



CITY OF OREM
CITY COUNCIL MEETING
56 North State Street, Orem, Utah
September 28, 2021

*This meeting may be held electronically
to allow a Councilmember to participate.*

4:00 P.M. WORK SESSION - CITY COUNCIL CHAMBERS

- 1 PRESENTATION - Farley Property Water Tank (20 min)**
Presenter: Sam Kelly, City Engineer and Keith Larsen of Bowen Collins & Assoc.
- 2 UPDATE - Utah Valley University (30 min)**
Presenter: Stephen Whyte, AVP of University Marketing & Communications
- 3 REPORT - Annual Human Resource Report (20 min)**
Presenter: Keri Rugg, Human Resource Division Manager

1. AGENDA REVIEW & PREVIEW OF UPCOMING AGENDA ITEMS

The City Council will review the items on the agenda.

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

This is an opportunity for members of the City Council to raise issues of information or concern.

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

3. CALL TO ORDER
4. INVOCATION/INSPIRATIONAL THOUGHT: Terri Smith
5. PLEDGE OF ALLEGIANCE: John Barrick
6. MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL
7. PERSONAL APPEARANCES – 15 MINUTES

Time has been set aside for the public to express their ideas, concerns, and comments on items not scheduled as public hearings on the Agenda. Those wishing to speak are encouraged to show respect for those who serve the city. Comments should focus on issues concerning the city. Those wishing to speak should have signed in before the beginning of the meeting. (Please limit your comments to 3 minutes or less.)

8. CONSENT ITEMS

- 8.1. APPROVAL OF MEETING MINUTES**
- Minutes of City Council Meeting - September 14, 2021

8.2 APPOINTMENTS TO BOARDS AND COMMISSIONS

**Heritage Advisory Commission:
- Russ K. Sneddon**

8.3 ORDINANCE - CITY CODE UPDATES

An Ordinance Amending various Chapters, Articles and Sections of the Orem City Code

8.4 RESOLUTION - 2021 UTILITY FINANCIAL PLAN

Updating the financial plans to ensure sufficient revenues, ensuring an appropriate debt service coverage ratio and to provide sufficient revenues to fund the proposed projects identified in the utility master plans.

9. SCHEDULED ITEMS

**PUBLIC HEARING/RESOLUTION - Crandall Orchard Open Space
Conservation Easement Resolution of Support**

Action Item

Presenter: Matt Taylor, Senior Planner

10. COMMUNICATION ITEMS

**10.1 MONTHLY FINANCIAL STATEMENT - AUGUST 2021
For Review Only**

11. CITY MANAGER INFORMATION ITEMS

This is an opportunity for the City Manager to provide information to the City Council. These items are for information and do not require action by the City Council.

12. ADJOURN

**THE PUBLIC IS INVITED TO PARTICIPATE IN ALL CITY COUNCIL MEETINGS.
If you need a special accommodation to participate in the City Council Meetings and Study Sessions, please call
the City Recorder's Office at least 3 working days prior to the meeting.
(Voice 801-229-7000)**

This agenda is also available on the City's webpage at orem.org



**CITY OF OREM
CITY COUNCIL
MEETING
SEPTEMBER 28, 2021**

REQUEST:	APPROVAL OF MEETING MINUTES - Minutes of City Council Meeting - September 14, 2021
APPLICANT:	
NOTICES:	
SITE INFORMATION:	
PREPARED BY:	

REQUEST:

BACKGROUND:

RECOMMENDATION:

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CITY OF OREM
CITY COUNCIL MEETING
56 North State Street Orem, Utah
September 14, 2021

3:00 P.M. WORK SESSION - CITY COUNCIL CONFERENCE ROOM

CONDUCTING Mayor Richard F. Brunst

ELECTED OFFICIALS Jeff Lambson, Debby Lauret, Tom Macdonald, Terry Peterson, David Spencer, and Brent Sumner.

APPOINTED STAFF Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Steven Downs, Deputy City Manager; Heather Schriever, City Attorney; Marc Sanderson, Fire Chief; Joshua Adams, Police Chief; Ryan Clark, Development Services Director; Charlene Crozier, Library Director; Jason Bench, Planning Division Manager; and Nathan Nelson, Deputy City Recorder

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

PRESENTATION - 2021 Utility Financial Plan

Mr. Tschirki stated the 2021 Water, Sewer, and Storm Water Master Plans were adopted earlier this year in April. These new plans updated the 2016 master plans and incorporated capital facility project scopes and schedules. A supporting 2021 Utility Financial Plan was created to (1) reflect the changes made in these utility master plans and (2) account for a new hybrid bond / pay-as-you-go funding philosophy. Rate increases were paused in FY21 with respect to the water and sewer utilities. As a result, new water, sewer, and storm water rate schedules were developed.

Mr. Tschirki gave the council an update on Orem Utility Improvement Plan. Mr. Philpot of Lewis, Young, Robertson & Burningham presented a Utility Rate Comprehensive Sustainability Plan to the council. He went through a few of the main objectives of the plan. Mr. Philpot then showed the council some graphs regarding the “Pay-As-You-Go and Bonding Approach.” Mr. Tschirki stated that this approach will spread the burden across generations, softening rates and

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1 providing coverage for large capital projects. Mr. Philpot then presented the council with
2 suggested utility rate adjustments.

3
4 General discussion ensued regarding utility cost over time, utility cost tiers, and city project
5 funding.

6
7 Mr. Lambson asked Mr. Tschirki and Mr. Philpot for the demographics of the different water
8 tiers and what tiers make up what percentage of the overall water use. Mr. Tschirki stated that
9 they have those statistics available and can deliver them to the council later.

10 11 12 DISCUSSION - Crandall Orchard Conservation Easement Introduction

13
14 Mr. Taylor gave the council a brief background on the proposed easement.

15
16 Mr. Hawkins introduced the subject and gave a brief history of the Crandall Property. He then
17 stated the Crandall family would like to enact a conservation easement on part of their property
18 to preserve its operation as a working orchard. Mr. Hawkins went through the estimated cost of
19 the easement, including how the city and Crandall family could acquire this funding. He then
20 went into detail on who would hold the easement if passed, who can fund how much, and stated
21 the property would be open to limited public access such as school field trips. He also stated the
22 Natural Resources and Stewardship Committee recommends this easement. Hawkins asked the
23 council if they would support putting this conservation easement in place, causing discussion
24 regarding current and future costs, as well as the repeatability of the proposed conservation
25 easement.

26
27 Mr. Peterson asked for the pros and cons of this easement. Mr. Hawkins stated the pros involve
28 preserving and recognizing the heritage and history of Orem City. He stated some cons include
29 navigating the easement if work needs to be done on a nearby roads or similar projects, as well
30 as the difficulty of removing the easement if that needed to be done.

31
32 Mr. Hawkins stated the money put forward for this easement would go to the Crandall family in
33 exchange for their developing rights on the property.

34
35 It was a general consensus of the council to move forward with exploring this option.

36 37 38 PRESENTATION - Orem Connected Vehicle Project

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1 Mr. Leonard from the Utah Department of Transportation (UDOT) introduced the council to the
2 concept of Connected Vehicle Technology. He stated a “connected vehicle” uses wireless
3 technology to exchange information with other vehicles on the road, roadside infrastructure, and
4 various other travelers. He stated all these things would feed information to the driver whether
5 that be human or computer, to make the roads safer. He then went through the basics of safety
6 message data collection on connected vehicles. Mr. Leonard then spoke about connected
7 intersections and possible benefits of having emergency vehicles connected to a system like this.
8 Mr. Leonard then updated the council on the past and current development of this system.

9
10 Mayor Brunst asked what other cities would be or have been involved in this project. Mr.
11 Leonard stated all development thus far has taken place on state roads and Orem would be the
12 first complete city to take on this development. He then went over goals for this development.

13
14 General discussion ensued regarding equipment size, placement, implementation, and security.

15
16 Mayor Brunst asked Mr. Davidson for staff’s thoughts on this project. Mr. Davidson stated Orem
17 City Staff likes the idea and thinks that it would improve multiple aspects of transportation in the
18 city. Mr. Leonard then went over a map of proposed roadside unit sites.

19
20 General discussion ensued regarding the use of this technology in civilian vehicles, and how this
21 technology could reduce accidents.

22 23 24 PRESENTATION - Farley Property Water Tank

25
26 Mr. Larsen of Bowen Collins & Associates introduced a progress report and design concepts for
27 the water tank on the Farley property. The progress report included updates on water capacity,
28 public outreach, and the exploration of design concepts.

29
30 Mayor Brunst asked Mr. Larsen if he has received any negative opinions from citizens on the
31 property. Mr. Larsen responded that he wouldn’t call any of the opinions negative, they are just
32 very different from each other. Mr. Larsen stated he is here today to get the council’s go-ahead to
33 present the given design concepts to the public. Mr. Larsen went through the competing design
34 priorities and challenges for this development. He stated some of the concerns for this project are
35 limited parking, limited use for the top of the tank, size of the tank, visual openness, and
36 uncertainty of future property use. Mr. Larsen stated they have designed concepts to address
37 these issues. He stated the design would be focused on hosting the property as a passive park,
38 having the top of the tank decorated with native grasses, perennials, and shrubs. He also stated
39 there would be a focus on the exterior trail. Mr. Larsen then showed the council the design
40 concept for the property and went through all of the features.

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1 Mayor Brunst asked if the tank construction would be visible to the public. Mr. Larsen
2 responded that besides two tank vents, nothing of the tank would be visible.

3
4 Discussion ensued regarding the height of the tank and fencing, whether the land on top of the
5 tank would be accessible to the public, and property parking.

6
7 Mr. Spencer said he would like to see this tank as low as possible in the property.

8
9 Mr. Macdonald stated he would like to see walking paths kept off the top of the tank.

10
11 Mayor Brunst expressed that he would like to see updated elevation and path designs presented
12 to the council before presenting anything to a neighborhood meeting.

13
14 Mr. Peterson stated he would like to see this tank buried as much as possible.

15
16 Mrs. Lauret stated she would like to see a perimeter fence similar to the one at the Sego Lily
17 water tank property.

18 19 20 PRESENTATION - City Code Update

21
22 Mrs. Schriever presented a summary of these proposed changes to the City Code. These include
23 replacing terms like "Public Safety" with "Police Department," as well as changing
24 "Administrative Services" to "Finance Department." She then went through some gender-neutral
25 code update changes and stated there was some code renumbering that needed to also take place.
26 Mrs. Schriever went through various other updates, including campaign finance contact
27 information, adjusting references to renumbered city code, and introducing a new class of
28 GRAMA records requests.

29
30 Mr. McKnight presented changes and updates to the animal control code after which Mrs.
31 Schriever presented various updates to criminal offenses, state code reference, city manager
32 emergency authority, and home occupations. Mr. McKnight then showed changes to towing
33 company code updates, spoke on various gender-neutral wording updates, and small changes to
34 the sexually oriented business code. Mrs. Shriver then went over zoning enforcement code
35 updates.

36
37 Mr. McKnight gave the council an overview and summary of changes that came with
38 transferring the Neighborhood Preservation Unit to the Neighborhood Improvement Team.
39 Changes in this section mainly revolved around transferring the language mentioning police
40 officers to updated terms referencing NIT officers/employees.

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Mrs. Schriever concluded by presenting a list of administrative changes in this city code update, mainly inserting a hearing officer instead of having an employee's appeals board. She finished by going over changes to tree stewardship, traffic courts, and garage sales.

AGENDA REVIEW & PREVIEW OF UPCOMING AGENDA ITEMS

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

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

Mrs. Lauret reviewed the boards and commissions she is a representative for

- Summerfest: they will be finding a new contractor for next year's Summerfest.
- Arts Council: they are holding concerts in the City Center Park and vinyl wrapping more utility boxes throughout the city.
- Natural Resource Stewardship Committee: They recently visited other cities' water tank parks as well as rain barrels.

Mayor Brunst asked Mrs. Lauret for more information, she stated it would get that information to him.

Mr. Spencer asked Mr. Clark about the status of a rezoning application on the Christiansen property. Mr. Clark stated the county assessor sees the property as a residential zone and it won't have any impact on property tax. The council expressed their support for this rezone.

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

CONDUCTING

Mayor Richard F. Brunst

ELECTED OFFICIALS

Jeff Lambson, Debby Lauret, Tom Macdonald, Terry Peterson, David Spencer, and Brent Sumner

APPOINTED STAFF

Jamie Davidson, City Manager; Brenn Bybee, Assistant City Manager; Steven Downs, Deputy City Manager; Heather Schriever, City Attorney; Marc Sanderson, Fire Chief; Joshua Adams, Police Chief; Ryan Clark, Development Services Director; Charlene Crozier,

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Library Director; Chris Tschirki, Public Works Director;
Brandon Nelson, Finance Director; Jason Bench, Planning
Division Manager; Steve Earl, Deputy City Attorney; and
Nathan Nelson, Deputy City Recorder

CALL TO ORDER

INVOCATION / INSPIRATIONAL THOUGHT Robert Murdock

PLEDGE OF ALLEGIANCE Lyndon Murdock

MAYOR'S REPORT/ITEMS REFERRED BY COUNCIL

PRESENTATION - Library Advisory Committee

Ms. Richards Library Advisory Board Chairperson, provided a pamphlet for the council containing various statistics about library activities. Ms. Richards stated that during the summer they moved the Storytime activities to the stage at the City Center Park to comply with COVID regulations. She mentioned because of this they were able to reach and include children and families they couldn't reach prior. She then went over a few various activities the library has been hosting.

Mr. Peterson asked Ms. Richards if every book had a place in the Orem library, or if there are books deemed inappropriate for the library. She stated it's a case-by-case basis and depends on how well the book is written, recommended, and received. Mr. Peterson went into detail about how he checked out two books supposedly meant for children that he felt were highly inappropriate and asked why the library would have those books available. Ms. Crozier stated he could submit those books for review, and if library personnel found them inappropriate, they would be removed.

PERSONAL APPEARANCES

Time was allotted for the public to express their ideas, concerns, and comments on items not scheduled as public hearings on the agenda. Those wishing to speak should have signed in prior to the meeting, and comments were limited to three minutes or less.

Byron Taylor expressed his concern with "communication deficiencies" in Orem City. He stated that he received a flyer in the mail informing him about a planning commission meeting that was taking place later that day. He expressed this was received much too late for him to attend the meeting. Mr. Taylor then stated he wanted to find some planning information and had to jump through way too many hoops to get it.

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Sam Lentz read a statement from a petition with over 2,200 signatures supporting LGBTQ+ topic displays at the Orem Library. The statement expressed that these displays help include and educate groups and bring our community together.

Richard Davis stated he and Sam Lentz were the instigators of this petition. He expressed he has had past experience being part of a group facing prejudice and stated was grateful when someone stood up for his group. He stated that by including marginalized groups in things like library displays can teach understanding and bring the community together.

John Livingston stated he works with an organization called Now I Can that helps treat children with Neurological disorders. He stated the nonprofit organization would like to buy some property in Orem to build a treatment center. He asked the council for support on this project.

Neal Lebaron stated he is a board member for Now I Can. He stated a former Vice President of the United States said the moral test of any government is how they treat children, elders, and the sick. He then expressed that he would like the council to show consideration for the group.

Patty Henwood stated she would like to see the concerned property acquired by the Now I Can nonprofit organization and asked the council to help with this.

CONSENT ITEMS

- APPROVAL OF MEETING MINUTES

- Minutes of City Council Meeting - August 9, 2021
- Minutes of City Council Meeting - August 24, 2021

- APPOINTMENTS TO BOARDS AND COMMISSIONS

Summerfest Commission:

- Venessa Sewell, Appointment
- Anne Turner, Appointment
- Liz Woolf, Re-Appointment
- Ashlie Mann, Re-Appointment

- RESOLUTION - Authorizing the Mayor to Sign a Water Supply Agreement Between the City of Orem, Central Utah Water Conservancy District and the Metropolitan Water District of Orem

Mayor Brunst moved to approve the Consent Agenda as listed. **Mr. Macdonald Seconded** the motion. Those voting aye: Richard F. Brunst, Jeff Lambson, Tom Macdonald, Terry Peterson, Debby Lauret, David Spencer, and Brent Sumner. The motion **passed**.

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SCHEDULED ITEMS

PUBLIC HEARING / RESOLUTION - Projected Use of Funds for CARES ACT CDBG-CV funding and consider approval of a substantial amendment to the 2019-2020 Annual Action Plan

Ms. Mathews stated in response to the Coronavirus Pandemic (COVID-19), the U.S. Department of Housing and Urban Development Community Development Block Grant provided the City of Orem with a second CDBG allocation of \$287,940 to be used to prevent, prepare for, and respond to COVID-19. The CDBG Advisory Commission recommends that the Orem City Council allocates funding from the previously allocated \$39,681.68 in CDBG-CV public services funding to Community Action Services and Food Bank to help purchase and install a new walk-in cooler to help respond to the increased need during the pandemic. The City of Orem also plans to re-allocate \$20,000 in CDBG-CV funding previously allocated to the Orem Senior Friendship for a capital plumbing repair project for public services.

