

CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
July 12, 2022

3:30 P.M. WORK SESSION – CITY COUNCIL CHAMBERS

CONDUCTING

Mayor David A. Young

ELECTED OFFICIALS David Spencer,
LaNae Millett, Terry Peterson, Jeff Lambson, Tom
Macdonald and Debby Lauret.

APPOINTED STAFF Jamie Davidson, City
Manager; Brenn Bybee, Assistant City Manager; Steven
Downs, Deputy City Manager;

Joshua Adams, Police Chief; Ryan Clark, Development
Services Director; Charlene Crozier, Library Director;
Steve Earl, Deputy City Attorney; Chris Tschirki, Public
Works Director; Brandon Nelson, Finance Director; Bryce
Merrill, Recreation Director; Marc Sanderson, Fire Chief;
Keri Rugg, HR Director; and JoD’Ann Bates, City
Recorder

**NOTE: The referenced report and presentation documents for each discussion may be
viewed at orem.org/meetings under “City Council Presentations”**

PRESENTATION - Parking Permits for Springwater Neighborhood

Lieutenant Paraskeva indicated this parking area is in regards to the Springwater Neighborhood. This neighborhood has collected over 150 signatures on a petition requesting this program be put into place in this area. The council has been provided information regarding a traffic study, and parking violations that have been issued over the past few months. He continued to review some of the specifics of the parking violations that have taken place and the citations issued.

Mayor Young inquired as how the process of the permit program works. Lt. Paraskeva reviewed Orem City Code 19-5-5; "Designation of Residential Parking Areas".

General discussion ensued regarding the details of the process and what an individual needs to do in these areas in order to receive a parking permit.

Lt. Paraskeva continue to review the Springwater area and show the specific streets where this permit process will be applied. He discussed the process they use in order to notify the surrounding residents of the change and the signs and notifications they provide.

General discussion ensued regarding the current UVU parking pass situation. Mr. Davidson indicated the Axis development has recently entered into a contract for extra parking with UVU.

Lt. Paraskeva indicated if there were no further concerns, he would like to proceed and have a resolution approved at an upcoming City Council meeting. It was the general consensus of the council to move this item forward.

PRESENTATION - Gang Loitering

Chief Adams stated every year the Police Department presents gang loitering information to the City Council for their information, and reviewed the city code regarding gang loitering. He stated he feels this has been managed effectively in conjunction with the Utah County Major

Crimes Task Force the School Resource Officer Programs and other after school programs they have in conjunction with the Alpine School District. The city also helps keep their parks well maintained in order to deter loitering in the parks. He stated they do not believe that most of the graffiti occurring within the city is gang based. He indicated they do have several retired gang members from out of state that work and live peacefully in the city.

General discussion continued regarding general gang information.

Mayor Young inquired if there had been any change in the gang culture in Orem. Chief Adams responded they have seen a change in the gang culture. It has moved from a pop culture to more of a social media culture.

AGENDA REVIEW & PREVIEW OF UPCOMING AGENDA ITEMS

The City Council reviewed the evening's agenda and discussion ensued regarding the scheduled items that would be considered.

CITY COUNCIL REPORTS (BOARDS & COMMISSIONS, NEW BUSINESS, ETC.)

Mr. Lambson reviewed the Boards and Commissions for which he represents:

- CARE:
 - They have completed the review and approval of this year's applicants and are now finishing up the agreements.
- Transportation:
 - Round about 1200 south 400 west

- 1600 north to Geneva widening
 - Geneva Road S curve at 400 north
 - 400 east 1600 north light
 - 400 south 400 west new park and water tank
 - Working on Transportation Master Plan
- Neighborhood:
 - They are in the middle of doing their picnic with the police in the parks.
- UTOPIA:
 - Orem is almost completely built out, they are working on one final area
 - Utopia has several new cities that are in the process of building out
- UVU – nothing to report at this time.

6:00 P.M. REGULAR SESSION - COUNCIL CHAMBERS

CONDUCTING

Mayor David A. Young

ELECTED OFFICIALS

David Spencer, Terry
Peterson, LaNae Millett, Jeff Lambson, Debby Lauret, and
Tom Macdonald

APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Steven Downs, Deputy City Manager;

Joshua Adams, Police Chief; Ryan Clark, Development Services Director; Charlene Crozier, Library Director; Steve Earl, Deputy City Attorney; Chris Tschirki, Public Works Director; Brandon Nelson, Finance Director; Bryce Merrill, Recreation Director; Keri Rugg, HR Director; Mark Sanderson, Fire Chief; and JoD'Ann Bates, City Recorder

CALL TO ORDER

INVOCATION / INSPIRATIONAL THOUGHT – Crystal Bartlett

PLEDGE OF ALLEGIANCE – Mark Bartlett

PERSONAL APPEARANCES

Cissy Rasmussen an Orem resident stated her kids have attended Orem schools for 17 years and will continue to attend for the next 10. She stated she believes that Orem schools, families and teachers are better served by remaining with Alpine School District (ASD). Ms. Rasmussen shared the results of an objective survey from Orem school employees. She indicated that 371 surveys were completed, 91% opposed the formation of an Orem only school district. 84% said that they would look for a way to remain in ASD. She was concerned that the Discover Education Consultants (DEC) feasibility study did not take teacher and employee views into account and was concerned as to what else they might have missed. She stated she is concerned that the City Council will not note the following:

- School funding comes from three major areas with property taxes accounting for only 22%.

