

CLEARFIELD CITY COUNCIL MEETING MINUTES
6:00 P.M. WORK SESSION
November 27, 2018

PRESIDING:	Mark Shepherd	Mayor
PRESENT:	Kent Bush	Councilmember
	Vern Phipps	Councilmember
	Tim Roper	Councilmember
	Karece Thompson	Councilmember
EXCUSED:	Nike Peterson	Councilmember
STAFF PRESENT:	JJ Allen	City Manager
	Summer Palmer	Assistant City Manager
	Stuart Williams	City Attorney
	Greg Krusi	Police Chief
	Scott Hodge	Public Works Director
	Eric Howes	Community Services Director
	Spencer Brimley	Community Development Director
	Brad McIlrath	Senior Planner
	Trevor Cahoon	Communications Coordinator
	Nancy Dean	City Recorder
	Wendy Page	Deputy Recorder

VISITORS: Jared Hadley, Andrew Gruber – Wasatch Front Regional Council, Kathryn Murray, Adam Hughes – Better City, Sean Steinman – Lotus, Bryan Wrigley – Lotus, Joe Torman – Lotus

Mayor Shepherd called the meeting to order at 6:00 p.m.

DISCUSSION ON THE REQUEST BY THE NORTH DAVIS FIRE DISTRICT (NDFD) TO CONSIDER ANNEXING SUNSET CITY INTO ITS SERVICE AREA

Mayor Shepherd reviewed the history of the annexation request which began in May of 2017, when the Sunset City Council petitioned the North Davis Fire District (NDFD) for annexation into the District’s service area for fire protection and emergency medical services. He noted the NDFD subsequently passed a resolution requesting Clearfield City take all necessary and appropriate action to annex Sunset City and all real property within its corporate limits into the NDFD. He indicated the Clearfield City Council acted as the Governing Body for the North Davis Fire District and initiated the process on behalf of NDFD but the annexation never occurred because a Petition for Referendum was filed with Sunset City regarding its fire department ordinance which had now been resolved. Mayor Shepherd explained Sunset City had recently petitioned the North Davis Fire District to reconsider its annexation into the District’s boundaries. He reported on November 15, 2018, the NDFD passed its Resolution 2018R-11 requesting Clearfield City, as the Governing

Authority of the NDFD, take all necessary and appropriate action to annex Sunset City and all real property within its corporate limits into the North Davis Fire District service area.

Mayor Shepherd commented the proposed resolution would announce the District's intent to annex Sunset City into its service area, begin a public notice period, schedule a public hearing for January 8, 2019 and begin the 60 day protest period before its consideration. Mayor Shepherd suggested in the future the Council would need to consider reorganization of the District. He reviewed the Board's current configuration and mentioned a restructure would allow Sunset City to fully participate in the future. There was a discussion about the annexation process and the services provided by the District to Sunset City as well as its tax roll impact.

DISCUSSION ON LEGISLATIVE PRIORITIES IN PREPARATION FOR THE 2019 LEGISLATIVE SESSION

JJ Allen, City Manager, stated the purpose for the discussion was to identify priorities for Clearfield City as it approached the 2019 legislative session, which could be communicated to the City's legislators. He noted staff had been working to schedule a meeting with legislators but currently had not been able to identify a date that worked. He indicated if a meeting could not be arranged in a group setting, discussions could be held with individual legislators.

Mr. Allen acknowledged the staff report had included a list of issues the Utah League of Cities and Towns (ULCT) team would be working on:

- Affordable Housing – Bills were expected from the Commission on Housing Affordability and its advisory and work groups.
- Local Option Sales Tax Distribution Formula – There might be movement to modify the “50/50 distribution formula.”
- Public Safety Retirement
- Medical Marijuana – Expected to be addressed in an interim special session of the Legislature.
- Local Direct Democracy

There was a discussion about the difference between affordable housing and housing affordability, cost of land, Clearfield's disproportionate share of the market, cost of materials, the Legislature's view on the fees set by cities in particular impact fees and the pressure each was having on the housing market.