Mayor Brunst opened the Public Hearing at 6:37pm. Hearing no comments, the mayor closed the Public Hearing and brought the item back to the council for further discussion.

Mr. Macdonald moved to accept the projected Use of Funds for CARES ACT CDBG-CV funding and approve the approval of a substantial amendment to the 2019-2020 Annual Action Plan **Mrs. Lauret seconded** the motion. Those voting aye: Richard F. Brunst, Jeff Lambson, Tom Macdonald, Terry Peterson, Debby Lauret, David Spencer, and Brent Sumner. The motion **passed.**

PUBLIC HEARING / ORDINANCE - Amending Appendix A of the Orem City Code by enacting Standard Land Use Code 6264 Small Pediatric Neuro Physical Therapy and making such use permitted in the R7.5 zone and enacting Section 22-6-9(L) Small Pediatric Neuro Physical Therapy to establish requirements for a shall pediatric neuro physical therapy facility in the R7.5 zone.

Mr. Bench introduced the topic and showed the council which areas of the city this change could affect. He then gave the council a brief history of the property the Now I Can foundation wishes to use and stated the property has been sitting vacant for many years. Mr. Bench then went through the rules this proposed ordinance sets in place for Small Pediatric Neuro Physical Therapy establishments. These include not providing therapy to more than five children at a time and having at least eight parking stalls on the property.

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1 Mr. Brunst asked Tracy Christensen to explain what the foundation does, how much parking the
2 proposed property would have, how large the building is, and how much this treatment costs.

3 Mr. Peterson stated this group came to a Planning Commission meeting and he was very
4 impressed with them in many ways.

5
6 Mr. Macdonald stated that he knows about this group, and he supports this ordinance.

7
8 Mayor Brunst opened the Public Hearing at 6:47pm

9
10 Katie Paulfreeman said her son Zack has disorders that Now I Can has helped with and she
11 stated they would be a wonderful addition to Orem.

12
13 Kristen Palmer stated that when her daughter was young their doctor said she would never be
14 able to walk. She expressed how her daughter can walk because of Now I Can. She stated this
15 new facility would be great for Orem.

16
17 Rebecca Swindell stated she's involved in many ways with this subject and property. She
18 expressed that Now I Can is a unique and great fit for the property and asked the council to
19 support this ordinance.

20
21 Mr. Whitman stated he is usually in council meetings opposing buildings in his neighborhood.
22 He then explained that when this property was built, he was not thrilled, but now that Now I Can
23 would like to purchase the property, he could not be happier.

24
25 Ms. Tiffany stated her son has mild cerebral palsy. She stated that when he was three years old,
26 they found out about Now I Can and because of them he can walk, run, and has better motor
27 skills. She expressed how she cannot speak highly enough of this organization, and she would
28 love to see this great addition to Orem develop.

29
30 John Livingston brought up Colby Christensen, who he expressed is the reason why Now I Can
31 exists. Ms. Christensen then expressed how treatments like this have blessed her life.

32
33 Mayor Brunst closed the Public Hearing and brought the item back to the City Council for
34 further discussion.

35
36 **Mr. Peterson moved by Ordinance to** Amend Appendix A of the Orem City Code by enacting
37 Standard Land Use Code 6264 Small Pediatric Neuro Physical Therapy and making such use
38 permitted in the R7.5 zone and enacting Section 22-6-9(L) Small Pediatric Neuro Physical
39 Therapy to establish requirements for a shall pediatric neuro physical therapy facility in the R7.5
40 zone. **Mr. Spencer seconded** the motion. Those voting aye: Richard F. Brunst, Jeff Lambson,

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Tom Macdonald, Terry Peterson, Debby Lauret, David Spencer, and Brent Sumner. The motion passed.

PUBLIC HEARING / ORDINANCE - Amending portions of Section 22-11-56 PD-43 (Auburn Meadows) 2000 South Geneva pertaining to the approved uses in the PD43 zone for Area B. Also amending Appendix LL of the Orem City Code with updated concept plans and elevations pertaining to Area B.

Mr. Bench stated the original concept plan for the PD-43 zone established an Area A and an Area B. The original concept plan shows Area A being developed with attached residential units and Area B being developed as a senior independent living facility. As the area has developed over the last few years, the developer of the PD-43 zone now believes that Area B would be more productively developed as a grocery store and other commercial uses. Area B is located at the corner of Geneva Road and 2000 South and is a desirable location for commercial uses. The applicant also proposes to expand the area of Area B (by taking land from Area A) in order to facilitate the development of a grocery store. The applicant proposes to amend Appendix “LL” of the Orem City Code to amend the concept plan for the PD-43 zone to increase the size of Area B and to show two alternate development possibilities for two different-sized grocery stores. Plan A has a small grocery store and commercial space fronting on Geneva Road. Plan B has a larger grocery store and one commercial pad, possibly for a fast food establishment, in the southeast corner of Area B. Moving a portion of Area A to Area B will also require the applicant to relocate 12 residential units to other parts of Area A and to eliminate nine residential units from the project. In addition to the proposed amendment to the concept plan, a few technical amendments are also proposed to the text of the PD-43 zone (Section 22-11-56). A neighborhood meeting was held on May 14, 2021 with four people in attendance.

Mrs. Lauret expressed that she lives in the area and a grocery store would be a welcome addition.

Mr. Spencer asked if the developer would have to have a traffic study to proceed with this project. Mr. Bench stated they would.

General discussion ensued regarding project timelines, parking in the area, and neighborhood meetings.

Mayor Brunst opened the Public Hearing at 7:13 pm.

Sandy Morgan stated that she owns 2000 North and expressed that the developers want to push her out of her property. She stated she has a large horse business and has already been pushed

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1 out of American Fork. She also expressed the area cannot handle added traffic and parking
2 needs.

3
4 Mrs. Paula expressed her concern for the traffic and parking in the area and stated a development
5 like the one proposed would make the issue even worse.

6
7 General discussion ensued regarding development timelines, property rights, and allowed
8 parking locations.

9
10 Mr. Taylor expressed concern with the parking and traffic in the area. He stated that this morning
11 there were 51 cars parked on the side of Geneva. He expressed concern that the proposed
12 development would cause the traffic and parking in the area to worsen.

13
14 A resident got up and stated she lives in the home just north of this area and is concerned she did
15 not receive a notice for the neighborhood meeting regarding this project.

16 David Harrison stated he received the notice for the Planning Commission meeting the day after
17 it happened. He then expressed concern for the traffic and parking in the area and stated the
18 proposed development would make the issue much worse.

19
20 Elaine Scofield expressed her concern about the parking in the area and stated the proposed
21 development would make this problem worse.

22
23 Mayor Brunst closed the Public Hearing at 7:36 pm and brought the item back to the City
24 Council for further discussion.

25
26 Mr. Sumner expressed his concern for the parking and traffic in the area and stated this
27 development would make the problem worse. He stated he would like to see a market in the area,
28 but the council should wait until Geneva Road is more built out. He finished by saying he does
29 not think he could support the current development.

30
31 Mr. Davidson stated this conversation is not about this development versus a green field, but this
32 development versus another potentially better, or potentially worse development. This sparked
33 general discussion regarding planning options, parking, and traffic in the area.

34
35 Mr. Spencer stated he would like to see the project paused and possibly hold another
36 neighborhood meeting.

37
38 Mr. Peterson expressed support for another neighborhood meeting and stated he would like to
39 hear what citizens would like to see in the area.

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Mayor Brunst stated he is not comfortable moving ahead with all the current parking issues.

General discussion about parking issues in the area and possible alternatives the city and developer could take.

Mr. Spencer moved to continue the item to October 26th at 6:00 pm. **Mr. Lambson seconded** the motion. Those voting aye: Richard F. Brunst, Jeff Lambson, Tom Macdonald, Terry Peterson, Debby Lauret, David Spencer, and Brent Sumner. The motion **passed**.

RESOLUTION - Designating a portion of 150 North between 668 West and 800 West as both "Parkside Lane" and "150 North".

Mr. Bench showed a summary of the proposed resolution which changes the name of the road in question to match the name of the elementary school that sits on it.

John Shelton, the principal, stated their school is now called Parkside Elementary and they would like the name of the adjacent road to match.

Mr. Macdonald moved by Resolution to designate a portion of 150 North between 668 West and 800 West as both "Parkside Lane" and "150 North." **Mr. Spencer seconded** the motion. Those voting aye: Richard F. Brunst, Jeff Lambson, Tom Macdonald, Terry Peterson, Debby Lauret, David Spencer, and Brent Sumner. The motion **passed**.

COMMUNICATION ITEMS

There were no communication items at this time

CITY MANAGER INFORMATION ITEMS

Mr. Davidson had no additional items at this time.

ADJOURNMENT

Mayor Brunst moved to adjourn to a closed meeting for a strategic session to discuss pending or reasonably imminent litigation, pursuant to Utah Code Section 52-4-205(1)(c). **Mr. Macdonald seconded** the motion. Those voting aye: Richard F. Brunst, Jeff Lambson, Tom Macdonald, Terry Peterson, Debby Lauret, David Spencer, and Brent Sumner. The motion **passed**.

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- 1 The closed meeting began at 8:05PM
- 2 The closed meeting adjourned at 9:35PM



**CITY OF OREM
CITY COUNCIL
MEETING
SEPTEMBER 28, 2021**

REQUEST:	APPOINTMENTS TO BOARDS AND COMMISSIONS Heritage Advisory Commission: - Russ K. Sneddon
APPLICANT:	
NOTICES:	
SITE INFORMATION:	
PREPARED BY:	

REQUEST:

BACKGROUND:

RECOMMENDATION:



Boards, Committees, and Commissions Application

PERSONAL INFORMATION

Applicant: **Russ K. Sneddon**

Address: [REDACTED]

Orem, UT 84057

Phone: [REDACTED]

Email: [REDACTED]

Preferred Communication	Emergency Contact	Emergency Contact #
Email	[REDACTED]	[REDACTED]

AVAILABILITY

BOARDS & COMMISSIONS

1st Choice	2nd Choice	3rd Choice
Heritage Advisory Commission	Library Advisory Commission	

Please summarize why you wish to serve on a city board or commission:
I have worked with the Heritage Commission in the past, and have a continued interest in participating and helping to further recognize all of those who serve.

Brief Biography

Lifelong Orem resident (mom still lives in the historic district down on 1010 South). Have served in three branches of the U.S. military since 1982, and have worked professionally in public safety services (police, fire, EMS) since 1988. Have also served since 2007 with the Utah State Critical Incident Stress Management Team, currently filling a position as 2nd Chair with the executive board.
--

Previous Experience

Orem Heritage Commission

Application Submitted: 7/12/2017

ORDINANCE NO. _____

AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF OREM AMENDING
VARIOUS CHAPTERS, ARTICLES AND SECTIONS OF THE OREM CITY CODE

WHEREAS it is necessary for the City Council to amend various chapters, articles and sections of the Orem City Code to accurately reflect changes and modifications in state law; to reflect changes in the City's organizational structure, operations and assignments; to reflect modifications to violations, penalties fines or fees for municipal ordinance violations; to remove references to specific genders; and to correct scrivener's errors; and

WHEREAS the City Council finds the proposed amendments reflected herein and attached hereto as Exhibit A to be in the best interest of the City and necessary to protect and preserve the health, welfare and safety of residents in general; and

WHEREAS the matter having been submitted to the City Council and the City Council having fully considered the amendments as they relate to the health, safety, and general welfare of the City.

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, AS FOLLOWS:

1. The City Council hereby amends, enacts, or repeals the following chapters, articles and sections of the Orem City Code as reflected herein and included in Exhibit A (any portions of the Orem City Code that are not specifically amended by this ordinance shall remain in full force and effect as currently written).
2. Pursuant to Utah Code §10-3-704, specific amendments to Chapter 5 Animal Control provide:
 - a. Violations of Orem City Code §§ 5-1-10, 5-1-11, 5-3-1, 5-3-4, 5-3-5, 5-3-6, 5-6-1 are punishable by an infraction, subject to a fine in an amount not to exceed seven hundred fifty dollars (\$750.00) for a first, second, and third offense. A violation of the above-named sections shall be punishable by a Class B Misdemeanor, subject to a fine in an amount not to exceed one thousand dollars (\$1,000.00) or imprisonment for a period not to exceed six (6) months, or by both fine and imprisonment, for a fourth or subsequent offense within 12 months.
 - b. Violations of Orem City Code § 5-4-2 shall be punishable by an infraction, subject to a fine in an amount not to exceed seven hundred fifty dollars (\$750.00) for a first offense. A violation of § 5-4-2 shall be punishable by a Class B Misdemeanor, subject to a fine in an amount not to exceed one thousand dollars (\$1,000.00) or imprisonment for a period not to exceed six (6) months, or by both fine and imprisonment, for a second or subsequent offense.

- c. Violations of Orem City Code § 5-1-9 shall be punishable by a Class C Misdemeanor, subject to a fine in an amount not to exceed seven hundred fifty dollars (\$750.00) or imprisonment for a period not to exceed ninety (90) days, or by both fine and imprisonment.
 - d. Any other violation of Chapter 5, shall be punishable by a Class B Misdemeanor, subject to a fine in an amount not to exceed one thousand dollars (\$1,000.00) or imprisonment for a period not to exceed six (6) months, or by both fine and imprisonment.
 - e. The fine for a conviction of an infraction under Chapter 5 shall be no less than one hundred dollars (\$100.00). The fine for a conviction of a Class C Misdemeanor under Chapter 5 shall be no less than one hundred dollars (\$100.00). The fine for a conviction of a Class B Misdemeanor under Chapter 5 shall be no less than five hundred dollars (\$500.00).
- 3. When a violation of the Orem City Code includes the possibility of imprisonment, the City of Orem is required under Utah Code § 78B-22-301 to provide for indigent defense services as that term is defined in Utah Code § 78B-22-102.
 - 4. If any parts of these ordinance amendments shall be declared invalid, such decision shall not affect the validity of the remainder of this ordinance.
 - 5. All other ordinances, policies, and resolutions in conflict herewith are hereby repealed.
 - 6. This ordinance shall take effect immediately upon passage and posting in three public places within the City.

PASSED, APPROVED, AND ORDERED POSTED this ____ day of _____ 2021.

Richard F. Brunst Jr., Mayor

ATTEST:

JoD'Ann Bates, City Recorder

COUNCILMEMBER	AYE	NAY	ABSTAIN
Richard F. Brunst	☐	☐	☐
Jeff Lambson	☐	☐	☐
Debby Lauret	☐	☐	☐
Tom Macdonald	☐	☐	☐
Terry Peterson	☐	☐	☐
David Spencer	☐	☐	☐
Brent Sumner	☐	☐	☐

EXHIBIT A

City Code Amendments

CHAPTER 3. ALCOHOLIC BEVERAGES

Article 3-2. Licenses

3-2-16. Right to a hearing.

- A. A licensee shall have the right to request a hearing to contest the existence of any violation of this Chapter or the imposition of any penalty. The City shall send written notice of a violation of this Chapter to the licensee at the address listed in the licensee's license application. A written request for a hearing must be filed by the licensee with the ~~Police Department~~ Department of Public Safety within fifteen (15) days of the date of mailing of the City's notice to the licensee. The request for a hearing shall include the licensee's name, address, telephone number, and a statement of the licensee's basis for disputing the existence of a violation or the imposition of a penalty. A timely request for a hearing shall stay the imposition of any penalty until the hearing is decided. The City's finding of a violation shall be considered final if the licensee fails to request a hearing within the time period set forth above.

CHAPTER 5. ANIMAL CONTROL

Article 5-4. Rabies Control

5-4-3. Quarantine and disposition of biting or rabid animals.

- C. Any animal of a species subject to rabies that bites a person or animal or is suspected of having rabies may be seized and quarantined for observation for a period of not less than ten (10) days by a law enforcement officer. The owner of the animal shall bear the cost of confinement. The District Animal Shelter shall be the normal place for quarantine, but other arrangements, including confinement by the owner, may be made by the Police Department if the animal had a current rabies vaccination at the time the bite was inflicted or if there are other special circumstances justifying an exception. A person who has custody of an animal under quarantine shall immediately notify the ~~Police Department~~ Department of Public Safety if the animal shows any signs of sickness or abnormal behavior, or if the animal escapes confinement. It shall be unlawful for any person who has custody of a quarantined animal to refuse to allow an officer to make an inspection or examination during the period of quarantine. If the animal dies within ten (10) days from the date of the bite, the person having custody shall immediately notify the Police Department or immediately remove and deliver the head to the State Health Laboratory to be examined for rabies. If, at the end of the ten (10) day quarantine period, the Police Department examines the animal and finds no sign of rabies, the animal may be released to the owner; or, in the case of a stray, it shall be disposed of as provided in this Chapter.
- F. It shall be unlawful for any person to remove any quarantined animal from the place of quarantine without written permission of the ~~Police Department~~ Department of Public Safety.