- The bulk of funding depends on student enrollment and that Orem student population has been steadily decreasing for the past 20 years.
- Orem schools receive an outsized portion, about 80% of the Title I funding in the school district,
- ASD estimates that Orem schools cost \$29 million dollars more than Orem generates in school funding.
- What programs would have to be cut or how much taxes would need to be raised to make up that shortfall.

Ms. Rasmussen stated that DEC has all of this data according to the GRAMA request on the Orem City website and hopes that the study will answer those questions and the City Council will be careful in making what she considers a life-changing decision.

Joel Wright Cedar Hills resident stated he has had 5 children who attend schools in the Alpine School District (ASD) and is concerned with the variable of seismic safety. He indicated that for over 20 years a lot of schools in Orem have not been safe. He stated that Eagle Mountain schools are up to code and Orem schools are not up to code. Mr. Wright concluded by stating he hopes the feasibility study shows what buildings are not safe in Orem and what will be done to fix that.

Chris McFadden Orem resident, stated he has had children who attended Orem schools. He stated he has had 2 children go to the Dan Peterson School which is a school that provides for the students with severe special needs. This school has dedicated physical, occupational and speech therapy, therapy pools, adaptive kitchens, laundry, changing stations, full time nurses, teacher's aid, and class sizes from 8-12 people. He continued to explain that 43 of the 120 students at the Dan Peterson School live in Orem. He stated that the school just put in two small wheelchair swings that cost \$100 thousand dollars and feels that grants from the government are still taxes, whether its local taxes or not. Mr. MacFadden concluded he is concerned for the safety of the special needs students if they are put in traditional schools.

Michelle Lee Orem resident stated there had been a study done by the Educational Intelligence Agency to determine if the district size impacted how much money was allocated into institutional instruction in a district. She stated that in a sample size of 61 school districts nationwide containing 50,000 and 100,000 students which for reference Alpine School District (ASD) contains 85,000 students, which is the largest in the state. They found that only two

districts in this sample size of 61 hit the threshold of allocating 65% of funds to education. Only two school districts were able to allocate 65% of their funds to instructional education, which is 8%. She continued to state Orem students deserve better than this. She indicated that larger school districts equate more money wasted on overhead and not being spent on educational instruction. Currently 1 in 6 Orem students do not attend public schools in Orem which makes her wonder why there are so many Orem parents choosing not to put their students in schools in Orem. She continued to state that Orem's student population is not decreasing but students are leaving Orem schools because ASD is not meeting their needs. She feels the district is too large, and the education system was not meant to function as a department of the state. Ms. Lee concluded by stating that they need local regulation, community involvement, and accountability and does not think any of those are possible when each one of the 7 school board members represents over 12,000 students each.

Jennifer Ellingford Orem resident, thanked the council for their service to Orem City. She stated that she is a mother of four children, a member of the PTA, a wife of a teacher at Orem High School, and recently returned to teaching part-time at Orem High School. She indicated that her husband Brian Ellingford has taught at Orem High School for 16 years, in addition to him teaching he has served on the school community council for many of years, helps with clubs, has set up a cross-curricular writing center and spends many hours outside of contract time helping students with college essays. She feels that although it would be devastating for her husband to leave Orem High School, if there is a split from Alpine School District (ASD), he would look for a job outside of Orem to be able to stay with ASD. She stated that many teachers cannot risk the potential decrease in salaries, benefits, and school programs after the one-year match that is guaranteed by the state and feels good teachers are the most critical part of the education system. She stated that the past few years have been challenging for teachers due to the difficulty of teaching during a pandemic and facing increased criticism from parents in the community. She feels that if they lose experienced dedicated teachers from Orem schools that there will be no army of qualified teachers waiting in the wings to take their spots. Ms. Ellingford concluded by stating that losing a few teachers at each school would be devastating and will hurt the children, the schools, and the community.

Jennifer Young stated she has lived in both Davis County and Orem over the past few years and has four kids who have attended both Orem schools and Davis County schools. She stated she is a second-grade teacher and has had her degree for about nine years. Through teaching she has witnessed students come in and out of different schools. Her biggest concern through studying and Facebook observation is that people are making decisions without getting the data first. She is hoping that others can stay open minded and that the data will shed some new light. Mrs.

