

NORTH OGDEN CITY COUNCIL MEETING MINUTES

February 3, 2015

The North Ogden City Council convened in an open meeting on February 3, 2015 at 6:30 p.m. in the North Ogden City Council Chambers at 505 East 2600 North. Notice of time, place and agenda of the meeting was delivered to each member of the City Council, posted on the bulletin board at the municipal office and posted to the Utah State Website on January 30, 2015. Notice of the annual meeting schedule was published in the Standard-Examiner on December 21, 2014.

PRESENT: Brent Taylor Mayor
 Kent Bailey Council Member
 Lynn Satterthwaite Council Member
 Cheryl Stoker Council Member
 Phillip Swanson Council Member
 James Urry Council Member

STAFF PRESENT: Bryan Steele Finance Director/City Administrator
 Annette Spendlove City Recorder
 Craig Giles Public Works Director
 Dave Espinoza Water Systems Superintendent
 Rob Scott City Planner

VISITORS: Ted Kearle

Mayor Taylor welcomed those in attendance.

Council Member Bailey offered the invocation and led the audience in the Pledge of Allegiance.

CONSENT AGENDA

1. **CONSIDERATION TO APPROVE THE JANUARY 6, 2015 CITY COUNCIL MINUTES**
2. **CONSIDERATION TO APPROVE THE JANUARY 13, 2015 CITY COUNCIL MINUTES**

Council Member Bailey motioned to approve the consent agenda. Council Member Swanson seconded the motion.

Voting on the motion:

Council Member Bailey aye

Council Member Satterthwaite **aye**
Council Member Stoker **aye**
Council Member Swanson **aye**
Council Member Urry **aye**

The motion passed unanimously.

ACTIVE AGENDA

1. PUBLIC COMMENTS

There were no public comments.

2. DISCUSSION ON WATER METER READING PARTS

A memo from Mayor Taylor explained we have experienced a significant number of failed water radios in our water meter reading system. During our Work Session on January 6th we will have an agenda item to discuss the situation. Based on that discussion, we will get additional questions researched for you and then plan to bring the item back to you during a future meeting to request funds to replace the dead radio meters. Here is a summary of the situation: Our system relies upon a radio to transmit the monthly reading of the water usage to City Hall in order to be billed. The majority of our current radio transmitters were installed en masse in 1997 when we first introduced this system. The radios had a 5 year warranty, but have lasted much longer. We usually see 250-300 failures per year, and have money budgeted to replace some of them every year. The last few months, however, hundreds have failed every month. The radios have simply reached their lifespan and are now failing in large numbers. This is expected to continue. Currently we have 1,700 meters that have failed. We have confirmed that the meters have failed, because we have replaced the software and had the software contractor fly out to verify that the system is working. Public Works, Utility Billing, and the software contractor have literally spent hundreds of hours looking into the issues. We were already transitioning to new fixed-base radio meters that can be read from a single location (as discussed in the budget earlier this year). However, we were not planning on 1,700 meters to fail at once and the cost to replace all these meters is far more than what we have in the budget. The meters cost about \$240, and we are looking at a total of \$410,000 to replace the 1,700 radios currently dead, and an additional \$192,000 during the next 1-3 years to replace the remaining 800 meters installed about the same time (we plan to install these 800 as they fail, unless the Council wishes otherwise). Craig expects that more meters will fail this winter, as it seems the cold ruins many radios that are teetering on the edge (many of the 1,700 radios died in the November cold snap that hit). So, the cost could be even higher. There are funds in the Water Fund to cover these meters if the Council approves new ones. However, the Council will also need to look very closely at the sustainability of the Water Fund and a rate increase to cover the new meters. I am sending a letter to the many residents affected, so that people know the facts of the situation and know that the problem is not going to be fixed for several months. Craig recommends against replacing the meters in winter, because opening the water lids this time of year will allow in cold air that can cause pipes to

freeze. We also would need to wait for the funds to purchase new meters to be budgeted, and for them to be ordered. There will be more information on this situation to follow. Here are some questions and answers from Public Works Director Craig Giles about the meter situation:

Why is it worse to replace meters in the winter?

Not only are we dealing with winter conditions (wet and snow) we have to be considerate of the cold weather on the other components of the meter (wiring, register, meter) it's not impossible to replace, it adds more cost (insulation) and the chance to freeze increases. Nobody likes opening meter pits in the winter if you can avoid it.

How have we verified that this is indeed a dead radio problem, and not another issue?

What steps were taken?

The radios are sealed units so the steps are limited. We have the 'drive by' option and the 'hand-held' option and when both fail to read the meter we then conclude the radio is dead.

How many more meters may fail? How soon do we expect this to happen? How many meters have been replaced so far?

