHOLE ON**
5 **OCTOBER 18, 2011 AT 11:40 A.M. AT THE PROVO MUNICIPAL COUNCIL**
6 **CONFERENCE ROOM, 351 WEST CENTER, PROVO. UTAH.**

7
8 **THE FOLLOWING MEMBERS OF THE COUNCIL AND ADMINISTRATION**
9 **WERE PRESENT:**

10
11 **COUNCIL:**

12 Council Chair Rick Healey Council Member Sherrie Hall Everett
13 Council Vice Chair Midge Johnson Council Member Sterling Beck
14 Council Member Cynthia Dayton Council Member Laura Cabanilla

15
16 **COUNCIL STAFF:**

17 Matthew Taylor, Executive Director
18 Brian Jones, Council Attorney
19 Louise Jorgensen, Executive Assistant
20 Amy Harlow, Policy Analyst

21
22 **ADMINISTRATION:**

23 John R. Curtis, Mayor Wayne Parker, CAO
24 Corey Norman, Deputy Mayor John Borget, Director of Finance
25 Merril Bingham, Public Works Director Scott Peppler, PW Deputy Director
26 Sheree Baum, PW Management Analysis Alan Leftwich, PW Sanitation Manager

27
28 **GUESTS:**

29 Gary Winterton

30
31 **CONDUCTING:** Council Chair Healey

32
33 **ABSENT:** City Wide District II Seat empty.

34
35 **APPROVAL OF MINUTES**

- 36
37 ○ July 28, 2011 Emergency Executive Meeting
38 ○ September 5, 2011 Work Meeting
39 ○ September 13, 2011 Executive Meeting
40 ○ September 27, 2011 Executive Meeting
41 ○ September 27, 2011 Emergency Executive Meeting
42 ○ October 4, 2011 Work Meeting

43
44 **COUNCIL VICE CHAIR JOHNSON MOVED TO APPROVE THE JULY 28, 2011**
45 **EMERGENCY EXECUTIVE MEETING MINUTES, SEPTEMBER 5, 2011 WORK**

46 MEETING MINUTES, SEPTEMBER 13, 2011 EXECUTIVE MEETING MINUTES,
47 SEPTEMBER 27, 2011 EXECUTIVE MEETING MINUTES, THE SEPTEMBER 27,
48 2011 EMERGENCY EXECUTIVE MEETING MINUTES AND THE OCTOBER 4,
49 2011 WORK MEETING MINUTES. SECONDED BY COUNCIL MEMBER
50 DAYTON. MOTION PASSED 5:0. COUNCIL MEMBER CABANILLA EXCUSED.

51

52 DISCUSSIONS/BRIEFING

53

54 3:30

55

56 **A. A discussion regarding disproportionate business license fees (11-190)**

57

58 Council Chair Healey discussed the disproportionate business license fees and
59 reviewed the spreadsheet with the Council Members. As a reminder, the 17% column on
60 the spreadsheet represents a revenue neutral fee which is the base fee plus the 17% of the
61 disproportionate fee of the 100%. At this time, the City is collecting \$550,000 for
62 business license fees. John Borget, Administrative Services Director, stated that some of
63 the businesses are being charged more than what State Law allows and their fees will
64 need to be reduced. Mr. Borget also stated that \$550,000 is billed but \$500,000 is what is
65 collected. An extensive effort is made to collect. Matthew Taylor stated that if everyone
66 was billed for 100% of their services provided, the City would bring in \$1.468 million
67 without the hospital and non-profit retail.

68

69 8:34

70

71 Matthew Taylor, Council Executive Director explained a brief history of the
72 disproportionate business license fees:

73

74 10/26/10 - discussed fees

75 12/07/10 - \$20,0000 appropriation

76 06/14/11 - report received

77 10/18/11 - determine policy and objectives

78 11/01/11 - study options that facilitate policy and objectives

79

80 Mr. Taylor then suggested there is an over-arching policy question to ask:

81

82 Who should bear the cost burden?

83 Business Owner

84 Other tax Payers

85 Shared

86 Mr. Taylor then asked Council to consider the next question:

87

88 Does the City want to subsidize in order to have businesses in the City?

89

90 Mr. Taylor then asked:

91

92 What is the Primary Objective

93

o Minimize regulatory costs for businesses/non profits

94

o Emphasis on cost recovery

95

o Balance cost recovery and Economic Development (sustainable budget)

96

97

o Facilitate or discourage specific business classification(s)

98

99 Mr. Taylor specified that if the Council could decide on a higher arching philosophy, it
100 would then be easier to come back to the numbers in making decisions.