Young concluded she worked at a private school in Davis County where she studied many different school models and believes that local control can be best represented by a smaller number.

Jared Whitlock Orem resident, stated all of his children have attended Orem schools. He indicated Alpine School District (ASD) has a AAA bond rating which is very difficult to get and there are very few organizations in the country that have that rating and it has taken more than 17 years to earn the rating. He feels if Orem were to split off, they would not have that bond rating. He continued to state that ASD bonds can be issued at no extra cost above what is already being paid to taxpayers because of their excellent bond rating and because they pay off previous bonds in layers that amount owed does not increase even as more is borrowed. Alpine School District can also pay off previous bonds early because of the lower cost of borrowing which also contributes to lower costs of buildings for taxpayers. Each city in ASD benefits from a bond in building projects as well as in debt that is spread out over many areas so not one area has to bear the burden of the entire cost. In the last several bond cycles that ASD issued Orem has received many benefits. He commented on schools in the Orem area that have been renovated and compared it to Provo saying that Provo School District is struggling. Mr. Whitlock concluded that he feels there are many benefits to being a part of ASD.

Lanae Larson stated she has five children from the ages 17-6 years of age and was anticipating things to eventually go back to normal in the public education system. She ended up pulling her second grader out of public school because she felt as though she couldn't let him go back to school with the influence that it was having on him. She stated her three older children are still in public schools. She expressed that her children are on a laptop 80% of the time and she believes that there is a push back to get every kid on a laptop because education can be manipulated and distorted. She does not feel that teachers, principals, and parents can keep up with the technology because it is changing so rapidly. Her son who she pulled out of public school now goes to a charter school and one thing she really likes about this is the smaller classroom sizes and more parental involvement. She stated that although her son's charter school does not have a lot of money, they hold fundraisers and use parental involvement to their advantage. Ms. Larson concluded that she feels by funneling money back into smaller classroom sizes and teachers it will help because she is more concerned with the structure of her child's mind versus building safety for earthquakes.

Hannah Wolds Orem resident stated she purchased a home and is planning on staying here for the next 60 years. She has been an Orem teacher for the past nine years and she chose to buy her

home in her schools' boundaries because she believes in the education system that Orem currently has. She feels what makes Alpine School District (ASD) a great district is the opportunities that teachers within ASD have. She continued to share some of the personal opportunities she has been able to experience as a teacher with ASD that helped her become a more effective teacher and being able to make an impact on the lives of her students. She is fearful that with the school district split that she will no longer have these opportunities because they will no longer have the number of fifth grade teachers needed to do the activities. She voiced her concern that she has not been heard at past meetings due to comments saying you can't measure student impact. Ms. Wolds concluded by responding to a comment that was made that this is not a political issue because 30 plus minutes were spent on budgeting and money when she believes that it should be about the students.

Murry Lowe Orem resident stated his four children attended schools in Orem within the Alpine School District (ASD). He believes that both sides of the debate share more in common than they believe. He feels the primary goal for everyone is the quality of education for children which he feels is crucial and feels this issue should be taken to a vote. He stated in 2006 the council had a decision whether to take it to a vote and it was voted 4-3 against. He feels there are enough concerned citizens in Orem to make this happen and feels that bigger is not better. Mr. Lowe concluded by stating that bigger is about control and he thinks that if they want to get more responsiveness then they need to make sure they get a new district.

Brain Ellingford Orem resident stated he has been a school teacher at Orem High School for 16 years. He indicated he does see the need to reform in some areas of education but there is nothing that suggests that splitting the district will change parental involvement rates, curriculum that will be taught or how it is taught. He stated Orem High schools receive 5 additional full-time employees beyond what would normally be funded based on population. Other schools like Mountain View and Canyon Junior High have the same situation with only 25% of school funding coming from local taxes. He is concerned if they would be able to maintain extracurricular programs. He continued to state that he works with special needs students and high-risk students in two of his classes. Alpine staffs and maintains the Dan Peterson, ATEC, Polaris High School, Summit High School and East Shore High School as well as summer programs. If the new school district cannot provide these, he feels they will have done these students a disservice and have harmed the members of the community. Mr. Ellingford concluded by urging the council not to vote to put this on the ballot until they are absolutely certain that the at-risk, high needs, and special needs students all receive the help they require.

Aaron Davidson stated he has children who went to the Alpine School District (ASD) and feels they should have postponed this meeting until after the report was out so that we could talk about actual numbers. He asked the City Council to look at financials, morality, ethics, and what ASD board members have said and done and feels when a district gets big the kids become numbers and not individuals. He stated that he respects the integrity of Orem City and wanted to do a feasibility study to look at the numbers but feels that the numbers aren't the most important issue, the kids are most the important issue. He stated they need to look at what an Orem school district can offer to the kids because he feels ASD is just a billion-dollar budget and that it is too big. Mr. Davidson concluded by asking the City Council to take a look at the report when it comes out and keep the kids in mind.