In the late 1990's approximately 4,000 meters were changed to the meters we now have. Those meters and radios had a 5 year guarantee. We have replaced approximately 1,500 in the last two years. With 1,700 being out at present time that leave about 800 that are left to be changed out. We were in the process of changing out 800 meters each year, hoping to get on top of the aging meters but as you can see the years caught up to us. We would like to change out these 1,700 now and the last 800 next year.

Is replacing the radios really the only solution here?

Yes, the radios are dead and the only option is to change them out for new ones. There is nothing wrong with the meters themselves, but with the radio reading, when we change these out we leave the meter in place and change out the guts.

What is the estimated cost to replace the 1,700 dead meter radios? What is the estimated cost to replace the number of currently functional radios that may fail in the next year?

The cost to replace the radio and the register (they are one unit now) with a 20 year warranty will be \$410,000. The cost of the last 800 will be approximately \$192,000. We have been budgeting each for replacements unfortunately they are dying quicker than anticipated.

Public Works Director Giles introduced Ted Kearle from Master Meter, who will provide a presentation regarding the makeup of the new meter reading system, and Jared Wright from HD Supply, who is a technical expert that the City will rely upon for the technical side of the system.

Mr. Kearle provided a brief history of the development of the City's meter reading system, taking much of the information from Mayor Taylor's memo. There was general discussion throughout his presentation, with a focus on the difference between the various water meters that have been used by the City throughout the years. Council Member Bailey stated he is concerned that water meters are being replaced when the meters could have been repaired by simply replacing the battery in the meter. He wondered what the City will be gaining by replacing the City's meter reading system and how those replacement costs will be recouped. City Recorder Spendlove explained that meters were read today and of the 5,943 accounts in the City, 2,050 of those meters did not provide a reading. This means the number of meters that are failing continues to grow each month. There was a debate among the Council over purchasing a new meter read system or maintaining the current system and reducing the number of meter reads each month in order to reduce staff costs. Mr. Giles noted that originally he planned to replace

600 meters this year, but after understanding the number of meter failures, he has amended his proposal to replace 1,900 meters for a total cost of \$374,500. If this proposal is approved, it would be necessary to replace his annual budget by approximately \$60,000 to replace the additional 600 or 800 meters that are anticipated to fail. Discussion centered on the importance of determining if meters to be replaced are actually dead and in need of repair as well as staggering repairs so that it is not necessary for the City to budget large amounts of money to replace a large number of meters in a given year.

Mr. Wright then provided the Council with technical information regarding the meter system that his company is proposing the City use. He played a video that illustrated how citizens can easily use the software associated with the City's meter system to track their readings and water usage. Council Member Bailey asked if the system is web-based, to which Mr. Wright answered yes.

Mayor Taylor inquired as to the integration of the drive-by meter reading system with the fixed base system since the City will be relying upon both systems for the next several years until all meters can be replaced. Mr. Wright indicated the two systems can be integrated within the City's utility billing system.

Discussion then centered on the steps staff followed to ensure the request for proposal (RFP) process was sound and that the bid received and selected by the City is the best, after which there was a continued emphasis on taking steps to spread the meter replacement program and costs out over multiple years to ensure that in another 15 or 20 years the City is not faced with replacing all meters at one time again. Mayor Taylor then noted that estimated over a 10 year life span, the new meters are cheaper than reading the existing meters manually and over a 20 year life span, the cost is almost half as much as the City is currently paying; the program will pay for itself. Mr. Giles added that one thing that is very attractive about the program is that there is local service available, which has not been the case with the existing system.

The City Council concluded they would like additional information regarding the legal requirements to read meters a certain number of times each year in the City. They would also like to have a detailed discussion regarding the reevaluation of the water utility enterprise fund to determine how to structure the cost of capital expenses into the rates and fees charged to residents.

3. DISCUSSION ON BUDGET FOR WATER METER READING PARTS

Finance Manager Steele used the aid of a PowerPoint presentation to review the financial condition of the City's water fund:

- The cash balance as of June 30, 2014 in the water fund was: \$2,694,134
- We budgeted use of \$218,599 of cash balance this year
- This would leave us a balance of \$2,475,535 as of June 30, 2015
- The City has been depreciating water meters over the years and have accumulated depreciation of over \$200,000 on them
- If we purchased the meters now at an estimated cost of \$374,500 our new cash balance would be \$2,101,035

Currently our water rates are:

Base Rate - \$8.65

- Usage Rates
 - 0 to 19,000 Gallons - \$1.62 per 1,000 Gallon
 - Over 20,000 Gallons - \$2.16 per 1,000 Gallons

We have about 5,700 water connections

- A \$1.00 increase would result in an \$68,400 annual increase in revenue
- This fiscal year our budget showed we were still short in fully funding our depreciation by \$171,000 or about \$2.50 per month per resident.
- To replenish the cash in the water for the purchase of meters in one year, rates would have to be raised \$5.49.