CHAPTER 12. LICENSES AND BUSINESS REGULATIONS

Article 12-5. Requirements for Specific Occupations

12-5-8. Solicitors.

- A. **Purpose.** The purpose of this Section is to protect city residents from unreasonable intrusions upon residential privacy, consumer fraud, and deceptive, high-pressure, factually unbalanced, or otherwise unfair consumer sales practices, in a manner consistent with the constitutional rights of residential commercial solicitors to communicate their messages to willing residential listeners.

2. The ~~Orem Police Department~~ ~~Orem Department of Public Safety~~ (hereinafter, the “Department”) has investigated complaints and problems relating to residential solicitation within the City, including the following: The Department investigated fourteen complaints involving residential solicitation in 2006 and twenty-six complaints in 2007. Residents complained, among other things, about residential solicitors trespassing, surveilling residents’ property, refusing to leave the complainant’s property when asked, contacting residents at homes posted with a “No Solicitation” sign, selling stolen property, representing nonexistent businesses, claiming to represent a legitimate business when in fact they didn’t, and using aggressive sales techniques. Based upon such investigation, the Department has concluded that commercial door-to-door solicitation within the City often involves intrusions upon residential privacy, consumer fraud, and unfair consumer sales practices.

10. **Certificate Registry.** The Director shall maintain and make available for public inspection a record of every application received together with any information pertaining thereto, all Certificates of Registration issued, and all pending and denied applications, with the exception of any portion of the application received and any information pertaining thereto that qualifies as private or protected within the meaning of the Government Records Access and Management Act, Utah Code Ann. § 63-2-101 et seq. Each application shall be numbered in consecutive order and each Certificate of Registration issued shall be assigned a number exclusive to the Registered Solicitor. Each Certificate of Registration renewed shall be identified with the duplicate number of the application upon which it was initially issued. The Director shall furnish to the ~~Director of Public Safety~~ ~~Police Department~~ a listing of all Certificates of Registration issued and renewed and such Director shall maintain such listing for public inspection and for identification.

CHAPTER 12. LICENSES AND BUSINESS REGULATIONS

Article 12-5. Requirements for Specific Occupations

12-5-13. Towing and Parking Enforcement Companies.

A. Definitions.

Rate List means a list of certified and licensed towing companies and the rates charged for their services, maintained by the Police Department. Such list is provided to motorists who request the names of towing companies from ~~public safety~~ police officers.

E. Requirements for conducting business.

1. Persons conducting towing or parking enforcement services in the City shall do the following:

- a. Maintain a business name that is not substantially similar to the name of any of the City of Orem's departments responsible for parking enforcement and towing services;
- b. Comply with the current Utah Department of Transportation rules and regulations for tow truck operators if the company has a tow truck(s);
- c. Maintain a Department of Transportation certificate for each tow truck during the term of the license;
- d. Provide a certificate of insurance showing proof of valid property damage liability insurance issued by an insurance company authorized to do business in the State of Utah.
 - i. A certification from the insurer as to duration, kind and extent of insurance, shall be kept on file with the City of Orem business license department.
 - ii. The licensee or his insurance agent shall notify the City of Orem of any termination or change of policy. Failure to do so shall be grounds for suspension or revocation of any business license or registration issued under this Chapter.
- e. Affix permanent readable signs on the doors of any tow truck or parking enforcement vehicle listing the applicant's business name, address and telephone number;
- f. Provide a surety bond of \$1,000.00 from good and sufficient sureties to ensure continued compliance with this Chapter.
- g. Provide competent evidence that the towing company stores motor vehicles in a secure fenced area, enclosed yard or building;
- h. Ensure that all personnel operating tow trucks are carrying within the vehicle a current certification card issued by the Utah Department of Transportation and a valid Utah driver's license which authorizes operating a tow truck. Parking enforcement companies which do not provide towing services shall ensure that their personnel carry a valid Utah driver's license and a company identification card identifying the driver as an employee of the parking enforcement company;
- i. On or before December 31st of each year, towing or parking enforcement companies must file the following with the Police Department ~~Department of Public Safety~~:
 - i. A current copy of the towing company's Utah Department of Transportation certification;
 - ii. A current list of names and birth dates of employees who will have access to vehicles;
 - iii. Current proof of insurance as required by Orem City Code 12-5-13 (E)(1)(d)
 - iv. Current proof of surety bond as required by Orem City Code 12-5-13 (E)(1)(f);
 - v. A current schedule of fees; and
 - vi. Copies of all written contracts entered into pursuant to Orem City Code Section 19-7-5(F).
- j. Every parking enforcement and towing company licensed or registered and providing services pursuant to this Chapter shall post in a conspicuous place upon its business premises a true copy of this Section as well as Article 19-7-1 et seq. of the City Code.

CHAPTER 12. LICENSES AND BUSINESS REGULATIONS

Article 12-8. Race Permits

12-8-3. Application for permit.

A person seeking a race permit shall file a completed application with the ~~Director of Public Safety~~ Police Chief on a form provided by the ~~Department of Public Safety~~ Police Department. Completed permit applications will be processed in order of their receipt

CHAPTER 19. TRAFFIC

Article 19-3. Parking

19-3-10. Fire Lanes.

- A. It shall be unlawful for any person to park or stop a vehicle on any designated fire lane, regardless of whether or not the driver of the vehicle remains with the vehicle. This section shall not apply to any ~~Public Safety~~ Police or Fire Department emergency vehicle being used on official business.

CHAPTER 19. TRAFFIC

Article 19-4. Impounding

19-4-1. Vehicles may be impounded.

5. Any vehicle the driver of which has been taken into custody by the ~~Department of Public Safety~~ Police Department under such circumstances as would leave such vehicle unattended in a street, alley, or restricted parking area.

19-4-3. Prerequisites to Redemption.

- B. Request and obtain from the Police Department a written order directed to the place of storage in which the vehicle is impounded, authorizing the release of the vehicle to the owner or his agent upon the payment to the place of storage of towing and storage charges reasonably incurred from the date of the impounding to the time of presenting the order of release from the ~~Department of Public Safety~~ Police Department.

CHAPTER 19. TRAFFIC

Article 19-7. Towing and Parking Enforcement Companies

19-7-2. Legislative Findings.

B. Specific Findings

1. Towing companies are needed to tow vehicles from traffic accidents, tow disabled or inoperable vehicles, or impound vehicles upon request of a ~~public safety~~ police officer. In these instances, prompt response time is of the essence, especially when there is a need to clear an accident scene. Towing companies that fail to respond in a timely manner add to the confusion and delay in clearing these scenes.
5. Being on the ~~Department of Public Safety's~~ Police Department's rotation list is a privilege and not a right. To be eligible to be on the list, parking enforcement and towing companies must

CHAPTER 19. TRAFFIC

Article 19-7. Towing and Parking Enforcement Companies

19-7-5. Regulation of Nonconsensual Towing and Booting Practices.

F. Before booting or towing a vehicle located on private property, a parking enforcement or towing company shall receive from the property owner or his authorized agent, neither of whom shall be affiliated in any way with the parking enforcement or towing company, a signed request for each booting or towing of a particular vehicle; provided, however, that property owners who have a written contract with a parking enforcement or towing company where the provisions of the contract are consistent with the provisions of this Section shall not be required to sign a request before a vehicle is booted or towed from their property.

1. Written contracts for towing or parking enforcement operations shall specify when and under what conditions parked vehicles shall be subject to towing or booting.
2. Towing or parking enforcement companies who enter into written contracts with property owners for towing or booting operations pursuant to the terms of this section shall provide to the Police Department copies of the contracts prior to towing a vehicle from property covered by a contract or booting any vehicle on the property.
3. Copies of current contracts must be filed with the ~~Department of Public Safety~~ Police Department annually pursuant to Orem City Code Section 12-5-13(E).

CHAPTER 2. ADMINISTRATION

Article 2-27. Temporary Interim Succession

2-27-4. Order of Succession for City Manager.

If the City Manager is unavailable, the individuals listed below may, in the order named, act as the temporary interim successor to the City Manager and exercise the powers and duties of the City Manager:

- A. Assistant City Manager
- B. City Attorney
- C. Director of Development Services
- D. Chief of Police
- E. Director of ~~Finance~~ Administrative Services
- F. Director of Recreation
- G. Director of Public Works
- H. Fire Chief
- I. Director of Library

CHAPTER 21. WATER

Article 21-1. Water Services

21-1-10. Discontinuing water service.

C. **Restoring service.** Water service shall not be restored after being shut off until:

- 1. All money owed, including deposits, fines, fees and penalties, has been paid in full; and
- 2. The water service complies with all City requirements, including those related to backflow prevention and cross-connection control (this provision shall not be interpreted to require retrofitting unless (1) the water service was terminated for failure to comply with backflow and cross-connection requirements, or (2) if required as part of a city-wide retrofitting program); and
- 3. A field service fee in an amount established by the City Council has been paid. The field service fee may be charged any time a City representative is required to visit the premises, even if the water to the premises is not shut off.

Nothing in this section shall be interpreted to prohibit the ~~Administrative Services Department~~ Finance Department from making other financial arrangements with customers to restore service pursuant to a policy developed by the department.

CHAPTER 2. ADMINISTRATION

Article 2-3. Mayor and Council

2-3-8. Powers and Duties of Mayor.

2-3-8. Powers and Duties of Mayor.

- A. The Mayor shall have the following powers and duties:
1. To preside at all meetings of the Council and to serve as ~~chairman~~ chair of the Council.

CHAPTER 2. ADMINISTRATION

Article 2-16. Board of Adjustment

2-16-8. Organization.

- A. The Board of Adjustment shall organize and elect a ~~chairman~~ chair and may adopt rules for its organization and for the transaction of business.

CHAPTER 2. ADMINISTRATION

Article 2-35. Public Safety Advisory Commission

2-35-5. Term of Office

- A. The term of office for Commission members shall be three (3) years.
- B. Commission members may be appointed for additional terms.
- C. The term of the City Council representative serving as liaison to the Commission shall be determined by the Mayor.
- D. Each term shall continue until a successor is chosen and qualified, except in the case of the member's death, resignation, removal or disqualification from holding office. In such cases, the vacancy shall be filled as set forth in section 2-~~10-35~~-6.

2-35-6. Removal and Vacancy

- A. Any member of the Commission may be removed from office if the commissioner no longer meets the qualifications listed in section 2-10-35-4.
- B. A member's office automatically becomes vacant if the member establishes residence outside of the City, or lives outside of City boundaries for a continuous period of more than sixty (60) days.
- C. A member's office may become vacant if the member misses more than twenty-five percent (25%) of the Commission's scheduled meetings during any twelve month period.
- D. Vacancies shall be filled for the unexpired term of any member whose office becomes vacant.
- E. Vacancies occurring other than through the expiration of a regular term shall be filled in the same manner as the appointment of a member as outlined in Section 2-10-35-4.

CHAPTER 2. ADMINISTRATION

Article 2-3. Mayor and Council

2-3-4. Campaign Finance Disclosure.

D. **Classification.** The signed campaign financial statement received by the City Recorder pursuant to this section shall be classified as a public record except as provided for in Utah Code § 63G-2-305(52).

NOTE: SB 163 (2019) update – allows a candidate not to use residential address if the candidate provides an alternative address and telephone number.

CHAPTER 2. ADMINISTRATION

Article 2-6. City Operations

2-6-5. Fidelity Bonds or Theft and Crime Insurance.

- A. All elected officers, appointees and employees shall be bonded or insured as required by state law.

(Ord. No. 661, Revised, 04/10/1990)
- B. The City may require additional officers, appointees or employees to be bonded or insured.

(Ord. No. 661, Revised, 04/10/1990)
- C. The premium charged for any bond or insurance required by this section shall be paid by the City.

(Ord. No. 661, Revised, 04/10/1990)

- D. No otherwise valid act of any person required to be bonded or insured shall be deemed invalid solely because the required bond or insurance was not in place.

NOTE: 10-3-831 did away with 10-3-820 requiring certain bonding and allowed insurance as a substitute to bonding. City of Orem provides crime and theft insurance coverage for its elected officials instead of fraud/dishonesty/embezzlement bonds. This amendment updates the city code to reflect the change in Utah law that allows for insurance or bonds.

CHAPTER 2. ADMINISTRATION

Article 2-7. Purchasing Procedures and Disposal of City Property

2-7-9. Special Rules and Procedures Required by State Law.

B. **B and C Road Funds.** Any improvement project using Class B and C road funds shall be bid in accordance with applicable State law (U.C.A. § 72-6-108 and 72-6-109, as amended). Applicable requirements of State law include the following:

7. Procurement Code. The person, firm, or corporation that is awarded a contract under this section is subject to the provisions of Title 63G, Chapter 6a56, Utah Procurement Code.

NOTE: state code was renumbered so this simply updates city ordinances to reflect that state's renumbering

CHAPTER 2. ADMINISTRATION

Article 2-26. Records Access and Management

2-26-9. Records Classified as Protected.

The following records are protected:

39. A recording, transcript, report, and written minutes of a closed meeting are protected records except that the records may be disclosed under a court order only as provided under Utah Code Section 52-4-304.

CHAPTER 5. ANIMAL CONTROL

Article 5-1. General Provisions

5-1-13. Violation

- A. A violation of section 5-1-10, 5-1-11, 5-3-1, 5-3-4, 5-3-5, 5-3-6, 5-6-1 of this Chapter shall be punishable by an infraction, subject to a fine in an amount not to exceed seven hundred fifty dollars (\$750.00) for a first, second, and third offense. A violation of the above named sections shall be punishable by a Class B Misdemeanor, subject to a fine in an amount not to exceed one thousand dollars (\$1,000.00) or imprisonment for a period not to exceed six (6) months, or by both fine and imprisonment, for a fourth or subsequent offense within 12 months.
- B. A violation of section 5-4-2 of this Chapter shall be punishable by an infraction, subject to a fine in an amount not to exceed seven hundred fifty dollars (\$750.00) for a first offense. A violation of section 5-4-2 shall be punishable by a Class B Misdemeanor, subject to a fine in an amount not to exceed one thousand dollars (\$1,000.00) or imprisonment for a period not to exceed six (6) months, or by both fine and imprisonment, for a second or subsequent offense.
- C. A violation of section 5-1-9 of this Chapter shall be punishable by a Class C Misdemeanor, subject to a fine in an amount not to exceed seven hundred fifty dollars (\$750.00) or imprisonment for a period not to exceed ninety (90) days, or by both fine and imprisonment.
- D. Any ~~person violating~~ other violation of any provisions of this Chapter, shall be punishable by a Class B Misdemeanor, subject to a fine in an amount not to exceed one thousand dollars (\$1,000.00) or imprisonment for a period not to exceed six (6) months, or by both fine and imprisonment.
- E. The fine for a conviction of an infraction under this Chapter shall be no less than one hundred dollars (\$100.00). The fine for a conviction of a Class C Misdemeanor under this Chapter shall be no less than one hundred dollars (\$100.00). The fine for a conviction of a Class B Misdemeanor under this Chapter shall be no less than five hundred dollars (\$500.00).
- F. Under this section, "offense" means any conviction by plea or verdict of any violation of this Chapter. "Offense" also includes the acceptance by a court of a plea in abeyance for any violation of this Chapter under Utah Code Title 77, Chapter 2a, Pleas in Abeyance, regardless of whether the charge is subsequently reduced or dismissed in accordance with the plea in abeyance agreement.
- G. The City may also order the animal associated with a violation of this Chapter either destroyed or removed from the City. Each day a violation is committed or permitted to continue shall constitute a separate offense and shall be punishable as such.

CHAPTER 9. CRIMINAL OFFENSES

Article 9-1. Adoption of State Code

Contents:

9-1-1. Utah Criminal Code adopted.

9-1-2. Utah Controlled Substances Act adopted.

9-1-3. Utah Drug Paraphernalia Act adopted.

9-1-4. Imitation Controlled Substances Act adopted.

9-1-5. Attempted crime; definition and punishment.

9-1-6. Violation.

9-1-7 Indigent Defense.

9-1-7 Indigent Defense. When a penalty for a violation of this Chapter includes any possibility of imprisonment, the City must pursuant to Utah Code Ann. § 78B-22-301 provide for defense services as outlined in Utah Code Ann. § 78B-22-102.

CHAPTER 9. CRIMINAL OFFENSES

Article 9-4. Alarm Systems

9-4-3. Registration required to operate alarm business.