Keith Wilson stated he is married to Ada Wilson who has represented Orem and Vineyard for the past four years on the Alpine School Board and is part of a group called Orem and ASD stronger together. Keith feels this issue is not all about money, it's all about education but education cannot happen without the funding. He feels it has been demonstrated with verifiable historical facts that if Orem becomes its own district and if the schools continue to be funded at current levels, there will be a revenue shortfall of over \$21 million dollars requiring a property tax increase. He stated that in the council meeting he attended in April, Mayor Young assured everyone that raising taxes was not the intent and he would not propose a new district that he believed would require a tax increase. He stated an important expectation is any proposed school district would continue to fund schools at the current level and we're not cutting school funding by tens of millions in order to dodge a tax question. He asked the council on behalf of Orem residents and on behalf of their children that they have assurances that the proposals for a new district will continue to fund schools at the current level. Mr. Wilson concluded that the \$21 million dollar figure is not accurate or complete, there are a number of factors that are not included which include, startup costs in the district, interest rates, and inflation and hoped the feasibility study had taken those into account.

John Barrick Orem resident stated he has studied these issues intensely for the past four months. He indicated he is a CPA and a tax professor and has worked for congress doing revenue analysis and expenditure analysis regarding taxes. He feels it is important to know fact from fiction. He indicated a paper delivered information about revenue analysis and expenditures using two-year-old data. He feels Alpine School District (ASD) has run over a billion dollars since that revenue estimate or expenditure analysis was made. He indicated ASD revised their budget without disclosing it with 819 changes including \$17 million dollars in decreased state funding and \$15 million dollars of increased local funding. He feels ASD is using their tax dollars to

fight against them and feels this is wrong and it is against policy 20-20-40 as well as Utah Political Neutrality laws.

CONSENT ITEMS

APPROVAL OF MEETING MINUTES

Minutes of City Council Meeting - April 26, 2022

Minutes of City Council Meeting - May 10, 2022

Minutes of City Council Meeting - May 24, 2022

Minutes of City Council Meeting - June 14, 2022

Mr. Macdonald moved to approve the Consent Items as listed. **Mr. Lambson seconded** the motion. Those voting aye: David A. Young, David Spencer, Debby Lauret, Tom Macdonald, Jeff Lambson, Terry Peterson and LaNae Millett. The motion **passed**.

SCHEDULED ITEMS

APPOINTMENTS TO BOARDS AND COMMISSIONS

- Planning Commission

James Hawkes, Appointment

Mr. Hawkes indicated he has lived in Orem for 50 years and has 7 children and many grandchildren. Being retired gives him the opportunity to be part of the Planning Commission and looks forward to the chance to serve Orem.

Mayor Young moved to approve the appointments to the Planning Commissions as listed. **Mr. Spencer seconded** the motion. Those voting aye: David A. Young, David Spencer, Debby Lauret, Tom Macdonald, Jeff Lambson, Terry Peterson and LaNae Millett. The motion **passed**.

APPOINTMENT TO BOARDS AND COMMISSIONS

- CDBG Commission

Kenneth Ransom, Reappointment

Tanya Harmon, Reappointment

Giovana Alisa, Reappointment

Mrs. Millett moved to approve the appointments to the CDBG Commissions as listed. **Mr. Macdonald seconded** the motion. Those voting aye: David A. Young, David Spencer, Debby Lauret, Tom Macdonald, Jeff Lambson, Terry Peterson and LaNae Millett. The motion **passed**.

APPOINTMENTS TO BOARDS AND COMMISSIONS

- Public Works Advisory Commission

Brent Tobler, Appointment

Joseph Gordon, Appointment

Robert Moore, Appointment

Gary Morley, Appointment

Mrs. Millett moved to approve the appointments to the Public Works Advisory Commission as listed. **Mrs. Lauret seconded** the motion. Those voting aye: David A. Young, David Spencer, Debby Lauret, Tom Macdonald, Jeff Lambson, Terry Peterson and LaNae Millett. The motion **passed**.

PUBLIC HEARING / ORDINANCE – Amending Section 22-5-3(A) and the zoning map of the City of Orem by rezoning the property located at approximately 659 South 350 West from the R8 zone to the R6 zone.

Mr. Bench stated Michael and Lisa Kelly own a vacant residential lot located at 659 South 350 West as well as the adjacent lot directly to the south. They would like to subdivide the northern parcel into two lots so that two of their children with young families can build homes there.