Mr. Steele indicated his recommendation would be to depreciate the meter purchase and capture the cost of the meters over a few years. Another recommendation would be to change the tiering of usage amounts. (Le. - Lower the usage amount to 7,000 before the higher usage rate kicks in.

Council Member Bailey inquired as to the target fund balance for the Water Utility fund, to which Mr. Steele responded half the amount of the Water Utilities annual operating expenditures. Council Member Bailey inquired as to the annual operating expenditures, to which Mayor Taylor answered approximately \$500,000. He noted the fund balance is much higher to cover the cost of capital expenditures charged to the Water Utility fund.

The Council had a discussion regarding Mr. Steele's recommendation to change the tiering system used in the utility billing rate chart, with a focus on making adjustments to allow people to pay for what they are actually using. Mayor Taylor noted that the City's water rates are fourth lowest in the region and Council Members Bailey and Satterthwaite stated he would like to keep rates that way.

At the conclusion of the discussion, Mayor Taylor summarized his understanding of what the Council has asked for in order to proceed with future discussions:

- Information regarding the legal requirements to read water meters (how often).
- Whether the City can implement an equal pay program for water utility costs.
- Options for amending the City's water rate tier structure based on usage and pay for actual use.
- Information to facilitate the reevaluation of the water utility enterprise fund to determine how to structure the cost of capital expenses into the rates and fees charged to residents.
- The cost to continue to manually read meters compared to the cost to replace meters.

Mayor Taylor concluded he is hopeful to be able to have the information by the end of the month in order for discussion to continue.

Item 6 was then heard out of order.

6. DISCUSSION CONCERNING UTILITY BILLING, LATE FEES, RECONNECT FEES, LOCKBOX, AND CONVENIENCE FEE

Ms. Spendlove provided an overview of a program offered by Well's Fargo called Lockbox where a customer's utility payment will be deposited directly into the City's account without processing by the City. Currently it takes three City employees 72 hours per month to process utility payments, which costs approximately \$1,152 and the monthly Lockbox cost is \$851. This will free up the employees to address other needs in the office, such as records management. Ms. Spendlove then stated she is concerned that the City's fees for late payments, reconnections, and convenience are too low when comparing to other cities; the City's costs, especially for reconnections, are not coming close to being covered. She noted there are many repeat offenders because the penalty is not stiff enough. The Council discussed the issue and indicated they are supportive of considering fee increases in these areas, especially relative to reconnections. They also indicated they want to charge convenience (credit card) fees to all customers that pay with a credit card if allowed by law.

Council Member Urry then asked for an update regarding a recent discussion about a subdivision that has asked for the City's assistance in working with Pineview Water for water service for their development. Mayor Taylor provided a brief update regarding correspondence he has had with Pineview, but noted that once he has more firm, factual data he will provide a report to the City Council.

4. DISCUSSION ON THE GREEN WASTE PIT

Mayor Taylor reported on staff research regarding options for providing different services to residents related to use of the green waste pit, such as offering a green waste pick-up or other drop-off options. Inadvertently, that research brought the City's pit into the radar of the State of Utah Department of Environmental Quality (DEQ), which regulates compost facilities. They are interested in ensuring the City's facility is meeting their requirements. City Administration is working with DEQ and will provide additional information to the Council during upcoming budget meetings. There was a brief discussion of some of the changes that will likely be required at the green waste pit in order to comply with DEQ regulations, such as no longer accepting asphalt, circulating and recycling leaves, limbs, and branches, with Mayor Taylor noting there may not be a significant budget impact, but he will provide additional information when available.

The Council then took a break.

5. DISCUSSION CONCERNING AN AMENDMENT TO ORDINANCE 11-16 HOME OCCUPATIONS, TO CLARIFY THE STANDARDS FOR THE ALLOWANCE OF ACCESSORY BUILDINGS/GARAGES

A staff memo from City Planner Scott explained when the City Council is acting in a legislative capacity it has wide discretion. Examples of legislative actions are general plan, zoning map, and land use text amendments. Legislative actions require that the Planning Commission give a recommendation to the City Council. Typically the criterion for making a decision, related to a legislative matter, requires compatibility with the general plan and existing codes. On June 4, 2014 the North Ogden Planning Commission (NOPC) directed Staff to investigate the home occupation standards exception for the allowance of garages. There are currently five home occupations that have a conditional use permit allowing a garage. Home occupations are allowed in all residential zones. Further discussions were held by the NOPC on August 20, 2014, September 3, 2014, September 17, 2014, October 1, 2014, and October 15, 2014. On October 15, 2014 the NOPC held a public hearing regarding the draft amendment. The amendment has the following components.