Mr. Allen also explained Local Direct Democracy. He informed the Council that it was the term used to describe when voter referendums were used to overturn the decisions of the local legislative bodies. He commented the process was problematic because local government would make commitments to other parties, such as bonding, that would be halted by the referendum process and governmental entities were limited in how they could defend their positions. He stated legislation might be proposed that would limit the types of issues that could be referred to voters.

There was a discussion about a proposal to change the “50/50 distribution formula” for sales tax revenue. The “50/50 distribution formula” provided 50 percent of the sales tax revenue distributed to cities based on where the product was sold and the other 50 percent of the revenue

distribution was based on population. The proposed legislation intended to ask for sales tax revenue distribution to be changed to 100 percent population distribution. The legislation was presented as one suggestion for addressing the affordable housing issue by providing an incentive for cities to zone for housing rather than commercial/retail use.

DISCUSSION ON ADDENDUM ONE TO THE MEMORANDUM OF UNDERSTANDING WITH LOTUS COMPANY FOR THE REDEVELOPMENT OF MABEY PLACE

Summer Palmer, Assistant City Manager, stated the City and Community Development and Renewal Agency (CDRA) negotiated a Memorandum of Understanding (MOU) with Lotus Company regarding the redevelopment of Mabey Place. City staff, Better City, and Lotus Company worked closely with each other to fulfill the obligations listed in the original MOU. Under that agreement the group worked to:

- Negotiate the purchase of Lakeside Square.
- Close and clear the Clearfield Mobile Home Park (CMHP) for sale.
- Prepare conceptual drawings and plans for both the east and west side of the proposed redevelopment – the proposed downtown for Clearfield.
- Work with ancillary property owners to negotiate and purchase other properties.
- Secure Letters of Interest (LOI) from both SubZero and Marine Products. Marine Products was interested in putting a wakeboard park at Mabey Pond.
- Explore the construction of a bridge which would be an important land mark to provide connectivity for both sides of State Street in the area.

Ms. Palmer remarked it was time to address amending the original MOU given the current progress made on the points listed above. She acknowledged a great deal of thought had been given to what types of development would be best for the community and downtown area. She stated the proposed addendum obligated the parties to, not only continue the work outlined in the original MOU, but also to take the next steps toward the creation of Mabey Place. The purposes of the addendum were as follows:

- Negotiate the land uses at the CMHP site and recommendation that it be comprised of public park space, limited commercial use at or near State Street, with an emphasis on residential uses.
- Develop a preliminary site plan layout at the CMHP site and acknowledge that the residential components would be comprised of various professionally-managed, high-quality, for-rent products.
- Address the construction of a pedestrian bridge being incorporated in the project for connectivity across State Street.
- Address Lakeside Square would be comprised of multi-family, live-work, movie theater, hotel, mixed-use, restaurants, retail, and recreational attractions. Lotus intended to act as a master developer and develop the residential components while working with other groups that had expressed interest in the other uses.
- Explore the creation of a Community Reinvestment Area (CRA) with the power of eminent domain as a tool for insuring the success of the project. The Council was asked if there were any issues with providing the power of eminent domain for the CRA. Ms. Palmer indicated the City hoped not to need the use of eminent

domain but felt it needed to be available. There appeared to be little objection to allowing its availability.

- Commit City planning staff to work with the developer to create a site plan that conformed to the FBC zoning restrictions and/or rectified the differences in a development agreement.
- Begin negotiating a comprehensive development agreement.

Brian Wrigley, Lotus Company, introduced the team that had been working with the City to capture a vision for the redevelopment project and what it might look like. He complimented the City's vision for the project and willingness to partner with Lotus to create a masterpiece. He presented a draft concept plan for the project that included a streetscape view, promenades, pedestrian bridge to connect both sides of the street, a brewery, and a good mix of housing for a variety of income levels.