The vacant parcel is currently zoned R8, but the lot is not quite large enough to be divided into two lots under the R8 zone requirements. However, the lot could be divided into two lots under the R6 zone with one of the lots being a deep lot. The R6 zone requires a minimum lot size of 6,000 square feet and flag lots need to be one-hundred twenty-five percent (125%) of that or 7,500 square feet. If the vacant lot were rezoned to R6 it could be subdivided into two lots with one lot having 7,464 square feet and the second lot having 7,555 square feet. The proposed subdivision would also meet the frontage requirements of the R6 zone as the standard lot would have a width of 87.83 feet and a “net” width of 67.83 feet after subtracting the twenty foot wide access easement to the deep lot. If they are able to subdivide the lot into two lots under the R6 zone, the Kelly’s feel they can help provide their neighborhood with some young families.

Mr. Macdonald inquired if there had been a neighborhood meeting held and asked what the response was regarding this proposal. Mr. Kelly indicated they have support of the neighborhoods.

Mr. Spencer inquired as to the length of the street for fire safety and if this met the requirements. Mr. Bench indicated it does fit code and is not long enough to require a turnabout. He continued to state that Orem City Code requires lot 2 to have a perpetual access. Lot one will own the

entire property but there will be a 20-foot easement across there that will be in perpetuity and will be required to be paved.

Mayor Young opened the public hearing at 6:55 pm.

Hearing no comments Mayor Young closed the public hearing and brought the item back to the City Council for further discussion.

Mr. Peterson moved to approve by Ordinance amending Section 22-5-3(A) and the zoning map of the City of Orem by rezoning the property located at approximately 659 South 350 West from the R8 zone to the R6 zone. **Mr. Macdonald seconded** the motion. Those voting aye: David A. Young, David Spencer, Debby Lauret, Tom Macdonald, Jeff Lambson, Terry Peterson and LaNae Millett. The motion **passed**.

RESOLUTION - Renewal contract for the Office of Legislative Counsel to the Mayor and City Council

Mr. Spencer clarified this renewal is for a term of six months.

Mrs. Millett moved to approve by Resolution to renew the contract for the Office of Legislative council to the Mayor and City Council as proposed. **Mayor Young seconded** the motion. Those voting yes: David A. Young, David Spencer, Jeff Lambson, Terry Peterson and LaNae Millett. Those voting no: Tom Macdonald and Debby Lauret. The motion **passed**.

PRESENTATION - School District Split Feasibility Study

Mayor Young indicated that each City Council member had the opportunity to meet with the consultants and ask any questions they had before the study began. He welcomed Mr. McCarty and Mr. Wankier of Discover Education Consultants (DEC). He introduced and reviewed some of Mr. McCarty's recognitions, achievements, history and qualifications.

Mayor Young continued to introduce Michael Wankier and gave some background as to his qualifications. Mr. Wankier explained to the council his role as an auditor and explained the means in which they requested information from Alpine School District (ASD) and how they looked at other school districts, county, state and other records to get all the data necessary to conclude the study.

Mr. McCarty began his review of the study by stating the table of contents which they felt was the direction from the council to be not only a feasibility study to see if the creation of a new school district would be feasible and sustainable but also what would be the impact on students and teachers, so this is what they focused on which include the following chapters:

- 1) Financial Evaluation
- 2) Student Test Scores, Student Achievement, Title I
- 3) 2022 & 2016 FEMA "Earthquake Safety Study
- 4) ASD Teacher & Administrator Salaries
- 5) Class Size and Student Teacher Ratios
- 6) Student Accessibility to ASD Specialty Classes
- 7) Research Review of School District Size & Intimal Enrollment
- 8) Trends to Consolidate Two or More Schools into One Large School

The Study also includes the following:

- 2004 Pioneer School District Feasibility Study – Utah County Commissioners
- History of the Canyon/Jordan Split & Resulting Tax Impact
- Vineyard & Lindon – Prospects of Students Attending New District Schools
- High Schools' in New District and Continue Participation in UHSAA Activities

- Proposed New District Organizational chart
- New District Boundary Map
- How Funding Works for Utah Public School Education

Mr. Wankier stated they believe it is feasible to have a new school district for the City of Orem and be possible to maintain the status quo without significant changes to taxes. He continued to review the taxable value comparison of various school districts that are primarily neighbors to Alpine School District (ASD). In 2020 the taxable value for ASD as presently constituted was about \$34.2 billion based on a student population of 80,953, which is a value per student of approximately \$422,000 to \$423,000. He continued to state that if that was split into two districts, out of that \$34.2 billion, 6.7% of that value is related to the residents of Orem. He continued to review the value information of the study for 2021 and various situations that would affect the outcome.

Mrs. Lauret inquired if they factored in the value and growth or just value. Mr. Wankier responded they built their model using both but separated them out into new growth and historical value growth.