- A. It is unlawful for any person to engage in the practice of an alarm business, alarm company or alarm agent in the City as defined in Utah Code section 58-55-102 ~~58-65-102~~ (1953), as amended, without a valid license therefore issued in accordance with the provisions of the Utah Burglar Alarm Security and Licensing Act, sections 58-65-101 *et seq.*, of the Utah Code (1953), as amended.

CHAPTER 11. HEALTH AND SANITATION

Article 11-5. Disaster Response and Recovery.

11-5-3. City Manager's Authority.

J. All other powers granted to the City Manager by the Legislature pursuant to the Disaster Response and Recovery Act, Utah Code § 53-2a-201 *et seq* (as amended).

CHAPTER 12. LICENSES AND BUSINESS REGULATIONS

Article 12-5. Requirements for Specific Occupations

12-5-3. Home Occupations.

A. In addition to complying with the licensing requirements of this Chapter, any person engaging in a home occupation shall comply with all the requirements of the Zoning Ordinance of the City.

B. The City shall not charge a fee to anyone engaging in a home occupation unless the combined offsite impact of the home occupation and the primary residential use materially exceeds the offsite impact of the primary residential use alone. The City shall inform the person requesting the license of this exemption in any communication with the person requesting the license.

C. Notwithstanding subsection B., the City may charge an administrative fee for a license to a person engaging in a home occupation who is otherwise exempt under subsection A but who requests a license from the City.

CHAPTER 12. LICENSES AND BUSINESS REGULATIONS

Article 12-5. Requirements for Specific Occupations

12-5-13. Towing and Parking Enforcement Companies.

D. License Application, Registration form. An application for a business license, or a registration form, shall be filed in writing with the Finance Department and shall specify and provide:

1. The name and address of the applicant, and if applicable, each and every officer, partner, member and registered agent of the applicant.
2. The name and location of the applicant's principal place of business;
3. A copy of the Utah Department of Transportation Tow Truck Motor Carrier certification.
4. ~~An accurate list of the names and birth dates of employees who will have access to vehicles in order that a background check may be completed to discover if any employee has been convicted of a felony or misdemeanor of moral turpitude within the past five (5) years. Such list of employees' names and birth dates must be kept current with the Finance Department. When an applicant business adds a new employee, the applicant business must report the aforementioned information to the Finance Department before allowing that employee to engage in any towing or booting related activity~~Copies of the Utah Department of Transportation Tow Truck Operator Certifications for each employed tow

truck driver and an accurate list of the names and birth dates of all other employees who will have access to vehicles in order that a background check may be completed to discover if any employee has been convicted of a felony or misdemeanor of moral turpitude within the past five (5) years. Such list of employees' names and birth dates and Tow Truck Operator Certifications must be kept current with the Finance Department. When an applicant business adds a new employee, the applicant business must report the aforementioned information to the Finance Department before allowing that employee to engage in any towing or booting related activity;

5. Evidence of compliance with the property damage insurance and surety bond requirements of this Section;
6. A current schedule of fees;
7. Copies of any contracts entered into pursuant to Orem City Code Section 19-7-5.F; and
8. For businesses applying for a business license, proof that the principal place of business is located within the corporate limits of the City of Orem.

H. Investigation by Orem Department of Public Safety.

1. The Chief of Police, or ~~his~~the Chief of Police's designee, shall investigate each application filed pursuant to this Article to determine if the applicant and the application meet the requirements of this Article and sections 12-2-1 and 12-2-6 of the City Code. A similar background check shall be conducted for persons registering to do business under this Section.
2. Background checks may be conducted on all employees of the entity desiring to obtain a license under this section or on those desiring to conduct services within the City. This does not apply to employees who are Tow Truck Operator Certified by the Utah Department of Transportation.
3. If a background check discloses a criminal history involving a conviction of a felony or crime of moral turpitude, theft, fraud, etc. within the past five (5) years, or any current conduct that would threaten the health, welfare, safety or security of the public, a license or the right to conduct business may be denied or revoked by the Chief of Police. Any person who wishes to dispute a decision by the Chief of Police may appeal such decision to the City Manager or the City Manager's designee. Any appeal must be filed in writing with the City ~~Manager's~~Recorder's office within ten (10) calendar days of the denial or revocation.
4. Annually, the Chief of Police, or ~~his~~the Chief of Police's designee, will review the submissions of all towing and parking enforcement companies to determine whether those companies are in compliance with this Section.

CHAPTER 12. LICENSES AND BUSINESS REGULATIONS

Article 12-7. Sexually Oriented Businesses

17-7-40. Violation - Penalty.

In addition to revocation or suspension of a license, as provided in this chapter, each violation of this chapter shall, upon citation by the City business license authority, require the licensee to pay a civil penalty in the amount of five hundred dollars (\$500). Such fines shall be deducted from the

cost bond posted pursuant to this chapter, unless paid within ten (10) days of notice of the fine or the final determination after any appeal. In addition to the civil fines provided in this chapter, the violation of any provision of this chapter not amounting to a violation of Utah Code § 10-8-41.5 shall be a Class B misdemeanor. Each day of violation shall be considered a separate offense.

CHAPTER 19. TRAFFIC

Article 19-7. Towing and Parking Enforcement Companies

19-7-3. General Provisions Applicable to Parking Enforcement and Towing Companies.

- D. Towing and parking enforcement companies, including those that are not on the rotation list, are required to comply with this Article and with Orem City Code 12-5-13. Failure to comply with the applicable portions of this Article may result in the revocation of a parking enforcement and towing company's business license or its right to conduct towing and parking enforcement within the City.

- E. Revocation of Towing or Parking Enforcement License or Registration.

If after conducting an investigation, the Chief of Police or ~~his~~ the Chief of Police's designee determines that a violation of this Article, Section 12-5-13, or state law has occurred, the parking enforcement or towing company will have ten (10) days to remedy the violation. If the parking enforcement or towing company fails to do so, the Chief of Police or ~~his~~ the Chief of Police's designee may revoke the towing or parking enforcement company's business license or registration pursuant to Subsection 3 of this Section.

1.

1. In addition to the violations contained in Article 12-4 and Section 12-5-13.H., a towing or parking enforcement company may have its business license or registration revoked if any of the following occurs:
 - a. A towing or parking enforcement company fails to comply with any of the requirements of this Article;
 - b. A towing or parking enforcement company fails to comply with Section 12-5-13;
 - c. A towing or parking enforcement company fails to comply with applicable state law;
 - d. A judicial determination is made that a parking enforcement or towing company has conducted a tow not in compliance with this Article, Section 12-5-13, or applicable state law; or
 - e. A parking enforcement or towing company fails to refund to the vehicle owner all nonadministrative fees and costs imposed after a finding by a court or the Chief of Police that a tow or booting did not comply with this Article, Section 12-5-13, or state law.
2. The Chief of Police or ~~his~~ the Chief of Police's designee shall hear and determine all revocations.
 - a. No business license or registration shall be revoked until a show-cause hearing has been held. Written notice of such hearing shall be served at least ten (10) working days prior to the date thereof upon the parking enforcement or towing company or its agent. Such notice shall state the grounds for revocation and the time and place the hearing will be held. The parking enforcement

or towing company shall have the right to appear and respond to any allegations made and to present reasons why the business license or registration should not be revoked.

- b. Show-cause hearings shall be conducted informally. Witnesses may be sworn, although it is not necessary. Formal rules of evidence and court procedure shall not apply. Because the hearings are administrative in nature, hearsay is admissible, but evidence must have some probative weight and reliability. The standard of proof shall be a preponderance of the evidence.
3. Appeal. Any parking enforcement or towing company that has had its business license or registration revoked pursuant to this Article may appeal to the City Manager or the City Manager's designee the decision of the Chief of Police or ~~his-the Chief of Police's~~ designee's decision to revoke. Any appeal must be in writing and filed with the City ~~Manager or his designee~~Recorder within ~~ten (10)~~thirty 30 days of receiving a notice of the revocation. Within ten (10) days of receiving a notice of appeal, the City Manager or ~~his-the City Manager's~~ designee shall ~~render a decision~~hold a hearing to determine whether to uphold upholding the revocation or ~~reinstating-reinstate~~ the parking enforcement or towing company's business license or registration.
4. Reinstatement after Revocation. In order for a parking enforcement or towing company that has had its business license or registration revoked pursuant to this Article to be reinstated absent a successful appeal to the City Manager or the City Manager's designee, the towing or parking enforcement company must:
 - a. Reapply for a new license or registration; and
 - b. Must satisfactorily demonstrate to the Chief of Police or ~~his-Chief of Police's~~ designee that the violation of the ordinance that resulted in the revocation has been remedied.

19-7-4. Rotation List.

- B. Duties of companies on list.** In addition to any other requirements set forth in the Orem City Code or required by federal or state law, a towing company, which has been placed on the rotation list, shall:
1. Respond to a call for service from the Police Department and arrive on scene within fifteen (15) minutes of receiving the call. In the event that the company fails to arrive within fifteen (15) minutes from receipt of the call or declines to respond to the call, the Police Department shall be permitted to secure the services of an alternate company from the rotation list. The late-responding company shall not be entitled to any fee for a late response or costs and expenses incurred as a result thereof. Any company that declines to respond or fails to respond within the required fifteen (15) minutes will be placed at the bottom of the rotation list. Only those tow truck companies that have been called from the rotation list may respond to a public safety request. Towing companies that have not been specifically called may not respond on behalf of another tow truck company, regardless of the circumstances. Responding tow truck companies that have not been called, shall be placed on the bottom of the rotation list.
 2. Have a vehicle storage facility within the City corporate limits that has a fenced area, enclosed yard, or building. No vehicle may be moved to a location which is not within the City limits without the prior consent of the owner or operator of the vehicle. Such vehicle storage facility must comply with all state requirements.
 3. Have the capability of transporting abandoned or inoperable vehicles.

4. Clean up any mess, debris, rubble or any other items that may be located on the roadway or in the immediate vicinity of the location from which an abandoned or inoperable vehicle is to be towed. To achieve this requirement, and in addition to any other state or administrative requirements, the tow truck must be equipped with adequate equipment and materials to clean up the area. Failure to clean up the area is a violation of this Section and can result in being removed from the rotation list.
 5. Ensure that all its authorized agents agree to follow the instructions or orders of a public safety officer at the towing scene.
 6. Comply with all federal, state, and local requirements governing parking enforcement and towing companies.
- E. **Appeal.** Any towing company that has been removed from the rotation list pursuant to this Article may appeal to the City Manager or ~~his the City Manager's~~ designee the decision of the Police Chief or ~~his the Police Chief's~~ designee's decision to remove the towing company from the rotation list. Any appeal must be in writing and filed with the City ~~Manager or his designee~~ Recorder within ten (10) days of receiving notice of the removal. Within ~~ten (10)~~ thirty (30) days of receiving a notice of appeal the City Manager or ~~his the City Manager's~~ designee shall hold a hearing to render a decision upholding the removal or reinstating the towing company on the rotation list.

19-7-5. Regulation of Nonconsensual Towing and Booting Practices.

- D. It shall be unlawful to boot or tow a motor vehicle in or from a private parking lot having four (4) or more parking spaces that are open to the public, other than a vehicle which has been continuously parked on the private parking lot for more than forty-eight (48) hours without the signage required by Utah Code § 72-9-603, ~~unless a clearly visible and conspicuous sign posted on, or immediately adjacent to the property provides notice that unauthorized vehicles will be booted or towed from the parking lot. Such signs shall:~~
1. ~~Be at least eighteen inches (18") by twenty four inches (24") in size;~~
 2. ~~Give warning, in large reflective lettering, that unauthorized vehicles or illegally parked vehicles will be booted or towed;~~
 3. ~~Give the name and telephone number of the firm(s) authorized to boot or tow vehicles;~~
 4. ~~State the fees charged for towing and/or booting operations; and~~
 5. ~~Except otherwise exempted below, be posted within approximately five feet (5') of every entrance to a parking lot.~~
 - a. ~~For purposes of this subsection, a parking lot entrance shall mean any access allowing the entrance or exit of a vehicle between a private parking lot and a city street unless such access is not the property of the parking lot owner. In such case, the parking lot entrance shall mean:~~
 - i. ~~The intersection of the parking lot property line and the property line of the access point; or~~
 - ii.i. Any privately owned road connected to a public right of way leading to the entrance of a parking lot located on private property.

~~b. A sign posted directly over a driveway leading to an underground lot shall be deemed to meet the location requirements of this subsection.~~

~~c.b. If signs cannot be posted within five feet (5') from the entrance to a parking lot for reasons of practical difficulty (such as the necessity of drilling a hole through concrete, removing a tree or shrubs, conflicting with the clear vision area, or because of an immediately adjacent private driveway not owned by the owner of the parking lot, etc.), a sign may be placed as close as reasonably practicable to the parking lot entrance. However, no sign shall be further than thirty feet (30') unless the property owner or his agent has consulted with the Police Department to ensure placement of signs in alternative locations that will meet the purpose of this Section.~~

6. ~~Be posted at least four (4) feet and no more than seven (7) feet above the ground.~~

E. It shall be unlawful to display signs, as required by this section that do not contain accurate and current information. It shall also be unlawful to tow or boot a motor vehicle in or from a private parking lot where signs are displayed without accurate and current information.

F. Before booting or towing a vehicle located on private property, a parking enforcement or towing company shall receive from the property owner or his authorized agent, neither of whom shall be affiliated in any way with the parking enforcement or towing company, a signed request for each booting or towing of a particular vehicle; provided, however, that property owners who have a written contract with a parking enforcement or towing company where the provisions of the contract are consistent with the provisions of this Section and with Utah state law shall not be required to sign a request before a vehicle is booted or towed from their property.

1. Written contracts for towing or parking enforcement operations shall specify when and under what conditions parked vehicles shall be subject to towing or booting.
2. Towing or parking enforcement companies who enter into written contracts with property owners for towing or booting operations pursuant to the terms of this section shall provide to the Police Department copies of the contracts prior to towing a vehicle from property covered by a contract or booting any vehicle on the property.
3. Copies of current contracts must be filed with the Department of Public Safety annually pursuant to Orem City Code Section 12-5-13(E).

H. A parking enforcement company that utilizes booting practices instead of towing shall be limited to a maximum fee for booting of one-half the current maximum towing fee as dictated by Utah Code § 41-6a-1409(4) established by the Utah Department of Transportation for towing services for Class A and B vehicles. In those situations where a boot has been applied to a vehicle and it is subsequently towed, the towing or booting company may only collect the fee associated with the towing of the vehicle.

CHAPTER 11. HEALTH AND SANITATION

Article 11-1. Nuisances

11-1-2. Definitions.

"**Enforcement Official**" means any person authorized by the City to enforce violations of the Orem City Code, including, but not limited to ~~Civilian Ordinance Enforcement Officers~~~~Neighborhood Preservation Officers~~, police officers, building inspection officials, fire marshals, and animal control officers.

11-1-3. Nuisance - Definition.

Pursuant to Utah Code § 10-8-60, ~~This~~~~this~~ section defines nuisance by providing five general definitions of what constitutes a nuisance (subsection A), and then providing specific examples of situations, conduct or activities that constitute nuisances (subsection B). The purpose of the general definitions is to allow the City to classify an offending situation, conduct, or activity as a nuisance, even though the situation, conduct, or activity may not be listed as a nuisance in the specific examples. The first three general definitions are taken directly from Utah State law. The purpose of listing the specific examples is to identify some of the specific situations, conduct and activities that the City intends to abate as nuisances.

Article 11-2. Administrative Nuisance Enforcement Program

11-2-8. General Enforcement Authority.

The City Manager, Police Chief or any designated Enforcement Official shall have the authority to gain compliance with Article 11-1 subject to the provisions of this Article. Such authority shall include the power to issue Administrative Summons and Administrative Citations, inspect public and private property, abate nuisances on public and private property, and ~~to~~ use any lawful remedy.

11-2-21. Administrative Abatement.

Any condition caused, maintained, or permitted to exist in violation of Article 11-1 may be abated by the City pursuant to the procedures set forth in this Article. The City Manager or his designee~~Police Chief~~ may establish by departmental policy whether Voluntary Correction, Administrative Citation, or Administrative Summons is preferred for a certain circumstance. Abatement is an additional remedy to a Voluntary Correction, Administrative Citation, and an Administrative Summons and is not subordinate or superior to those remedies.

11-2-24. Authority to Abate.

Under authority of a Voluntary Correction Agreement, an Administrative Citation for which a hearing was held, or an Administrative Order enforcing an Administrative Summons, an Enforcement Official or group of Enforcement Officials~~the Police Chief~~ is authorized to enter upon private property to abate a violation of Article 11-1. The ~~Police Chief~~City shall assess all costs for abatement to the Responsible Person and may

use any remedy available under the law to collect such costs. If additional abatement is necessary within two years, treble fines, penalties, and costs shall be assessed against the Responsible Person for the actual abatement.