JJ Allen, City Manager, asked Mr. Wrigley to explain why Lotus believed for rent products were the best option for the project. Mr. Wrigley explained Lotus believed in institutional management, meaning that the investment and management of the properties was best achieved by one owner, Lotus, which could do it better than any other. He continued Lotus was willing to professionally invest in, maintain, and refresh properties it owned for the benefit of the development as a whole. He stated there was the possibility that there could be a time to sell some of the product but it would be the intent of Lotus to sell to people who wanted to live in the community created by the investments of the City and Lotus, not another developer or investor who didn't care about the future of the community. Joe Torman, Lotus, added a lot of cities try to control the quality of the tenant by controlling the types of product that were built. He expressed his opinion the best way to manage a development was to build an amazing product with quality amenities, managed by a great team. Mr. Wrigley explained Lotus Company was not a developer rather a venture investment holding company that built long term investment portfolios. He emphasized the Mabey Place project was not about building and flipping a development but rather creating a masterpiece that was part of a long term equity portfolio. He added the Mabey Place project was intended to be a long term investment for Lotus Company. He stated Lotus Company and the City were a team and if there were ever a time in the cycle that the fundamentals made sense to carve a portion of the development off there would be a team approach to the transaction.

Adam Hughes, Better City, suggested static housing would not produce the vibrant, commercial corridor needed in the City; rather, a product that refreshed the housing stock regularly and for rent products fulfilled that need. He explained housing stock that refreshed regularly brought new patronage for local businesses. He also explained that the project was an investment in the future and for sale products were being built for today's market not the future and the price and quality were affected under that scenario.

Councilmember Phipps expressed a desire to build a sense of community. He expressed concern that high turnover housing did not work toward that goal. He accepted the concept that there might need to be a long term strategy that built that sense of community. Mr. Wrigley explained the macroeconomics for the housing market made the purchase of homes more difficult for families. He indicated the market appeared to see more families renting townhomes, which might

support more commitment to the community. He added the concept for the west side of Mabey Place used more space for townhome development than that of stacked apartment units. Ms. Palmer pointed out the City was experiencing engagement on social media from residents of the City who were tenants, many of whom were choosing to use their time in the City's amenities and investing in the community. Councilmember Roper agreed renters were engaging in the community. Councilmember Phipps acknowledged that renters often engaged in the community. Mr. Wrigley emphasized Lotus Company was not against for sale housing but it was critical it be accomplished in the proper stage of the development.

Councilmember Phipps asked if there was a senior component to the housing plan. Mr. Wrigley acknowledged senior living was a possibility so the market would be explored before finalizing the plan. Councilmember Thompson expressed a desire to see a patio home component to the development with the hope of attracting seniors.

Councilmember Phipps asked if approval of the MOU included confirmation that the site plan concept was the direction the City wanted to see for the development. Mr. Allen responded approval of the MOU indicated support for the direction; the next step would be to negotiate a development agreement that would address the specifics of the development.

Councilmember Bush asked if Depot Street went through the west side development. Mr. Allen responded it would. He asked if the development would connect to the dead end street in the neighboring townhome development. Mr. Wrigley responded the dead end street was a private road and there was no intention to connect to it. Councilmember Bush expressed concern regarding the development's impact on the 450 South intersection. Spencer Brimley, Community Development Director, explained the development was in concept phase and the fine details were constantly being reviewed and addressed as part of the process.

Councilmember Thompson moved to adjourn the work session and reconvene in policy session at 6:59 p.m., seconded by Councilmember Bush. The motion carried upon the following vote: Voting AYE – Councilmembers Bush, Phipps, Roper, and Thompson. Voting NO – None. Councilmember Peterson was not present for the vote.

The meeting reconvened at 7:36 p.m.

DISCUSSION ON THE 3RD QUARTER LOCAL OPTION SALES TAX

Andrew Gruber, Wasatch Front Regional Council (WFRC) Executive Director, explained one of the key sources of revenue for investing in transportation projects at the local level was the "local option" sales taxes. He indicated the Legislature had currently authorized four "local option" transportation sales taxes sometimes referred to as "quarters" (meaning quarters of a percent). He explained Davis County never imposed the third quarter sales tax option and the issue was whether Davis County would impose the sales tax. He stated the third quarter was available as a tool for local governments to receive funding for priority transportation needs in their communities, including projects identified in the Regional Transportation Plan, the Wasatch Choice 2050, and Utah's Unified Transportation Plan.