Mr. Wankier continued to state when they built their model, they went through 3 different estimated household property tax scenarios. He continued to explain each scenario's outcome and how property taxes are affected. They developed a budget estimated with state and federal fees and got the balance for property taxes for each scenario. They felt it was important to calculate each scenario to show the possibilities. He continued to state they thought this was the best way to approach the different scenarios because it gives them something to compare to based on what they are experiencing today. The baseline is keeping everything together with no change from how it is today and just breaking out the numbers and forecasting what the average per year is going to look like for the next 10 years. Mr. Wankier continued to review and explain the 4 baseline scenarios.

Baseline scenarios are as follows:

- 1) No split and a new bond of \$595 million issued; Orem shared in \$116 million of the bond debt with no guarantee of reinvestment in Orem schools and all taxpayers see a 12.8% increase in taxes.
- 2) Orem leaves, no new bonds: Tax increase of 4.2% in Orem; effectively no change in remaining ASD taxes
- 3) Orem leases, ASD bonds for \$595 M: Tax increase of 4.2% in Orem; tax increase in ASD of 15.9 Orem leaves & bonds for \$125M (receives 100%), ASD bonds for \$595M: Tax increase in Orem of 17.9% (compared to baseline; tax increase in ASD of 15.9%

Mr. Macdonald asked for clarification regarding the information presented. It is his understanding that taxes would go up in 3 of the 4 scenarios except the one where they stay with the Alpine School District. Mr. Wankier indicated Mr. Macdonald was correct.

Mrs. Lauret inquired if they figured in the new bond if they were rolling off others or just on top of the existing bonds. Mr. Wankier responded they based it on the amortization of the existing bonds and just layered the new bonds on top.

Mrs. Millett asked if he could clarify the “net zero” statement. Mr. Wankier responded it comes back to how the calculation works without any bond. The amount of debt service gradually decreases each year and because of that your tax rate should go down each year. Your value increases and the amount that has to be paid stays the same the rate is going to change but the total dollars that have to be paid reduce a little bit each year as the bonds amortize. The goal in a net zero situation would be as the property taxes increase you can issue a new bond and have the same rate but the total dollars that you pay still has to increase because you have to cover the old bonds plus the new bonds, he continued to stated it all depends on whether you look at the rate or you look at the dollars. He feels the right way to look at it is the dollars because that's what actually comes out of your wallet. Mrs. Millett asked if what he was talking about would be considered as a tax burden. Mr. Wankier responded she was correct.

Mr. Peterson inquired if Orem has ever received their 19% share of past bonds. Mr. Wankier indicated historically Orem has put in approximately 19% overall and only received approximately 13% of all bond allocations from 2002 to 2021.

Mr. McCarty reviewed the historic bond overview that included the following information:

- From 2002 to 2021, approximately \$120 million of Orem taxes subsidized the building of schools outside of Orem (\$6.3 million annually). This funding comports with the 2004 Pioneer school district study.
- If the \$595 million bond passes, Orem taxpayers would be responsible for the payment of approximately \$116 million (19.44%) over 20 years, with no guarantee as to the amount of reinvestment that would be made into Orem schools.
- Historically, 13.3% of the bond allocations were directed to Orem from 2002 to 2021 and during this same period Orem has paid approximately 28% of the bonds.

Mr. Wankier continued to review the property value trend from 2002 through the fall of 2008 and the steady increase from that time forward. They have used a 5% growth rate but there is a chance there is a decrease followed by an increase which they cannot predict. He continued to review total property taxes collected over time stating forecasts are just that, a forecast and they cannot predict what will happen in the future. Review of forecasted revenues continued with the forecast of state and federal funding estimating a continued increase of approximately 5% growth rate every year. He continued to review the total amount of forecasted General, Capital and Debt Service funds for a new district. Mr. Wankier stated these numbers are assumptions due to not knowing what the new school board would propose.

Mr. Wankier then reviewed the forecasted per student Expenditures: General Fund. They compared numbers from the Alpine School District 2021 budget and the 2023 budget and tried to build what those numbers would be with an increase of 7% after the first year which is built into the 2023 Alpine School District budget. Future numbers are only an estimate based on the new school board and a standard consumer price.

Mr. Peterson quoted some of the data in the study; “Alpine School teachers’ salaries as of fiscal year 2022 are approximately \$7,532 below the national average main salary. Alpine School District administrator salaries are approximately \$2,715. Dollars above the national average main salary”.

Mr. McCarty stated these expenditures are based upon all the full services and benefits that are currently being provided and will continue. They have also looked at shared service agreements. With the split of the Canyons School District, they entered into a shared agreement with Jordan for some of their services. He indicated there is a whole chapter in the study regarding the importance of the teachers' pay and study related to student achievements and recommended they read chapters 4 and 4.1 for that further detailed information

Mr. Wankier stated when they looked at other school districts the percentage of benefits paid to Alpine teachers are higher than it is in other districts. Other districts are around 42% to 45% benefits of salaries. He stated he feels Alpine is doing a really good job from a percentage standpoint of keeping or adding benefits to the teachers. Their benefits are about 53% of the salaries in ASD so they have modeled this into their study.