11-2-25. Procedures for Abatement.

- A. Violations may be abated by City personnel or by a private contractor acting under the direction of the City.
- B. Pursuant to an Administrative Order, City personnel, or a private contractor may enter upon private property in a reasonable manner to abate a violation, as specified in the Administrative Summons and Administrative Order.
- C. If a Responsible Person corrects the violation before the City abates the violation pursuant to an Administrative Summons or Administrative Order, the ~~Police Chief~~City shall nevertheless assess all costs actually incurred by the City against the Responsible Person.

11-2-26. Civil Fines.

- A. If a Responsible Person fails to correct a violation by the deadline listed in an Administrative Summons, or an Administrative Order entered after a hearing ~~on a citation~~, civil fines shall be paid to the City as follows:
 - 1. For any violation the civil fine shall be \$50.00.
 - 2. Each and every subsequent day of violation shall be a separate violation until the violation is corrected;
- B. Payment of any civil fine shall not excuse any failure to correct a violation or the reoccurrence of the violation, nor shall it bar further enforcement action by the City.
- C. Civil fines shall be paid to the City of Orem.

11-2-27. Procedures for Recordation/Lien.

- A. For violations of the Article 11-1, where an Administrative Summons or Administrative Citation was served on a Responsible Person and an Administrative Hearing held, and the violation remains uncorrected after the Administrative Order's deadline, the ~~Police Chief~~City may record the Administrative Summons and Administrative Order or the Administrative Citation and Administrative Order with the Utah County recorder's office.
- B. The recordation of an Administrative Order shall not be deemed an encumbrance on the property, but shall merely place interested parties on notice of any continuing violation found upon the property. However, if costs are incurred by the City, either in administration or in abating the violation or other related tasks, and the costs are not paid, a lien or garnishment may be placed to recover costs, and may be considered an encumbrance on the property.

- C. Notice of the recordation shall be served on the Responsible Person and the Property Owner pursuant to any of the methods of service set for in Section 11-2-7.

11-2-28. Notice of Compliance.

- A. When a violation is corrected, a Responsible Person shall request an inspection from the ~~Police Chief~~assigned Enforcement Official.
- B. When the ~~Police Chief~~assigned Enforcement Official receives such request, the ~~Police Chief or~~ Enforcement Official shall perform a subsequent inspection of the property as soon as practicable to determine whether the violation has been corrected, and whether all necessary permits have been issued and final inspections have been performed as required by applicable codes.
- C. The ~~Police Chief~~Neighborhood Improvement Team shall serve a Notice of Compliance upon the Responsible Person and Property Owner in the manner provided in Section 11-2-7 of this Article, if the ~~Police Chief~~Enforcement Official determines that:
1. All violations listed in the Administrative Summons and Administrative Order have been corrected;
 2. All necessary permits have been issued and finalized;
 3. All assessed civil fines have been paid; and
 4. All assessed costs have been paid.
- D. If an Administrative Summons and Administrative Order were recorded with the Utah County recorder, the ~~Police Chief~~City shall record the Notice of Compliance with the recorder's office. Recordation of the Notice of Compliance shall have the effect of canceling the recorded Administrative Summons and Administrative Order.

11-2-29. Prohibition Against Issuance of Municipal Permits.

The City shall withhold business licenses; permits for kennels; or permits for any alteration, repair, or construction pertaining to any existing or new structures or signs on the property, or any permits pertaining to the use and development of the real property or the structure where a violation is located. The City shall withhold such permits until a Notice of Compliance has been issued by the ~~Police Chief~~Neighborhood Improvement Team. The City shall not withhold permits necessary to obtain a Notice of Compliance or to correct serious health or safety violations.

11-2-29. Emergency Abatement.

- A. Whenever the ~~City Manager or the City Manager's designee~~Police Chief determines that an Imminent Life Safety Hazard exists that requires immediate correction or elimination, the ~~City Manager~~ Police Chief shall exercise the following powers without prior notice to the Responsible Person:
1. Order the immediate vacation of any tenants, and prohibit occupancy until all repairs are completed;
 2. Post the premises as unsafe, substandard, or dangerous;
 3. Board, fence, or secure the building, or site;

4. Raze and grade that portion of the building or site to prevent further collapse, and remove any hazard to the general public;
 5. Make any minimal emergency repairs as necessary to eliminate any Imminent Life Safety Hazard; or
 6. Take any other action appropriate to eliminate the emergency.
- B. The ~~City Manager or the City Manager's designee~~~~Police Chief~~ may, based on exigent circumstances, enter property without a search warrant or Administrative Order to accomplish the above listed acts.
 - C. The ~~Police Chief~~City shall pursue only the minimum level of correction or abatement as necessary to eliminate the immediacy of a hazard. Costs incurred by the City during the emergency abatement process shall be calculated and an Itemized Statement of Costs shall be prepared. Further correction needed to bring the violation into compliance will follow the Administrative Summons procedures set forth in the Article.
 - D. The ~~Police Chief~~City may also pursue any other administrative or judicial remedy to abate any remaining violations.
 - E. After an emergency abatement, the City shall, within ten (10) days, serve the Itemized Statement of Costs upon the Responsible Person by one of the methods approved in Section 11-2-7 of this Article. Such notice shall include a description of the Imminent Life Safety Hazard warranting the emergency abatement.
 - F. A Responsible Person has the right to contest the need for emergency abatement and/or the reasonableness of the Itemized Statement of Costs at an Administrative Hearing. A request for such hearing shall be filed within ten (10) days from the date of service of the notice of Itemized Statement of Costs, in accordance with 11-3-2. Failure to request an Administrative Hearing shall constitute a waiver to an Administrative Hearing and waiver of the right to appeal.

11-2-31. Assessment of Costs.

- A. Whenever actual costs are incurred by the City to remedy violations of Article 11-1, such costs shall be assessed against the Responsible Person.
- B. When abatement is completed, the ~~Police Chief~~City shall prepare an Itemized Statement of Costs.
- C. ~~The Police Chief~~An Enforcement Official shall serve the Itemized Statement of Costs by certified mail to the last known address of the Responsible Person. The notice shall demand full payment within thirty (30) days to the City of Orem. It shall advise the Responsible Person the right and the procedures to request an Administrative Hearing to challenge the reasonableness of the costs assessed.
- D. A Responsible Person shall have a right to an Administrative Hearing to contest the reasonableness of an Itemized Statement of Costs. After receiving an Itemized Statement of Costs, the Responsible Person shall pay the costs assessed within thirty (30) days unless a hearing is requested to challenge the Itemized Statement of Costs. A request for such hearing shall be in writing and shall be filed within ten (10) days from the date of service of the Itemized Statement of Costs, in accordance with 11-3-2. Failure to request an Administrative Hearing as provided shall constitute a waiver to an Administrative Hearing and a waiver of the right to appeal.
- E. If a Responsible Person fails to pay costs by the deadline imposed in an Administrative Order, the ~~Police Chief~~City shall take such steps as are necessary to record with the Utah County recorder a lien against the property.

11-2-34. Abatement by Municipal Inspector.

- A. The City hereby appoints each Civilian Ordinance Enforcement Officer on the Neighborhood Improvement Team as a "Municipal Inspector" under Utah Code § 10-11-1(1)(b).
- B. Municipal Inspectors shall examine and investigate the exterior of real property for the growth and spread of injurious and noxious weeds, garbage and refuse, illegal objects or structures, and public nuisances as defined in Orem Code 11-1-3.
- C. A Municipal Inspector may follow the procedures in Utah Code §§ 10-11-1, et seq. to abate a nuisance, as defined in Orem Code 11-1-3, and to collect costs of abatement from a Responsible Party, in addition to any other abatement procedures or remedies available in this Chapter or in Utah state law.

CHAPTER 2. ADMINISTRATION

Article 2-22. Hearing Officer ~~Employee Appeal Board~~

Contents:

- 2-22-1. ~~Hearing Office Selected~~ ~~Board Established.~~
 - 2-22-2. Duties of the ~~Hearing Officer~~ ~~Board.~~
 - ~~2-22-3. Membership of Board.~~
 - ~~2-22-4. Appointment.~~
 - ~~2-22-5. Term of Office.~~
 - ~~2-22-6. Voting.~~
 - 2-22-3. Employees Eligible to Appeal to the ~~Hearing Officer~~ ~~Board.~~
 - 2-22-4. Issues that May be Appealed to the ~~Hearing Officer~~ ~~Board.~~
 - 2-22-5. Other Appeals.
 - 2-22-6. Procedure for Appeals.
 - 2-22-7. Procedure for Conducting Appeal Hearings.
 - 2-22-8. Standard of Review.
 - 2-22-9. ~~Hearing Officer~~ ~~Board~~ Decision.
 - 2-22-10. Appeal of the ~~Hearing Officer~~ ~~Board~~ Decision.
 - 2-22-1. ~~Hearing Officer Selected~~ ~~Board Established.~~
-

The City Manager shall appoint the Hearing Officer who must have experience in law, human resources, mediation or arbitration. ~~Employee Appeal Board of the City of Orem (the "Board") is hereby established.~~

2-22-2. Duties of the ~~Hearing Officer~~ ~~Board.~~

The Hearing Officer ~~Board~~ shall hear appeals from designated employees who have been discharged, suspended for more than two days without pay, or involuntarily transferred from one position to another with less remuneration.

~~2-26-3. Membership of Board.~~

~~The Board shall consist of ten (10) members: the Orem City Manager (or his or her designee), plus the nine (9) members of the Employee Advisory Council (EAC) established by City policy. The Orem City Manager (or his or her designee) shall serve as the Chair of the Board.~~

~~2-26-4. Appointment.~~

~~A. City Manager. The Orem City Manager (or his or her designee) is an ex-officio member of the Board.~~

~~B. EAC. The individual members of the EAC shall be selected according to City policies governing the EAC.~~

~~2-26-5. Term of Office.~~

~~A. City Manager. The Orem City Manager shall serve on the Board for the duration of his or her appointment as City Manager.~~

~~B. EAC. The individual members of the EAC shall serve on the Board for the duration of their respective tenures on the EAC, which shall be set by City policy.~~

~~2-26-6. Voting.~~

~~A. Each member of the Board shall have one (1) vote.~~

~~B. A quorum shall consist of any six (6) members of the Board, provided that the City Manager (or his or her designee) is present.~~

~~C. The minimum number of votes required to take any action shall be a majority of those present at the hearing, provided that the City Manager (or his or her designee) is present, and provided that there is quorum.~~

2-22-3. Employees Eligible to Appeal to Hearing Officer Board.

Only full-time employees, ~~permanent part time and supplemental probationary employees~~ (as defined by City policy) shall have the right to appeal to the Hearing Officer Board. Probationary employees, variable hour, seasonal employees, trainee employees, and executive management employees (as defined by City policy) are not eligible to appeal to the Hearing Officer Board. No Division Manager, regardless of job title, is considered to be a Deputy as defined by State law Utah Code § 10-3-1105 (2).

2-22-4. Issues that May be Appealed to Hearing Officer Board.

Only the following types of employment actions against an eligible employee may be appealed to the Hearing Officer Board: (1) terminations; (2) suspensions for more than two days without pay; or (3) involuntary transfers from one position to another with less remuneration.

2-22-5. Other Appeals.

This ordinance establishes specific employee appeal rights to comply with State law requirements. Nothing herein shall be interpreted to restrict or eliminate other appeal rights that may be available to city employees pursuant to city policy.

2-22-6. Procedure for Appeals.

- A. No employee may appeal to the [Hearing OfficerBoard](#) unless the employee timely complies with the City's applicable ~~internal grievance or~~ disciplinary procedure and receives notice of a final disposition under the applicable ~~internal grievance or~~ disciplinary procedure.
- B. An eligible employee desiring to appeal an eligible adverse employment action to the [Hearing OfficerBoard](#) must file written notice with the City Recorder within ten (10) days after the date that the employee receives notice of the final disposition under the applicable ~~internal grievance or~~ disciplinary procedure. The employee's written notice of appeal must include:
1. The specific reasons for the appeal;
 2. A copy of the Notice of Intent to Discipline; and
 3. A copy of the Department Director's decision.

The failure of an employee to submit this required information shall forfeit any appeal rights of the employee.

- C. Upon filing of an appeal to the [Hearing OfficerBoard](#), the City Recorder shall forthwith refer a copy of the appeal to the [Hearing OfficerBoard](#).
- D. The [Hearing OfficerBoard](#) shall set a hearing date. ~~The City Recorder shall prepare~~ shall and prepare written notification to the appealing employee, the appealing employee's Department Director, and the City's Human Resource Division Manager. Unless precluded by unusual circumstances, the hearing shall be held within a reasonable time, generally within ~~thirty~~fifteen (~~30~~15) days from the date the [Hearing OfficerBoard](#) received the appeal from the City Recorder.

2-22-7. Procedure for Conducting Appeal Hearings.

The [Hearing OfficerBoard](#) shall hold a hearing to take and receive evidence and to fully hear and determine the matter being appealed. The [Hearing OfficerBoard](#) may conduct the hearing informally, according to rules established by the [Hearing OfficerBoard](#), without following technical or procedural rules regarding the presentation of evidence or witnesses. Appeal hearings will be open to the public unless a closed meeting is requested in writing by the appealing employee and consented to by the City. The [Hearing Officer or either party Board](#) may exclude from the hearing any witnesses who have not yet given testimony or evidence in the appeal before the [Hearing OfficerBoard](#). Competent and professional legal advice shall be provided if necessary ~~to the Board~~ during the course of the hearing at the City's cost and when deemed appropriate. The City will be represented by the City Attorney's Office. The City Recorder shall record and take minutes of each session, except for the Hearing Officer's deliberations.

The appealing employee may:

1. appear in person at the hearing and be represented by counsel. If counsel or another representative will be assisting the employee, notice of that person shall be provided to the City Recorder no later than three (3) days before the hearing;
2. have a public hearing;
3. confront the witnesses whose testimony is to be considered; and
4. examine the evidence to be considered by the Hearing Officer~~Board~~.

2-22-8. Standard of Review.

The Hearing Officer~~Board~~ shall uphold the Department Director's decision against the appealing employee unless the Hearing Officer~~Board~~ finds that the decision was arbitrary and capricious or otherwise illegal. The Hearing Officer~~Board~~ shall apply a substantial evidence test when determining if the Department Director's decision was arbitrary and capricious. "Substantial evidence" is that quantum and quality of relevant evidence that is adequate to convince a reasonable mind to support a conclusion. If the Hearing Officer~~Board~~ finds that there is "substantial evidence" to support the Department Director's decision, the Hearing Officer~~Board~~ shall uphold the decision. If the Hearing Officer~~Board~~ finds that there is not "substantial evidence" to support the Department Director's decision, the Hearing Officer~~Board~~ shall overturn or modify the decision as necessary to conform to the evidence. If the Hearing Officer~~Board~~ finds in favor of the appealing employee, the Hearing Officer~~Board~~ shall provide that the City shall compensate the employee as required by State law.

2-22-9. Hearing Officer ~~Board~~ Decision.

Each decision of the ~~Board~~ Hearing Officer ~~shall be by secret ballot, and~~ shall be certified to the City Recorder within fifteen (15) days from the date the matter is heard by the Hearing Officer. For good cause, the Hearing Officer~~Board~~ may extend the 15-day period to a maximum of sixty (60) days if the employee and City both consent. The Hearing Officer~~Board~~ shall prepare written Findings of Fact and Conclusions to support its decision.

2-22-14. Appeal of Hearing Officer ~~Board~~ Decision.

The Hearing Officer~~Board~~'s decision may be appealed as provided in State law.

CHAPTER 12. LICENSES AND BUSINESS REGULATIONS

12-9-12 Violations

Any person violating any of the provisions of this Article shall be guilty of a ~~class B misdemeanor~~ infraction and may also be subject to enforcement action pursuant to the Orem City Administrative Nuisance Enforcement ordinance.

CHAPTER 13. PARKS AND RECREATION

Article 13-3. Tree Stewardship

13-3-6. Responsibility for Correcting Nuisance Tree.

C. Except as provided in this ordinance, the City may serve a notice in writing upon the owner, occupant, or agent of any lot, building, or premises in or upon which a Nuisance Tree is found, or upon the person who may be the cause of such Nuisance Tree, requiring the person to abate the Nuisance Tree within 15 calendar days. Failure to give a notice as provided herein shall not relieve the cause of any Nuisance Tree from the obligation to abate such nuisance, or from the penalty provided for the maintenance thereof. Notice of appeal may be filed with the Urban Forester within 5 working days of service of the notice to abate. Appeals from the Urban Forester's decision shall be heard by the City Manager within 15 calendar days, whereby a final decision will be made Administrative Law Judge pursuant to Article 11-3 of the Code. The appeal to the Administrative Law Judge must be filed within 10 calendar days of the Urban Forester's decision.