1. The ordinance allows garages with a sunset clause of two years; requires the operator to submit a new conditional use permit application for an additional extension of two years. There is no limit on new applications unless the operator violated the conditions of approval. This amendment is applied to both new and existing home occupations. The operator would be required to submit a report each year demonstrating compliance with the conditional use permit conditions.
2. The ordinance clarifies that the required garage parking stalls cannot be used for the home occupation if the home occupation infringes on the space for the required parking stalls.
3. A new section is added establishing a purpose statement for the Home Occupation chapter. The other sections are renumbered.

On January 6, 2015 the North Ogden City Council held a work session to review the draft home occupation garage exception amendment. The City Council gave direction to Staff to draft an ordinance that eliminated the garage exception. Since then the City Council has had additional informal discussions with various planning commissioners and requested Staff to further include a list of prohibited uses in the home occupation chapter. Staff has consulted with our legal counsel and received comments that have been incorporated into the draft ordinance.

The following is a synopsis of the latest draft ordinance:

11-16-1 Purpose Statement.

Purpose statement no longer references garage exceptions.

11-16-2 Permitted Home Occupations.

A new section 2 identifies a list of permitted and prohibited home occupations. All home occupations meeting the ordinance standards will be permitted uses; there will not be any conditional uses.

11-2 Definitions.

There is a new phrase added to the definition of home occupation adding the provision of the accessory nature of home occupations.

11-16-3 Conditions has been changed to Development Standards of all Home Occupations

11-16-3D Conducted Within Living Quarters

Section 3 makes home occupations with garages a permitted use as long as all other provisions of chapter 16 are met. Existing prohibited home occupations as defined in 11-16-2 have a two year amortization period to continue to operate from December 31, 2014.

11-16-3G Traffic.

This amendment eliminates the requirement to have a conditional use for home occupations having more than five round trips a day. A variance would be required to have more than 5 vehicular trips. A second option is to eliminate this requirement.

11-16-3H Parking.

Parking for home occupations which utilize garages must maintain the two car parking spaces; the area used for the garage exception can not infringe on that space.

11-16-3 N Product Sales.

The extraneous word in the third line has been deleted.

11-16-4 and 5. The chapter numbers have been revised.

The following sections from the General Plan should be considered as part of this decision process:

Community Aesthetics

(3) Implementation Goal: Attractiveness, orderliness, and cleanliness are qualities that establish North Ogden as a place where people care about visual appearances. These qualities should be preserved and required throughout the city.

Zoning and Land Use Policy

(1) A definite edge should be established between types of uses to protect the integrity of each use.

(2) Zoning should reflect the existing use of property to the largest extent possible, unless the area is in transition.

Residential Guidelines:

(2) Avoid isolating neighborhoods.

The memo offered the following summary of potential City Council considerations:

- Are the draft changes appropriate to the home occupation provisions regarding exceptions to allow garages?
- Is the proposed purpose statement appropriate?
- Does the General Plan support these amendments?

Staff recommends the City Council review the attached draft amendments and give direction to Staff to prepare a final ordinance.

Mr. Scott reviewed his staff report and noted it was prepared in collaboration with City Attorney Call. He noted the goal is to get away from home occupations being a conditional use in the City; he wants to write the ordinance in a way that it provides permitted uses that are considered an accessory to the primary use of the property, which is a residence. He provided an overview of the proposed ordinance and there was general discussion with the City Council regarding the intent of the ordinance throughout. The lengthiest discussion focused on a policy decision regarding an incubator period for certain home occupations that may cause a greater impact upon a residential neighborhood. Mr. Scott made real time changes to the proposed ordinance as directed by the Council and indicated he will include the updated ordinance in packet information for a future meeting during which the Council will have the opportunity to take

formal action. Mayor Taylor stated it will be possible for the Council to hold a public hearing regarding this item on February 24, 2015.

7. PUBLIC COMMENTS

There were no public comments.

8. COUNCIL/MAYOR/STAFF COMMENTS

Council Member Stoker stated she is concerned that printing of the City's Cherry Days pamphlets was done by a business outside of Ogden City. Ms. Spendlove noted that the Cherry Days Committee made the decision. There was a discussion about businesses in North Ogden that offer printing services, with Mayor Taylor noting that information will be provided to committees stressing the important to shop local.

The Council indicated they would like to have a discussion at the next meeting regarding work to be done at the Public Works Facility site relative to hard parking surfaces.

9. ADJOURNMENT

Council Member Stoker motioned to adjourn. Council Member Swanson seconded the motion.

Voting on the motion:

Council Member Bailey	aye
Council Member Satterthwaite	aye
Council Member Stoker	aye
Council Member Swanson	aye
Council Member Urry	aye

The motion passed unanimously.

The meeting adjourned at 11:11p.m.

Brent Taylor, Mayor

S. Annette Spendlove, MMC
City Recorder

Date Approved