Mr. McCarty stated by law they are locked in for a year in regards to teacher's salaries, but it is up to the new school board as to what happens after that first year.

Mrs. Lauret stated she knows class size is important to teachers and the larger they are, the more spread thin they are. She inquired if they figured class size into the study and if so, what was the number they used. Mr. McCarty responded that they did factor that into the study. He continued to review the national average and the averages for surrounding districts.

Mr. McCarty continued by reviewed information regarding test score analysis stating the following:

- Orem high school test scores are in a free-fall, indicating severe system issues. Since 2017, the scores for Orem high schools have dropped 11.2% (47.8% to 36.6%). ASD's average dropped 2.3% (53.4% to 51.1%, while the Utah State average increase 7.3% (40.8% to 48.1%)
- Orem junior/middle school test score declined since 2017 is also critical, dropping 8.6% (49.0% to 40.5%). ASD's middle school scores dropped 6.8% (53.2% to 46.4%), while the Utah State average decreased 3.7% (44.9% to 41.2%).

- Orem elementary school scores since 2017 have slightly increase 1.2% (45.9% to 47.1%). ASD's elementary school average dropped 1.9% (53.9% to 52.0%) while the Utah State elementary average dropped 4.5% (48.1% to 43.5%).

Mr. Lambson asked where this data had been collected. Mr. McCarty responded the data was gathered from both the Alpine School District and the Utah Board of Education.

Mrs. Lauret indicated that some of those years were Covid years and asked if that had been calculated into the figures provided. Mr. McCarty responded that when they looked at those years there was no data for testing during that time so they did not use that as part of the average. The time frame used was from the years 2017, 2018 and 2019. The data collected can be found in the study on pages 136-138.

Mr. McCarty continued to review specialty programs. He stated 83% of students have full access to specialty classes living in the west & north ends of the ASD. Approximately 48% of Orem, Pleasant Grove and American Fork students have full access to ASD specialty classes. Specialty classes can range from art, Chinese, French, Spanish, Portuguese immersion, music, physical education, dance, drama, humanities, fine arts, health, advanced learning labs, science technology and many more. He continued to discuss the availability based on area and transportation.

Mr. McCarty continued by reviewing FEMA and Building Safety with the following information:

- In august 2006 ASD retained Reaveley Engineers & Associates to conduct a Seismic Vulnerability Assessment for ASD. This study found 10 schools in Orem had moderate to severe seismic issues.
- Neither the 2006, nor the 2017 Orem School District Feasibility Studies mentioned the Orem schools that needed upgrades/retrofits/replacement.
- In February 2022, State of Utah, FEMA & other entities surveyed every school in Utah, and provided a K-12 Unreinforced Masonry Inventory. ASD has not resolved pressing FEMA issues. In Orem, 12 schools are identified with seismic problems (35% of ASD's 30 unsafe

schools). 4 Orem Schools identified in the 2006 assessment as unsafe remain un-remediated (Orem Jr. High, Sharon, Windsor and Geneva

Mr. McCarty concluded by reviewing Local Representation information as follows:

- A new district will have 7 elected school board members who live in Orem and will represent local communities.
- All tax revenue will stay in Orem
- Canyons School District
- Local representing regarding decisions within the following area should be considered:
 - District structure and budget
 - Teacher compensation and benefits ‘class size and student to teacher ratio
 - Capital investment (new buildings, remodels, FEMA safety, etc.)
 - Quality of education (test scores, specialty programs, etc.)

Mrs. Lauret inquired as to bus services and a bus depot. McCarty stated they did look into that and feel there are many different types of shared services and ideas that could be possible. Some of those possibilities are sharing services between other school districts, private services or other municipalities. Mr. Wankier indicated whatever way they go to provide for those services also depends on what funds they would have and would also be up to the new board.

Mr. Spencer inquired as to how many students are currently being bused in Orem and what the cost per student is. Mr. Wankier stated he is unaware of the number of students that are being bused but could find that information for them. He did indicate he is not for certain but looking at the financial statement of 2021 for ASD he recalls the average cost of transportation for the entire district is somewhere between \$225 and \$275 per student. Due to the geographic size of Orem, it is more in the area of \$120 to \$150 per student.

Mr. Spencer continued to inquire as to how many schools in Orem have FEMA issues. Mr. McCarty indicated there are 12 schools with seismic issues.