CHAPTER 19. TRAFFIC

Article 19-1. Adoption of State Law

19-1-2. Interpretation of State Code provisions adopted above.

D. All references to "magistrate" shall mean a judge of the Orem Justice Court ~~Department of the Eighth Circuit Court~~, unless the context requires otherwise.



UTILITY RATE STUDY

WATER, SEWER, AND STORM WATER

CITY OF OREM, UTAH

SEPTEMBER 2021





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SECTION I: EXECUTIVE SUMMARY

The City of Orem ("City") commissioned Lewis Young Robertson & Burningham, Inc. ("LYRB") to review the existing water, sewer, and storm water utility fees (or rates) and provide a recommended rate schedule based on changes in forecasted expenses, capital improvements and bonding needs. The primary objectives of the rate analyses were to ensure sufficient revenues to cover all operation and maintenance ("O&M") expenses, maintain bond covenants, ensure appropriate debt service coverage ratios, and provide sufficient revenue to fund the proposed projects identified in the Master Plan and Capital Improvement Plan ("CIP"). A review of projected revenues under the existing rate structure relative to proposed expenses illustrated that the City, with bonding, would have revenues to fund the needed capital improvements. The following summarizes the findings for each enterprise fund.

WATER

We recommend a proposed rate decrease in usage rates in year 1 with minimal increases thereafter to the base rate and usage rate as shown in **Tables 1.1 and 1.2**. This rate structure is designed to fund the proposed CIP, necessary O&M and other expenses forecasted within the planning horizon.

TABLE 1.1: ILLUSTRATION OF PROPOSED WATER BASE RATE (COST PER CONNECTION)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
0.75	\$20.20	\$20.20	\$20.30	\$20.45	\$20.66	\$20.92
1	\$39.22	\$39.22	\$39.42	\$39.61	\$39.81	\$40.01
1.5	\$110.42	\$110.42	\$110.97	\$111.53	\$112.08	\$112.65
2	\$181.64	\$181.64	\$182.55	\$183.46	\$184.38	\$185.30
3	\$276.59	\$276.59	\$277.97	\$279.36	\$280.76	\$282.16
4	\$466.48	\$466.48	\$468.81	\$471.16	\$473.51	\$475.88
6	\$1,178.58	\$1,178.58	\$1,184.47	\$1,190.40	\$1,196.35	\$1,202.33
8	\$1,574.21	\$1,574.21	\$1,582.08	\$1,589.99	\$1,597.94	\$1,605.93
10	\$2,361.32	\$2,361.32	\$2,373.13	\$2,384.99	\$2,396.92	\$2,408.90

TABLE 1.2: ILLUSTRATION OF PROPOSED WATER USAGE RATE (COST PER 1,000 GALLONS)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Tier 1	\$0.98	\$0.83	\$0.84	\$0.85	\$0.86	\$0.88
Tier 2	\$1.22	\$1.04	\$1.05	\$1.06	\$1.08	\$1.10
Tier 3	\$1.45	\$1.23	\$1.24	\$1.26	\$1.28	\$1.30
Tier 4	\$1.94	\$1.46	\$1.47	\$1.49	\$1.51	\$1.54

SEWER

The sewer fund analysis illustrates that the utilization of 2021 bond proceeds and existing fund balance will result in metrics that approximate the target amounts. As a result, the City did not increase rates in 2022 and will only implement minimal increases thereafter, as outlined in **Table 1.3**.

TABLE 1.3: ILLUSTRATION OF PROPOSED SEWER RATE ADJUSTMENTS

DEMAND	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
City Base Rate (per Connection/Month)	\$12.33	\$12.33	\$12.39	\$12.48	\$12.61	\$12.77
City Production Rate (per 1,000 Gal)	\$2.53	\$2.53	\$2.56	\$2.59	\$2.63	\$2.67

STORM WATER

A review of projected revenues under the existing rate structure relative to proposed expenses illustrated that the City would not have sufficient revenues to fund the needed capital improvements without a rate increase and an additional \$13 million bond in FY 2024. Thus, minimal rate increases, as outlined in **Table 1.4**, are recommended.

TABLE 1.4: ILLUSTRATION OF PROPOSED STORM WATER RATE ADJUSTMENTS

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Usage Charge (per month)	\$7.60	\$7.80	\$8.00	\$8.20	\$8.40	\$8.60

SECTION II: GENERAL RATE METHODOLOGY

This study analyzes the proposed rate increases necessary to meet current and future debt obligations, while ensuring revenue sufficiency for capital improvements, the funding of depreciation (repair and replacement) and existing bond covenants. The City has existing bonds outstanding for the water, sewer and storm water utilities. Therefore, an analysis of debt coverage is included in this study. The recommendations presented in this study are based on reasonable planning, cost, and demand projections. Any proposed rate increase is designed to recover the costs necessary to maintain a viable utility, while balancing economic and sustainability concerns.

GENERAL RATE OBJECTIVES

The following objectives were identified by the City, which served as the foundation of the rate update and scenario analysis.

1. Ensure sufficient revenues to cover all operation and maintenance expenses while maintaining bond covenants and the appropriate debt coverage ratio of at least 1.25x.
2. Continue to fund capital improvements in the 5-year window using rate revenues, while minimizing future bonding needs and maintaining approximately 365 Days of Working Capital.
3. The rates should evaluate a policy to maintain the existing rate structure based on a base rate assessment and any usage fees.
4. Finally, the proposed rate recommendations should be implementable and equitably distribute cost relative to demand.

RATE DETERMINATION METHODOLOGY

Based on the above objectives, the water rate analysis has been divided into the following three phases:

1. **Revenue Growth Analysis:** LYRB studied existing revenue data and growth projections provided by the City. This information was then analyzed to determine the potential allocation of new accounts and the revenue potential within each utility.
2. **Cost of Service Analysis:** The cost-of-service analysis is structured to balance revenue sufficiency with future operating and maintenance costs, contracts, repair and replacement, capital expenditures, funding for current system deficiencies and bond service coverage ratios. Expenses were projected out to 2031 and revenues were analyzed under a variety of scenarios to meet the City's needs.
3. **Rate Design Analysis:** The final phase focuses on structuring rates that will collect the necessary revenues based on the City's budgetary needs and rate objectives.

SECTION III: WATER ENTERPRISE FUND ANALYSIS

DEMAND UNITS

The demand units in this analysis are connections and projected water use. According to information provided by the City, there were 22,700 system connections in 2021. The City has projected connections based on an annual growth rate of 0.50 percent as shown in **Table 3.1**, resulting in a total of 23,273 connections by 2026. Historic and projected usage data by tier is shown in **Table 3.2** and was used to calculate overage charges. For purposes of this analysis a one percent decrease in usage through 2026 was assumed based on water use and conservation.

TABLE 3.1: CITY-WIDE GROWTH PROJECTIONS

(FY)	TOTAL CONNECTIONS	GROWTH IN CONNECTIONS	(FY)	TOTAL CONNECTIONS	GROWTH IN CONNECTIONS
2021	22,700		2024	23,042	0.50%
2022	22,813	0.50%	2025	23,157	0.50%
2023	22,928	0.50%	2026	23,273	0.50%

TABLE 3.2: HISTORIC AND PROJECTED USAGE DATA BY TIER (MEASURED IN 1,000 GALLONS)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Tier 1	2,624,185	2,597,943	2,571,964	2,546,244	2,520,782	2,495,574
Tier 2	2,093,845	2,072,907	2,052,178	2,031,656	2,011,339	1,991,226
Tier 3	1,021,387	1,011,173	1,001,061	991,051	981,140	971,329
Tier 4	839,684	831,287	822,974	814,745	806,597	798,531

Source: City of Orem

HISTORIC AND PROJECTED REVENUES

PROJECTED OPERATING REVENUES

Utilizing the growth estimates shown above, LYRB forecasted the potential revenues generated from current service charges, assuming no future rate increases or decreases. The City desired to maintain a rate structure based on a base rate assessment and a usage fee.

TABLE 3.3: HISTORIC OPERATING REVENUES

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Operating Revenue	\$15,547,544	\$18,355,800	\$18,934,096	\$20,821,417	\$19,041,394

Source: City of Orem Financial Statements

For the purposes of this analysis, beginning in FY 2021 contributions from the general fund are removed as a revenue item as well as the corresponding transfers to the general fund as an expense item.

Table 3.4 illustrates the projected revenues, assuming no rate changes in the five-year planning horizon. Year 1 revenues are projected to be lower than what is shown in prior years due to a reduction in Miscellaneous Revenue (Metro Water) and the removal of the Water Fee Contribution, which has a corresponding transfer out (expense) that is also removed.

TABLE 3.4: PROJECTED OPERATING REVENUES (NO RATE INCREASE)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Projected Operating Revenues	\$17,850,265	\$17,831,773	\$17,814,783	\$17,799,300	\$17,785,331

PROJECTED NON-OPERATING REVENUES

Historic non-operating revenues are primarily comprised of impact fee revenues and interest revenues. The City anticipates collecting impact fees from new development within the impact fee service area in the five-year planning horizon. The model assumes approximately 115 new ERCs per year that will be assessed an impact fee of \$900. Investment earnings are calculated based on a 1.5 percent interest rate on any fund balance carry-over within the enterprise fund. Historic and projected total non-operating revenues are shown in **Tables 3.5 and 3.6**. Future impact fee expenditures are accounted for in the capital improvement plan, and interest expense is accounted for under the debt service analysis later in this section.

TABLE 3.5: HISTORIC NON-OPERATING REVENUES

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Investment Earnings	143,794	308,985	593,920	542,809	548,237
Gain (Loss) on Sale of Capital Assets	33,525	52,569	5,346	(17,628)	(17,804)
Impact Fee Expenditures	(100,101)	(1,183,268)	(1,360,079)	(767,866)	-
Interest Expense	(328,926)	(345,213)	(325,379)	(303,705)	-
Impact Fee Revenues	-	-	-	-	-
Total Non-Operating Revenue	(\$251,708)	(\$1,166,927)	(\$1,086,192)	(\$546,390)	\$530,433

TABLE 3.6: PROJECTED NON-OPERATING REVENUE

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Investment Earnings	448,500	416,420	326,116	307,457	281,830
Gain (Loss) on Sale of Capital Assets	(17,982)	(18,162)	(18,344)	(18,527)	(18,712)
Impact Fee Expenditures	-	-	-	-	-
Interest Expense	-	-	-	-	-
Impact Fee Revenues	\$102,150	\$102,660	\$103,174	\$103,690	\$104,208
Total Non-Operating Revenues (Expenses)	\$532,667	\$500,918	\$410,946	\$392,620	\$367,325

WATER COST OF SERVICE ANALYSIS

This analysis considers historic revenues and expenses during the period from FY 2017 through FY 2021, and forecasts revenues and expenditures through a five-year planning horizon. Projected cash flows for the water utility were analyzed to ensure that the City's objectives are met – to ensure revenue sufficiency to cover O&M while maintaining bond covenants and the appropriate debt coverage ratio; fund all necessary capital improvements; and provide an appropriate fund balance according to the City's existing budget policies.

COSTS TO BE RECOVERED THROUGH SERVICE CHARGES

OPERATIONS AND MAINTENANCE

General O&M expenses are incurred through the normal day-to-day operations of the water system. These expenses can include costs such as wages and salaries, benefits, utility costs and supplies. These costs can be variable based on fluctuations in water flows. At the request of the City, a three percent increase in operations and maintenance expenses is applied for purposes of forecasting expenses.

TABLE 3.7: HISTORIC OPERATIONS AND MAINTENANCE EXPENSES

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personnel Services	(2,172,584)	(2,173,854)	(2,536,949)	(2,446,818)	(2,520,223)
Supplies and Maintenance	(713,247)	(842,855)	(807,759)	(729,684)	(751,575)
Administrative Fee	(1,131,456)	(1,197,045)	(1,330,443)	(1,452,347)	(1,461,607)
Utilities	(586,867)	(449,091)	(645,310)	(622,432)	(641,105)
Contract Services	(3,471,770)	(3,670,352)	(3,502,523)	(3,654,139)	(4,960,438)
Equipment Lease and Rentals	(46,009)	(45,589)	(26,062)	(48,638)	(50,097)
Insurance	(156,240)	(158,740)	(158,740)	(178,740)	(184,102)
Changes in Lieu of Property Tax	(71,787)	(71,787)	(71,787)	(71,787)	(73,941)
Depreciation Expense	(2,114,504)	(2,292,808)	(2,450,650)	(2,598,250)	(2,676,198)
Miscellaneous	(127,588)	(140,386)	(145,765)	(164,805)	(169,749)
Total Operating Expense	(\$10,592,052)	(\$11,042,507)	(\$11,675,988)	(\$11,967,640)	(\$13,489,034)

Source: City of Orem Financial Statements, Orem City, Estimated for FY 2021

TABLE 3.8: PROJECTED OPERATION AND MAINTENANCE EXPENSES

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personnel Services	(2,595,829)	(2,673,704)	(2,753,915)	(2,836,533)	(2,921,629)
Supplies and Maintenance	(774,122)	(797,345)	(821,266)	(845,904)	(871,281)
Administrative Fee	(1,457,641)	(1,453,779)	(1,450,020)	(1,446,363)	(1,442,808)
Utilities	(660,338)	(680,148)	(700,553)	(721,569)	(743,216)
Contract Services	(5,199,615)	(5,330,268)	(5,465,557)	(5,605,667)	(5,765,794)
Equipment Lease and Rentals	(51,600)	(53,148)	(54,742)	(56,385)	(58,076)
Insurance	(189,625)	(195,314)	(201,173)	(207,209)	(213,425)
Changes in Lieu of Property Tax	(76,159)	(78,444)	(80,797)	(83,221)	(85,717)
Depreciation Expense	-	-	-	-	-
Miscellaneous	(174,842)	(180,087)	(185,489)	(191,054)	(196,786)
Total Operating Expense	(\$11,179,771)	(\$11,442,238)	(\$11,713,513)	(\$11,993,905)	(\$12,298,733)

Depreciation is removed from future year expenditures as a non-cash item. Instead, the analysis includes all projected capital expenditure needs.

CAPITAL PROJECTS

Capital projects must be constructed to update and expand the water system. Capital project costs may be paid through cash reserves, impact fees or debt financing. If the City is able to accumulate sufficient cash reserves and chooses to use these reserves to fund capital projects, the need for debt financing may be mitigated. In this analysis, several projects are identified that must be constructed through 2026 and beyond. **Table 3.9** summarizes the total proposed capital improvement estimated construction costs. The City's Master Plan provides details for the proposed CIP.

TABLE 3.9: SUMMARY OF CAPITAL PROJECT COSTS

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Capital Improvement Project Costs	(\$32,410,593)	(\$10,353,101)	(\$5,200,059)	(\$5,356,060)	(\$5,516,742)

See Orem City Water Master Plan

FUNDING OF DEPRECIATION (REPAIR AND REPLACEMENT)

Funding depreciation in the proposed rate structure, or adopting a formal repair and replacement plan, will reduce the City's need to issue future debt, and will therefore decrease future interest expense and help the City avoid abrupt rate increases to fund unforeseen expenses. The City's CIP includes both growth related projects and repair/replacement projects. Thus, an additional allocation in the CIP for depreciation is not included in this analysis.

DEBT SERVICE COSTS

The City issued the 2021A Water, Sewer and Storm Revenue Bonds. The Series 2021A Bonds were used to finance the construction of improvements to the City's water, sewer, and storm sewer systems; and pay certain costs of issuing the Series 2021A Bonds. The other remaining outstanding bonds include the Series 2005B Bonds, the Series 2010 Bonds, the Series 2013 Refunding Bonds (refunding of Series 2005A Bonds) and the Series 2016 Refunding Bonds (refunding of the Series 2008 Bonds). While the combined water, sewer and storm revenues serve as a security for the outstanding debt, for the purposes of this analysis, the debt service is allocated to the applicable fund where the bond proceeds were applied. The 2005B Bonds are allocated the water fund and the 2010 Bonds are allocated to the sewer fund. 66.5 percent of the 2013 Refunding Bonds are allocated to water, with the remaining 33.5 percent allocated to storm. The 2016 Refunding Bonds are allocated to the water fund. The Series 2021A Water, Sewer and Storm Revenue Bonds are allocated according to the following distribution: 71 percent to water, 24 percent to sewer, and six percent to storm.

The sum of the outstanding bonds related to the water system is shown in **Table 3.10**. This analysis includes the principal and interest payments associated with these bonds when determining revenue sufficiency and debt coverage ratios. As stated in Section II, this analysis is designed to ensure sufficient revenues to cover all operation and maintenance expenses while maintaining bond covenants and the appropriate debt coverage ratio of at least 1.25x.