101

102 Council Vice Chair Johnson said the thinking of previous councils was to cover
103 some of the cost in order to encourage businesses to come to Provo.

104

105 13:40

106 Council Chair Healey stated the Council needs to know what the exact reductions
107 need to be and areas that need to be increased. Council Members discussed the best
108 practices around the State and cost recovery. The Council Members also discussed the
109 caution that needed to be taken to avoid discouraging businesses from moving to the
110 City.

111

112 Council Member Cabanilla joined the meeting.

113 Wayne Parker, CAO, joined the meeting.

114

115 Council Members continued their discussion concerning hotels that require more
116 city services and are in a class with other entities that do not require city services. When
117 raising fees or reducing fees, it must be done for an entire class. John Borget, Director of
118 Administrative Services, stated the more systematic the Council can be, the better it will
119 be. Developing fairness between different classes and how they are treated can be a
120 challenge.

121

122 Wayne Parker, CAO, advised the Council that the major concern is there are basic
123 underlying questions that need to be resolved philosophically before Administration can
124 come back with changes. They are:

125

o Is the answer to break even

- 126 ○ Is this a revenue enhancer
127 ○ What do you do with the outliers
128 ○ Do we consider a logical breakout in some of the classes
129 ○ Does the City try to attract businesses
130 ○ Will the City be creating a disadvantage for the City by some of the
131 possible choices.

132

133 Mr. Parker stated property taxes, sales taxes and zip codes are all factors in
134 deciding what to do. The Council is not being asked to craft the disproportionate fees but
135 to give broad general guidelines to the Administration. Answering some of the basic
136 underlying questions will help Administration come back with a spreadsheet.

137

138 26:56

139

140 Council Members continued to discuss the various options, sustainable budget,
141 offset and encouraging businesses, the different categories and classes, and having a cap.
142 Council Members discussed working with the administration by taking their suggestions
143 and have oversight on what the changes are. It would be as follows:

144

- 145 ○ Encourage new businesses with a three year license offset
146 ○ Start with 64% and incrementally move up for a five year sustainable
147 budget
148 ○ Offset for business class – encouraging or not encouraging, look at
149 saturation of market and then look at fees within the business class

150

151 Ms. Dayton suggested a 64% cost recovery phased in over 5 years. Ms. Johnson
152 suggested Dixon Holmes, Director of Economic Development, have an opportunity to
153 look over the draft to make any suggestions. Mr. Borget suggested to the Council
154 Members that if they go with the 64%, it would be the same as the 50% column on the
155 spreadsheet and the City would be recovering 64% of the city services costs. Then this
156 would be phased in over five years and then Council could look at businesses that are out
157 of line.

158

159 COUNCIL VICE CHAIR JOHNSON MOVED THAT FINANCE WORK UP A
160 SPREADSHEET BY GOING WITH THE 50% COLUMN ON THE CURRENT
161 SPREADSHEET AND SHOW IT PHASING IN OVER FIVE YEARS. THEN
162 COUNCIL COULD LOOK AT BUSINESSES THAT ARE OUT OF LINE.
163 SECONDED BY COUNCIL MEMBER HALL EVERETT. MOTION PASSED 6:0.