Mrs. Millett inquired about and asked for clarification on the depreciation aspect of the overhead that was mentioned and how it related to Orem. Mr. Wankier indicated the depreciation is not included in the general fund so the \$1,900 does not include a depreciation amount. They were focused on the cash in and cash out type of expenses. Depreciation is in the governmental fund and the governmental layer of the financial statements. They didn't look into that because it had a lot of non-cash items. The \$1,900 they are collecting does not include any overhead, that's true cash that they are collecting every year and expending every year and didn't fall into the depreciation for the schools.

Mr. Spencer stated there was information out there that indicated ASD's was subsidizing Orem schools to the deficits of \$21 to \$29 million dollars and asked if they could respond to that question. Mr. Wankier responded that there are 3 main funds they looked at, the General Fund, the Debt Fund and the Capital Fund. He stated in the General Fund there is probably some subsidy depending on how you calculated it. There are Title 1 monies coming into all schools where the money is being expended is in Orem. The Orem schools are collecting somewhere in the neighborhood of \$2 million dollars plus Title 1 money, but the amount that is being spent in those schools, on Title 1 things is \$4 to \$4.5 million, so there is a bit of a subsidy.

Mr. Spencer stated they have heard a lot from teacher's saying their salaries and benefits will be reduced. Mr. McCarty stated that this study indicates that there is a complete transfer of retirement, time and salaries and by law it is greatly implied. They would ask the new school district to carry over any longevity or early retirement programs that are currently in place. Mr. Spencer asked where the money would come from to continue those increases. Mr. McCarty indicated they are going to need approximately \$25 million dollars for that increase. He concluded this is a good question, and they don't have definite numbers or a process that will need to be taken.

Mr. Lambson asked about assets and infrastructure and who would get what if there was a split. Mr. Wankier indicated he does not remember exactly but recalls that roughly 20% of the assets would follow the new district. There would be an arbitration period where this would all be

discussed and determined. Each side needs to look at those assets individually and determine the value of those assets.

Mr. Macdonald thanked Mr. McCarty and Mr. Wankier for their time and efforts in getting this study together. He indicated it was his understanding that taxes will increase in 2 of the 3 scenarios. He also noticed on page 68 the new district has a tax increase every year and the old district has a tax decrease every year based on the proposed numbers. The question is are they getting their fair share or not, the question is will taxes increase at least in 2 of the 3 scenarios and it looks like the Mill Rate level will go up every year increasing property values and property taxes. Mr. Wankier responded this is talking about the overall General Fund in their estimate yes, the Mill Rate does go up. The way they forecasted it there is no guarantee. Mr. Macdonald indicated there are initial costs to make a new district that are outside the purview of this study and somehow, they have to be funded due to a new district not being funded for 2-3 years after the vote of approval. If he understands it correctly, they would need to fund that somehow at the city level and those are not insignificant funds. Mr. Macdonald inquired as to the estimated costs they would be looking at needing to fund. Mr. Wankier responded that Mr. Macdonald is correct. The estimate is based on various different things but startup costs could range anywhere from \$3 to \$6 million dollars. Mr. McCarty indicated that under the law the new school district could pay back up to \$500 thousand dollars to whatever entity gave up to that \$500 thousand. Other monies needed could be taken as a loan or some type of financial agreement in which the new school district would eventually pay back after so many years. There are also funds that would come from ASD and would be addressed during arbitration.

General discussion ensued regarding the effects of the different scenarios and that fact that taxes may go up regardless of whether there is a split or they stay with Alpine School District, the Mill Rate and property taxes, various different funds, bonds issues test scores, class sizes and clarification of previously discussed items.

Mayor Young asked about the drop of test scores and why they were so drastic. Mr. McCarty stated he can conjecture that and it could be based on several different factors. Mr. Wankier indicated to be fair Alpine School District is the most efficient school district.

Mr. Spencer clarified that the bond will go into the Debt Fund and Orem was estimated to receive approximately \$116 million dollars if the schools were split.

Mayor Young voiced his appreciation to Mr. McCarty and Mr. Wankier. He feels they have a lot of reading to do and digesting of the information. He announced they will be having 3 public meetings in the coming weeks in order to have the consultants present the study and answer any questions that are submitted by the public portal. They want to make sure everyone can be educated and get the information they need. Mayor Young concluded by stating the public meetings will be held in the Library Hall on July 13th, 19th and 28th from 7:00-9:00 pm. The council will then meet again on August 2nd at 6:00 pm in order to vote on the findings and the direction they would like to go.

CITY MANAGER INFORMATION ITEMS

There were no City Manager items at this time.

ADJOURN

Mrs. Millett moved to adjourn. **Mr. Macdonald seconded** the motion. Those voting yes: David A. Young, David Spencer, Jeff Lambson, Terry Peterson, Debby Lauret, Tom Macdonald, and LaNae Millett. The motion **passed**.

The meeting adjourned at 9:37 pm.