TABLE 3.10: OUTSTANDING WATER DEBT SERVICE

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Existing Debt Service	(\$1,967,735)	(\$2,660,385)	(\$2,659,871)	(\$2,655,313)	(\$2,651,385)

BASELINE SCENARIO ANALYSIS

Utilizing the assumptions above, LYRB evaluated the water enterprise fund, assuming no future rate adjustments. As shown below, the utilization of bond proceeds and existing fund balance will result in metrics that may exceed the target amounts. As a result, rate adjustments are warranted.

TABLE 3.11: BASELINE WATER UTILITY FUND ANALYSIS

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Operating Revenue	\$17,850,265	\$17,831,773	\$17,814,783	\$17,799,300	\$17,785,331
Total Operating Expense	(\$11,179,771)	(\$11,442,238)	(\$11,713,513)	(\$11,993,905)	(\$12,298,733)
Total Non-Operating Revenue	\$532,667	\$500,918	\$410,946	\$392,620	\$367,325
Total DS	(\$1,967,735)	(\$2,660,385)	(\$2,659,871)	(\$2,655,313)	(\$2,651,385)
Total Bond Proceeds	\$24,934,703	-	-	-	-
Total CIP	(\$32,410,593)	(\$10,353,101)	(\$5,200,059)	(\$5,356,060)	(\$5,516,742)
Net Income (Loss) Before Transfers	(\$2,240,465)	(\$6,123,033)	(\$1,347,714)	(\$1,813,359)	(\$2,314,204)
Contributions - Impact Fees & Developers	-	-	-	-	-
Transfers In	\$176,176	\$177,938	\$179,718	\$181,515	\$183,330
Transfers Out	(\$74,411)	(\$75,155)	(\$75,907)	(\$76,666)	(\$77,433)
Change in Net Position after Transfers and Contributions	(\$2,138,699)	(\$6,020,250)	(\$1,243,904)	(\$1,708,510)	(\$2,208,307)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Beginning Fund Balance	\$29,900,000	\$27,761,301	\$21,741,051	\$20,497,147	\$18,788,637
Ending Fund Balance (Unrestricted)	\$27,761,301	\$21,741,051	\$20,497,147	\$18,788,637	\$16,580,330
Days of Working Capital	906	694	639	572	492
Days of Working Capital (Target)	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	3.66	2.59	2.45	2.33	2.21
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25

WATER RATE DESIGN ANALYSIS

The City commissioned LYRB to review the existing water utility fees (or rates) and provide a recommended rate schedule based on changes in forecasted expenses, capital improvements and bonding needs. The primary objectives of the rate analysis were to ensure sufficient revenues to cover all O&M expenses, maintain bond covenants, ensure the appropriate debt service coverage ratio, and provide sufficient revenue to fund the proposed projects identified in the Master Plan and CIP. A review of projected revenues under the existing rate structure relative to proposed expenses illustrated that the City would have surplus revenues to fund the needed capital improvements. Thus, we recommend a proposed decrease in usage rates in Year 1 with minimal increases thereafter to the base rate and usage rate as shown in the tables below. The rate structure shown below is designed to fund the proposed CIP, necessary O&M and other expenses forecasted within the planning horizon.

TABLE 3.12: ILLUSTRATION OF PROPOSED WATER BASE RATE (COST PER CONNECTION)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
0.75	\$20.20	\$20.20	\$20.30	\$20.45	\$20.66	\$20.92
1	\$39.22	\$39.22	\$39.42	\$39.61	\$39.81	\$40.01
1.5	\$110.42	\$110.42	\$110.97	\$111.53	\$112.08	\$112.65
2	\$181.64	\$181.64	\$182.55	\$183.46	\$184.38	\$185.30
3	\$276.59	\$276.59	\$277.97	\$279.36	\$280.76	\$282.16
4	\$466.48	\$466.48	\$468.81	\$471.16	\$473.51	\$475.88
6	\$1,178.58	\$1,178.58	\$1,184.47	\$1,190.40	\$1,196.35	\$1,202.33
8	\$1,574.21	\$1,574.21	\$1,582.08	\$1,589.99	\$1,597.94	\$1,605.93
10	\$2,361.32	\$2,361.32	\$2,373.13	\$2,384.99	\$2,396.92	\$2,408.90

TABLE 3.13: BASE RATE PROPOSED RATE INCREASE (PERCENT)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
0.75	0.0%	0.50%	0.75%	1.00%	1.25%
1	0.0%	0.50%	0.50%	0.50%	0.50%
1.5	0.0%	0.50%	0.50%	0.50%	0.50%
2	0.0%	0.50%	0.50%	0.50%	0.50%
3	0.0%	0.50%	0.50%	0.50%	0.50%
4	0.0%	0.50%	0.50%	0.50%	0.50%
6	0.0%	0.50%	0.50%	0.50%	0.50%
8	0.0%	0.50%	0.50%	0.50%	0.50%
10	0.0%	0.50%	0.50%	0.50%	0.50%



TABLE 3.14: ILLUSTRATION OF PROPOSED WATER USAGE RATE (COST PER 1,000 GALLONS)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Tier 1	\$0.98	\$0.83	\$0.84	\$0.85	\$0.86	\$0.88
Tier 2	\$1.22	\$1.04	\$1.05	\$1.06	\$1.08	\$1.10
Tier 3	\$1.45	\$1.23	\$1.24	\$1.26	\$1.28	\$1.30
Tier 4	\$1.94	\$1.46	\$1.47	\$1.49	\$1.51	\$1.54

TABLE 3.15: PROPOSED WATER USAGE RATE INCREASE (PERCENT)

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Tier 1	-15%	1.00%	1.25%	1.50%	1.75%
Tier 2	-15%	1.00%	1.25%	1.50%	1.75%
Tier 3	-15%	1.00%	1.25%	1.50%	1.75%
Tier 4	-25%	1.00%	1.25%	1.50%	1.75%

The comparison of revenues and expenditures under the proposed rate decrease in Year 1, with inflationary increases thereafter (see **Table 3.16**), illustrates that the City will be able to provide adequate funding for capital improvement and replacement projects according to the proposed CIP, while maintaining adequate fund balances and debt coverage. This analysis includes the 2021A Bond proceeds to fund proposed capital improvements. This allows the City to achieve the Year 1 rate decreases.

TABLE 3.16: SUMMARY PRO FORMA

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Operating Revenue	\$16,465,920	\$16,571,422	\$16,706,213	\$16,870,785	\$17,065,852
Total Operating Expense	(\$11,041,337)	(\$11,316,203)	(\$11,602,656)	(\$11,901,053)	(\$12,226,785)
Total Non-Operating Revenue	\$532,667	\$482,229	\$374,962	\$341,130	\$302,529
Total DS	(\$1,967,735)	(\$2,660,385)	(\$2,659,871)	(\$2,655,313)	(\$2,651,385)
Total Bond Proceeds	\$24,934,703	-	-	-	-
Total CIP	(\$32,410,593)	(\$10,353,101)	(\$5,200,059)	(\$5,356,060)	(\$5,516,742)
Net Income (Loss) Before Transfers	(\$3,486,374)	(\$7,276,037)	(\$2,381,411)	(\$2,700,511)	(\$3,026,532)
Contributions - Impact Fees & Developers	-	-	-	-	-
Transfers In	\$176,176	\$177,938	\$179,718	\$181,515	\$183,330
Transfers Out	(\$74,411)	(\$75,155)	(\$75,907)	(\$76,666)	(\$77,433)
Change in Net Position after Transfers and Contributions	(\$3,384,609)	(\$7,173,254)	(\$2,277,601)	(\$2,595,663)	(\$2,920,634)
Beginning Fund Balance	\$29,900,000	\$26,515,391	\$19,342,137	\$17,064,536	\$14,468,873
Ending Fund Balance (Unrestricted)	\$26,515,391	\$19,342,137	\$17,064,536	\$14,468,873	\$11,548,239
Days of Working Capital	877	624	537	444	345
Days of Working Capital (Target)	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	3.03	2.16	2.06	2.00	1.94
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25

The proposed rate structure will meet the City's objective to achieve 365 days of "Working Capital" at the end of the planning horizon. The City should conduct an annual review of the financial performance of each enterprise fund and reevaluate the proposed rates within three to five years. A detailed pro forma can be found in **Appendix A**.

SECTION IV: SEWER ENTERPRISE FUND ANALYSIS

DEMAND UNITS

The demand units in this analysis are connections and projected production. According to information provided by the City, there were 35,208 system connections in 2021. The City has projected connections based on an annual growth rate of 0.50 percent as shown in **Table 4.1**, resulting in a total of 36,097 connections by 2026. Projected production data is also shown in **Table 4.1**. This data was used to calculate production charges. For the purposes of this analysis a zero percent growth in usage was assumed which assumes water conservation, leading to less impact on the sewer system.

TABLE 4.1: CITY-WIDE GROWTH PROJECTIONS (PRODUCTION MEASURED IN 1,000 GALLONS)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Growth in Connections		0.50%	0.50%	0.50%	0.50%	0.50%
Connections	35,208	35,384	35,561	35,738	35,917	36,097
City Production (in Thousands)	2,770,680	2,770,680	2,770,680	2,770,680	2,770,680	2,770,680

HISTORIC AND PROJECTED OPERATING REVENUES

PROJECTED OPERATING REVENUES

Utilizing the growth estimates shown above, LYRB forecasted the potential revenues generated from current service charges, as shown below. The City desired to maintain a rate structure based on a base rate assessment and a production fee. **Table 4.3** illustrates the projected revenues, assuming no rate changes in the five-year planning horizon. Year 1 revenues are projected to increase slightly due to growth in connections.

TABLE 4.2: HISTORIC OPERATING REVENUES

OPERATING REVENUES	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Operating Revenue	\$8,619,099	\$9,678,758	\$11,519,137	\$13,070,784	\$13,148,027

Source: City of Orem Financial Statements

For the purposes of this analysis, beginning in FY 2021 contributions from the general fund are removed as a revenue item as well as the corresponding transfers to the general fund as an expense item.

TABLE 4.3: PROJECTED OPERATING REVENUES (NO RATE INCREASE)

OPERATING REVENUES	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Projected Operating Revenues	\$13,190,970	\$13,234,501	\$13,278,634	\$13,323,384	\$13,368,764

PROJECTED NON-OPERATING REVENUES

Historic non-operating revenues are primarily comprised of impact fee revenues and interest revenues. The City has realized sewer impact fee revenue collections in the past and anticipates collecting impact fee revenues in the five-year planning horizon from new development. The model assumes approximately 115 new ERCs per year that will be assessed an impact fee of \$790. Investment earnings are calculated based on a 1.5 percent interest rate on any fund balance carry-over within the enterprise fund. Historic and projected total non-operating revenues are shown in **Tables 4.4 and 4.5**.

TABLE 4.4: HISTORIC NON-OPERATING REVENUES

NON-OPERATING REVENUES (EXPENSES)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Investment Earnings	64,461	135,232	270,382	290,071	292,972



NON-OPERATING REVENUES (EXPENSES)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Gain (Loss) on Sale of Capital Assets	39,470	9,500	1,769	(7,982)	(8,062)
Impact Fee Expenditures		(178,507)	(195,051)	(196,888)	-
Interest Expense		-	-	-	-
Impact Fee Revenues	-	-	-	-	-
Total Non-Operating Revenue	\$103,931	(\$33,775)	\$77,100	\$85,201	\$284,910

TABLE 4.5: PROJECTED NON-OPERATING REVENUE

NON-OPERATING REVENUES (EXPENSE)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Investment Earnings	174,000	140,025	142,343	136,629	124,583
Gain (Loss) on Sale of Capital Assets	(8,142)	(8,224)	(8,306)	(8,389)	(8,473)
Impact Fee Expenditures	-	-	-	-	-
Interest Expense	-	-	-	-	-
Impact Fee Revenues	89,665	90,113	90,564	91,016	91,472
Total Non-Operating Revenues (Expenses)	\$255,522	\$221,914	\$224,601	\$219,256	\$207,582

SEWER COST OF SERVICE ANALYSIS

This analysis considers historic revenues and expenses during the period from FY 2017 through FY 2021, and forecasts revenues and expenditures through a five-year planning horizon. Projected cash flows for the sewer utility were analyzed to ensure that the City's objectives are met – to ensure revenue sufficiency to cover O&M while maintaining bond covenants and the appropriate debt coverage ratio; fund all necessary capital improvements; and provide an appropriate fund balance according to the City's existing budget policies.

COSTS TO BE RECOVERED THROUGH SERVICE CHARGES

OPERATIONS AND MAINTENANCE

General O&M expenses are incurred through the normal day-to-day operations of the sewer system. These expenses can include costs such as wages and salaries, benefits, utility costs and supplies. These costs can be variable based on fluctuations in production. At the request of the City, a three percent increase in operations and maintenance expenses is applied for purposes of forecasting expenses.

TABLE 4.6: HISTORIC OPERATIONS AND MAINTENANCE EXPENSES

OPERATING EXPENSE	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personnel Services	(2,087,285)	(2,151,919)	(2,203,780)	(2,255,001)	(2,322,651)
Supplies and Maintenance	(650,143)	(653,966)	(708,953)	(671,779)	(700,000)
Administrative Fee	(666,216)	(724,066)	(799,876)	(891,001)	(897,080)
Utilities	(699,567)	(672,225)	(737,286)	(615,903)	(700,000)
Contract Services	(623,392)	(667,549)	(665,490)	(729,261)	(751,139)
Equipment Lease and Rentals	(6,958)	(15,036)	(2,028)	(2,335)	(2,405)
Insurance	(115,080)	(117,580)	(117,580)	(132,580)	(136,557)
Charges in Lieu of Property Tax	(52,665)	(52,665)	(52,665)	(52,665)	(54,245)
Depreciation Expense	(1,703,885)	(1,742,179)	(1,878,848)	(1,831,040)	(1,885,971)

OPERATING EXPENSE	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Miscellaneous	(118,203)	(141,446)	(155,527)	(162,219)	(167,086)
Total Operating Expense	(\$6,723,394)	(\$6,938,631)	(\$7,322,033)	(\$7,343,784)	(\$7,617,134)

Source: City of Orem Financial Statements, Orem City, Estimated for FY 2021

TABLE 4.7: PROJECTED OPERATION AND MAINTENANCE EXPENSES

OPERATING EXPENSE	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personnel Services	(2,392,331)	(2,464,100)	(2,538,023)	(2,614,164)	(2,692,589)
Supplies and Maintenance	(721,000)	(742,630)	(764,909)	(787,856)	(811,492)
Administrative Fee	(899,685)	(902,303)	(904,933)	(907,577)	(910,234)
Utilities	(721,000)	(742,630)	(764,909)	(787,856)	(811,492)
Contract Services	(773,673)	(796,883)	(820,790)	(845,413)	(870,776)
Equipment Lease and Rentals	(2,477)	(2,552)	(2,628)	(2,707)	(2,788)
Insurance	(140,654)	(144,874)	(149,220)	(153,697)	(158,307)
Charges in Lieu of Property Tax	(55,872)	(57,548)	(59,275)	(61,053)	(62,885)
Depreciation Expense	-	-	-	-	-
Miscellaneous	(172,098)	(177,261)	(182,579)	(188,056)	(193,698)
Total Operating Expense	(\$5,878,790)	(\$6,030,781)	(\$6,187,266)	(\$6,348,380)	(\$6,514,261)

Depreciation is removed from future year expenditures as a non-cash item. Instead, the analysis includes all projected capital expenditure needs.

CAPITAL PROJECTS

Capital projects must be constructed to update and expand the sewer system. Capital project costs may be paid through cash reserves, impact fees or debt financing. If the City is able to accumulate sufficient cash reserves and chooses to use these reserves to fund capital projects, the need for debt financing may be mitigated. In this analysis, several projects are identified that must be constructed through 2026 and beyond. **Table 4.8** summarizes the total proposed capital improvement estimated construction costs. The City's Master Plan provides details for the proposed CIP.

TABLE 4.8: SUMMARY OF CAPITAL PROJECT COSTS

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Capital Improvement Project Costs	(\$17,214,066)	(\$6,001,495)	(\$6,422,045)	(\$6,723,492)	(\$6,185,416)

See Orem City Sewer Master Plan

FUNDING OF DEPRECIATION (REPAIR AND REPLACEMENT)

Funding depreciation in the proposed rate structure, or adopting a formal repair and replacement plan, will reduce the City's need to issue future debt, and will therefore decrease future interest expense and help the City avoid abrupt rate increases to fund unforeseen expenses. The City's CIP includes both growth related projects and repair/replacement projects. Thus, an additional allocation in the CIP for depreciation is not included in this analysis.