Councilmember Bush asked if food would be exempt from the sales tax. Mr. Gruber responded the “local option” sales tax was applied in the same manner as all other sales taxes so certain types of food items would be exempt.

Mr. Gruber explained the following:

- Process for imposition of the third quarter “local option” sales tax.
- Eligible uses for the third quarter “local option” sales tax.
- The process for prioritizing the use of the funding.

Process for Imposition

- Action to impose the third quarter “local option” sales tax was required by counties.
- The sales tax could be imposed without a voter referendum.
- The authority to impose the sales tax expires on June 30, 2022.
- The incoming Davis County commissioners were talking about imposing the sales tax in early 2019.

Eligible Uses

- New capacity projects
- Congestion mitigation
- Corridor preservation
- Debt service or bond issuance costs
- Projects relating to regionally significant transportation facilities such as a principal arterial highway or minor arterial highway, a fixed guideway that extended across two or more cities or unincorporated areas, an airport of regional significance, and collector roads.
- Currently, could not be used for maintenance of roads, but the Legislature was willing to consider the possibility of providing flexibility which might include maintenance projects. The legislation would be presented to the Legislature for consideration during its 2019 session.

Process for Prioritizing Funds

- The Council of Governments (COG) shall develop a written prioritization process and submit the process to the Executive Appropriations Committee for approval. The process must include the weighted criteria, data, and application procedures that will be used to rank and prioritize projects.
- Annually, the COG will use the weighting system to prioritize projects and explain any deviations from the weighted ranks.
- The COG must hold a public hearing on the priority list.
- The COG must submit the priority list to the County legislative body for approval.

Mr. Gruber informed the Council that Davis County was expected to see approximately \$12.6 million annually if the tax were imposed. JJ Allen, City Manager, commented the Davis County Commissioners would likely appreciate some indication of support should it choose to impose the sales tax. There was a discussion on how the City might benefit from the funding and which projects might be eligible. The following were a few of the eligible items discussed:

- Maintenance of trails if they were used for commuter purposes.
- Further construction of Depot Street since it provided new capacity.

- Scooter and/or bike lanes.
- Regionally significant streets (Clearfield Station, 500 West Street).
- If approved by the Legislature, road maintenance projects.

Councilmember Roper expressed concern with imposing the tax and the impact it would have on the residents and their personal budgets. He suggested there were better ways to maintain roads. Mr. Allen explained sales tax captured revenues from outside of the County and might be a more equitable way to share in the costs of roads used regionally. Councilmember Thompson commented there was still an impact to residents. Councilmember Roper commented he wanted to fund the much needed road projects but the tax needed to be viewed from the perspective of residents and its impact on them.

There was a discussion on the following points:

- The negative side to differential tax rates.
- How a lower sales tax might be an attractive factor bringing more people to Davis County to shop and live.
- How to fund transportation options that would support the growth and good development that would continue to come to Davis County.
- Providing resources for transportation improvements and choices which provided better economic opportunities through better jobs and higher wages.
- Preventive maintenance of roads being more affordable overall than the rehabilitation of infrastructure.
- The impact to the City’s infrastructure from those driving to and/or through the City.
- Other sources available to the City to meet the transportation needs.

While there was not unanimous support for the implementation of the third quarter “local option” sales tax, there was consensus that the City could indicate its support for the imposition of the sales tax.

Councilmember Thompson moved to adjourn at 8:09 p.m., seconded by Councilmember Bush. The motion carried upon the following vote: Voting AYE – Councilmembers Bush, Phipps, Roper and Thompson. Voting NO – None. Councilmember Peterson was not present for the vote.

**APPROVED AND ADOPTED
This 22nd day of January, 2019**

/s/Mark R. Shepherd, Mayor

ATTEST:

/s/Nancy R. Dean, City Recorder

I hereby certify that the foregoing represents a true, accurate, and complete record of the Clearfield City Council meeting held Tuesday, November 27, 2018.

/s/Nancy R. Dean, City Recorder