164

165 **B. A discussion regarding amendments to Title 11 (11-218)**

166

167 1:08:59

168

169 Merrill Bingham, Public Works Director, presented. Mr. Bingham reminded the
170 Council that an amendment to Title 11 was adopted by the Council and the amendment
171 was just housekeeping items with one exception. The exception was in 10-02-010, Provo
172 Code, "Provo City shall provide mandatory residential collection service to all structures
173 used for human occupation which do not contain more than two dwelling units". The City
174 is servicing everything in the City that is less than two dwelling units. The City is also
175 serving large complexes, but the code gives larger complexes the opportunity to choose
176 their sanitation provider. Public Works provided proposed language to change the
177 ordinance to say "Provo City shall provide mandatory residential collection service to all
178 structures used for human occupation". The change was that Public Works would
179 provide all curb side service in the City with the exception of the roll off large containers
180 to private providers. People who are serviced are paying for many other services. This is
181 a complex issue which is not as simple as hauler "A" can provide service cheaper than
182 hauler "B".

183

184 Mr. Bingham suggested to the Council that currently the City is going through an
185 opt out recycling program. Residents are still opting out of the program as blue cans are
186 delivered. The numbers provided for the 2012 budget are in a flux state because of the
187 City seeing a significant shift in blue cans. Also, people with two black cans are now not
188 needing both with the blue cans. The way streaming charges to the dumping station may
189 decrease. It would be worthwhile to wait for a few months to get a better idea on the
190 fixed numbers.

191

192 1:18:34

193

194 Scott Pepler, Deputy Public Works Director, discussed with the Council the ten
195 different categories of the General Fund where money is funneled to through the
196 sanitation program. He also talked about companies who low ball pricing in order to get
197 contracts and then increase their prices later. Mr. Pepler stated the Sanitation
198 Department is providing \$500,000 to the General Fund each year and this money would
199 need to be found elsewhere if the City decided to go with an outside provider.

200

201 Council Members discussed the facts and policy decisions that needed to be
202 made.

203

204 1:38:34

205

206 COUNCIL MEMBER BECK MOVED TO RECONVENE ON THIS SUBJECT IN SIX
207 MONTHS.

208

209 Council Chair Healey said the gate is already open and has not been closed. There
210 is still potential of other multi-unit housing projects to contract by private haulers. Mr.
211 Pepler would like to propose that the City go ahead and look at duplexes that are paying
212 more than HOA's who use other contractors. A lot of these complexes had an opportunity
213 to put in dumpsters but they did not do so because they did not want to lose parking. Mr.
214 Pepler went on to discuss other events that happen in the City and are supported by
215 sanitation fees. Mr. Pepler would like to see Council pass this ordinance with the change
216 allowing the City to do all the curbside service.

217

218 COUNCIL MEMBER BECK RESTATED HIS MOTION.

219

220 1:47:20

221

222 Council Members discussed the number of possible residents who could still
223 contract with private haulers. Council Member Dayton pointed out that the bigger picture
224 is not dealing with a rate change or dealing with outside haulers, but the problem is
225 dealing with a philosophical discussion of how the Council is going to look at utility rate
226 fees. The real over-arching question is the money the Sanitation Department provides
227 will need to be collected somehow and how does the Council do this. Mr. Parker stated
228 that the additional costs may have to be added to the black can customers which will
229 actually undermine the City's own program.

230

231 COUNCIL VICE CHAIR JOHNSON MOVED THIS ITEM TO THE NEXT COUNCIL
232 MEETING WITH THE PARAMETERS TO PASS THE CURRENTLY
233 RECOMMENDED ORDINANCE WHICH STATES NO OTHER OUTSIDE
234 COMPANIES BE ALLOWED TO COLLECT TRASH AT THE CURRENT TIME
235 AND THEN REVISIT THIS ISSUE IN SIX MONTHS. SECONDED BY COUNCIL
236 MEMBER DAYTON.

237

238 Mr. Beck wanted to discuss more. Council Member Hall Everett reminded the
239 Council she called the question.

240

241 Mr. Beck inquired if when the "question is called", Mr. Beck believes the vote
242 needs to pass by a simple majority. Mr. Taylor said the Council followed the Roberts
243 Rules of Order.

244

245 MOTION PASSED 4:2. COUNCIL MEMBERS BECK AND CABANILLA OPPOSED.

246

247 B. A tour of Mountain Vista Business Center (11-219)

248

249 Council Members took a tour of the Mountain Vista Business Center and visited
250 the Action Target Company for a tour. Tour was recorded.

251

252 After the tour, the meeting was adjourned.