DEBT SERVICE COSTS

The City issued the 2021A Water, Sewer and Storm Revenue Bonds. The Series 2021A Bonds were used to finance the construction of improvements to the City's water, sewer, and storm sewer systems and pay certain costs of issuing the Series 2021A Bonds. The other remaining outstanding bonds include the Series 2005B Bonds, the Series 2010 Bonds, the

Series 2013 Refunding Bonds (refunding of Series 2005A Bonds) and the Series 2016 Refunding Bonds (refunding of the Series 2008 Bonds). While the combined water, sewer and storm revenues serve as a security for the outstanding debt, for the purposes of this analysis, the debt service is allocated to the applicable fund where the bond proceeds were applied. The 2005B Bonds are allocated the water fund and the 2010 Bonds are allocated to the sewer fund. 66.5 percent of the 2013 Refunding Bonds are allocated to water, with the remaining 33.5 percent allocated to storm. The 2016 Refunding Bonds are allocated to the water fund. The Series 2021A Water, Sewer and Storm Revenue Bonds are allocated according to the following distribution: 71 percent to water, 24 percent to sewer, and six percent to storm.

The sum of the outstanding bonds related to the sewer system is shown in **Table 4.9**. This analysis includes the principal and interest payments associated with these bonds when determining revenue sufficiency and debt coverage ratios. As stated in Section II, this analysis is designed to ensure sufficient revenues to cover all operation and maintenance expenses while maintaining bond covenants and the appropriate debt coverage ratio of at least 1.25x.

TABLE 4.9: OUTSTANDING SEWER DEBT SERVICE

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Existing Debt Service	(\$805,273)	(\$1,039,925)	(\$1,042,925)	(\$1,039,550)	(\$1,040,800)

BASELINE SCENARIO ANALYSIS

Utilizing the assumptions above, LYRB evaluated the sewer enterprise fund, assuming no future rate increases. As shown below, the utilization of 2021 bond proceeds and existing fund balance will result in metrics that approximate the target amounts. As a result, the City did not increase rates in 2022 and will only implement minimal increases thereafter.

TABLE 4.10: BASELINE SEWER UTILITY FUND ANALYSIS

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Operating Revenue	\$13,190,970	\$13,234,501	\$13,278,634	\$13,323,384	\$13,368,764
Total Operating Expense	(\$5,878,790)	(\$6,030,781)	(\$6,187,266)	(\$6,348,380)	(\$6,514,261)
Total Non-Operating Revenue	\$255,522	\$221,914	\$224,601	\$219,256	\$207,582
Total DS	(\$805,273)	(\$1,039,925)	(\$1,042,925)	(\$1,039,550)	(\$1,040,800)
Total Bond Proceeds	\$8,414,000	-	-	-	-
Total CIP	(\$17,214,066)	(\$6,001,495)	(\$6,422,045)	(\$6,723,492)	(\$6,185,416)
Net Income (Loss) Before Transfers	(\$2,037,638)	\$384,214	(\$149,001)	(\$568,782)	(\$164,131)
Contributions - Impact Fees & Developers	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(\$227,376)	(\$229,650)	(\$231,946)	(\$234,266)	(\$236,609)
Change in Net Position after Transfers and Contributions	(\$2,265,014)	\$154,564	(\$380,947)	(\$803,048)	(\$400,740)
Beginning Fund Balance	\$11,600,000	\$9,334,986	\$9,489,550	\$9,108,602	\$8,305,555
Ending Fund Balance (Unrestricted)	\$9,334,986	\$9,489,550	\$9,108,602	\$8,305,555	\$7,904,815
Days of Working Capital	580	574	537	478	443
Days of Working Capital (Target)	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	9.40	7.14	7.01	6.92	6.79
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25

SEWER RATE DESIGN ANALYSIS

The City commissioned LYRB to review the existing sewer utility fees (or rates) and provide a recommended rate schedule based on changes in forecasted expenses, capital improvements and bonding needs. The primary objectives of the rate analysis were to ensure sufficient revenues to cover all O&M expenses, maintain bond covenants, ensure the appropriate debt service coverage ratio, and provide sufficient revenue to fund the proposed projects identified in the Master Plan and CIP. As shown above, the utilization of 2021 bond proceeds and existing fund balance will result in metrics that approximate the target amounts. As a result, the City did not increase rates in 2022 and may only implement minimal increases as outlined in **Tables 4.11** and **4.12** below.

TABLE 4.11: ILLUSTRATION OF SEWER RATE ADJUSTMENTS

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
City Base Rate (per Connection/Month)	\$12.33	\$12.33	\$12.39	\$12.48	\$12.61	\$12.77
City Production Rate (per 1,000 Gal)	\$2.53	\$2.53	\$2.56	\$2.59	\$2.63	\$2.67

TABLE 4.12: ILLUSTRATION OF SEWER RATE PERCENTAGE ADJUSTMENTS

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
City Base Rate (per Connection/Month)	0.00%	0.50%	0.75%	1.00%	1.25%
City Production Rate (per 1,000 Gal)	0.00%	1.00%	1.25%	1.50%	1.75%

This analysis assumes an annual growth of 0.50 percent in connections over the next five years. Annual O&M expenditures increase by three percent annually. The comparison of revenues and expenditures, as shown in **Table 4.13**, illustrates that the City will be able to provide adequate funding for capital improvement and replacement projects according to the proposed CIP.

TABLE 4.13: SUMMARY PRO FORMA

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Operating Revenue	\$13,190,970	\$13,330,907	\$13,503,527	\$13,709,944	\$13,951,530
Total Operating Expense	(\$5,878,790)	(\$6,040,422)	(\$6,209,755)	(\$6,387,036)	(\$6,572,538)
Total Non-Operating Revenue	\$255,522	\$221,914	\$225,902	\$223,613	\$217,223
Total DS	(\$805,273)	(\$1,039,925)	(\$1,042,925)	(\$1,039,550)	(\$1,040,800)
Total Bond Proceeds	\$8,414,000	-	-	-	-
Total CIP	(\$17,214,066)	(\$6,001,495)	(\$6,422,045)	(\$6,723,492)	(\$6,185,416)
Net Income (Loss) Before Transfers	(\$2,037,638)	\$470,979	\$54,705	(\$216,520)	\$369,998
Contributions - Impact Fees & Developers	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(\$227,376)	(\$229,650)	(\$231,946)	(\$234,266)	(\$236,609)
Change in Net Position after Transfers and Contributions	(\$2,265,014)	\$241,329	(\$177,242)	(\$450,786)	\$133,390
Beginning Fund Balance	\$11,600,000	\$9,334,986	\$9,576,315	\$9,399,073	\$8,948,287
Ending Fund Balance (Unrestricted)	\$9,334,986	\$9,576,315	\$9,399,073	\$8,948,287	\$9,081,677
Days of Working Capital	580	579	552	511	504
Days of Working Capital (Target)	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	9.40	7.22	7.21	7.26	7.30
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25



The proposed rate structure will meet the City's objective to achieve a minimum of 365 days of "Working Capital" in the planning horizon. The City should conduct an annual review of the financial performance of each enterprise fund and reevaluate the proposed rates within three to five years. A detailed pro forma can be found in **Appendix B**.

SECTION V: STORM WATER ENTERPRISE FUND ANALYSIS

DEMAND UNITS

The demand units in this analysis are equivalent service units (ESUs). According to information provided by the City, there were 55,406 residential connections in 2021. The City is anticipating new growth of 0.50 percent annually within the storm water service area. This data was used to calculate revenue sufficiency based on existing rates.

TABLE 5.1: CITY-WIDE GROWTH PROJECTIONS

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Calculated ESUs	55,406	55,683	55,961	56,241	56,522	56,805
Growth in ESUs		0.50%	0.50%	0.50%	0.50%	0.50%

HISTORIC AND PROJECTED OPERATING REVENUES

PROJECTED OPERATING REVENUES

Utilizing the growth estimates shown above, LYRB forecasted the potential revenues generated from current service charges, as shown below. The City desired to maintain a rate structure based on a base residential rate assessment.

TABLE 5.2: HISTORIC OPERATING REVENUES

OPERATING REVENUES	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Total Operating Revenue	\$4,001,972	\$4,350,123	\$4,775,819	\$5,050,924	\$5,100,928

Source: City of Orem Financial Statements, FY 2021 calculated by Orem City

For the purposes of this analysis, beginning in FY 2021 contributions from the general fund are removed as a revenue item as well as the corresponding transfers to the general fund as an expense item.

TABLE 5.3: PROJECTED OPERATING REVENUES (NO RATE INCREASES)

OPERATING REVENUES	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Projected Operating Revenues	\$5,126,672	\$5,152,548	\$5,178,555	\$5,204,695	\$5,230,967

PROJECTED NON-OPERATING REVENUES

Historic non-operating revenues are primarily comprised of investment earnings. Future investment earnings are calculated based on a 1.5 percent interest earnings on any fund balance carry-over within the enterprise fund. Historic and projected total non-operating revenues are shown in **Tables 5.4 and 5.5**.

TABLE 5.4: HISTORIC NON-OPERATING REVENUES

NON-OPERATING REVENUES (EXPENSES)	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Investment Earnings	45,750	92,365	140,308	130,790	132,098
Gain (Loss) on Sale of Capital Assets	44,357	17,705	-	100	101
Impact Fee Expenditures		-	(6,252)	(15,597)	-
Interest Expense	(96,737)	(88,517)	(79,595)	(70,805)	-
Impact Fee Revenues	-	-	-	-	-
Total Non-Operating Revenue	(\$6,630)	\$21,553	\$54,461	\$44,488	\$132,199

TABLE 5.5: PROJECTED NON-OPERATING REVENUE

NON-OPERATING REVENUES (EXPENSES)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Investment Earnings	50,000	71,979	20,241	-	-
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-
Impact Fee Expenditures	-	-	-	-	-
Interest Expense	-	-	-	-	-
Impact Fee Revenues	75,000	69,603	69,951	70,301	70,653
Total Non-Operating Revenue	\$125,000	\$141,582	\$90,192	\$70,301	\$70,653

STORM WATER COST OF SERVICE ANALYSIS

This analysis considers historic revenues and expenses during the period from FY 2017 through FY 2021, and forecasts revenues and expenditures through a five-year planning horizon. Projected cash flows for the storm water utility were analyzed to ensure that the City's objectives are met – to ensure revenue sufficiency to cover O&M while maintaining bond covenants and the appropriate debt coverage ratio; fund all necessary capital improvements; and provide an appropriate fund balance according to the City's existing budget policies.

COSTS TO BE RECOVERED THROUGH SERVICE CHARGES

OPERATIONS AND MAINTENANCE

General O&M expenses are incurred through the normal day-to-day operations of the storm water system. These expenses can include costs such as wages and salaries, benefits, utility costs and supplies. At the request of the City, a three percent increase in operations and maintenance expenses is applied for purposes of forecasting expenses.

TABLE 5.6: HISTORIC OPERATIONS AND MAINTENANCE EXPENSES

OPERATING EXPENSE	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021
Personnel Services	(726,348)	(818,058)	(913,029)	(1,049,671)	(1,081,161)
Supplies and Maintenance	(174,988)	(244,428)	(233,831)	(238,990)	(246,160)
Administrative Fee	(276,321)	(306,712)	(335,342)	(384,669)	(403,722)
Utilities	(6,017)	(8,229)	(6,216)	(7,953)	(8,192)
Contract Services	(189,487)	(220,845)	(338,666)	(330,961)	(340,890)
Equipment Lease and Rentals	(9,000)	(9,575)	(2,487)	(7,675)	(7,905)
Insurance	(46,680)	(48,180)	(48,180)	(55,180)	(56,835)
Charges in Lieu of Property Tax	(29,316)	(29,316)	(29,316)	(29,316)	(30,195)
Depreciation Expense	(751,842)	(719,150)	(764,195)	(845,561)	(870,928)
Miscellaneous	(64,911)	(74,624)	(80,180)	(83,395)	(85,897)
Total Operating Expense	(\$2,274,910)	(\$2,479,117)	(\$2,751,442)	(\$3,033,371)	(\$3,131,885)

Source: City of Orem Financial Statements, Orem City, Estimated for FY 2021

TABLE 5.7: PROJECTED OPERATION AND MAINTENANCE EXPENSES

OPERATING EXPENSE	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personnel Services	(1,091,602)	(1,124,350)	(1,158,081)	(1,192,823)	(1,228,608)
Supplies and Maintenance	(367,343)	(378,363)	(389,714)	(401,406)	(413,448)
Administrative Fee	(361,944)	(364,483)	(367,035)	(369,600)	(372,177)
Utilities	(9,180)	(9,455)	(9,739)	(10,031)	(10,332)
Contract Services	(541,186)	(557,422)	(574,144)	(591,369)	(609,110)
Equipment Lease and Rentals	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)
Insurance	(21,647)	(22,296)	(22,965)	(23,654)	(24,364)
Charges in Lieu of Property Tax	(29,316)	(30,195)	(31,101)	(32,034)	(32,995)
Depreciation Expense	-	-	-	-	-
Miscellaneous	(85,586)	(88,154)	(90,798)	(93,522)	(96,328)
Total Operating Expense	(\$2,512,804)	(\$2,579,869)	(\$2,648,882)	(\$2,719,902)	(\$2,792,989)

Depreciation is removed from future year expenditures as a non-cash item. Instead, the analysis includes all projected capital expenditure needs.

CAPITAL PROJECTS

Capital projects must be constructed to update and expand the storm water system. Capital project costs may be paid through cash reserves, impact fees or debt financing. If the City is able to accumulate sufficient cash reserves and chooses to use these reserves to fund capital projects, the need for debt financing may be mitigated. In this analysis, several projects are identified that must be constructed through 2026 and beyond. **Table 5.8** summarizes the total proposed capital improvement estimated construction costs. The City's Master Plan provides details for the proposed CIP.

TABLE 5.8: SUMMARY OF CAPITAL PROJECT COSTS

FIGURES REPRESENTED AS (EXPENSE)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Capital Improvement Project Costs	(\$5,340,684)	(\$5,423,989)	(\$4,996,746)	(\$5,737,765)	(\$4,640,493)

See Orem City Storm Master Plan. Includes fleet replacement and emergency repairs. CIP needs exceed expected revenues; thus, the City will need to utilize existing fund balances and bonding scenarios.

FUNDING OF DEPRECIATION (REPAIR AND REPLACEMENT)

Funding depreciation in the proposed rate structure, or adopting a formal repair and replacement plan, will reduce the City's need to issue future debt, and will therefore decrease future interest expense and help the City avoid abrupt rate increases to fund unforeseen expenses. The City's CIP includes both growth related projects and repair/replacement projects. Thus, an additional allocation in the CIP for depreciation is not included in this analysis.

DEBT SERVICE COSTS

The City issued the 2021A Water, Sewer and Storm Revenue Bonds. The Series 2021A Bonds were used to finance the construction of improvements to the City's water, sewer, and storm sewer systems; and pay certain costs of issuing the Series 2021A Bonds. The other remaining outstanding bonds include the Series 2005B Bonds, the Series 2010 Bonds, the Series 2013 Refunding Bonds (refunding of Series 2005A Bonds) and the Series 2016 Refunding Bonds (refunding of the Series 2008 Bonds). While the combined water, sewer and storm revenues serve as a security for the outstanding debt, for the purposes of this analysis, the debt service is allocated to the applicable fund where the bond proceeds were applied. The 2005B Bonds are allocated the water fund and the 2010 Bonds are allocated to the sewer fund. 66.5 percent of the 2013 Refunding Bonds are allocated to water, with the remaining 33.5 percent allocated to storm. The 2016 Refunding Bonds are allocated to the water fund. The Series 2021A Water, Sewer and Storm Revenue Bonds are allocated according to the following distribution: 71 percent to water, 24 percent to sewer, and six percent to storm.

The sum of the outstanding bonds related to the storm system is shown in **Table 5.9**. This analysis includes the principal and interest payments associated with these bonds when determining revenue sufficiency and debt coverage ratios. As stated in Section II, this analysis is designed to ensure sufficient revenues to cover all operation and maintenance expenses while maintaining bond covenants and the appropriate debt coverage ratio of at least 1.25x.

TABLE 5.9: OUTSTANDING STORM WATER DEBT SERVICE

FIGURES REPRESENTED AS (EXPENSE)	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Existing Debt Service	(\$504,170)	(\$558,079)	(\$561,979)	(\$1,535,567)	(\$1,538,793)

BASELINE SCENARIO ANALYSIS

Utilizing the assumptions above, LYRB evaluated the storm enterprise fund, assuming no future rate increases. As shown below, the utilization of bond proceeds and existing fund balance will not meet the target fund balance and debt coverage ratios. As a result, the City anticipating the need to adjust rates through Year 5. In addition, future bonding may be needed.

TABLE 5.10: BASELINE STORM WATER UTILITY FUND ANALYSIS

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Operating Revenue	\$5,126,672	\$5,152,548	\$5,178,555	\$5,204,695	\$5,230,967
Total Operating Expense	(\$2,512,804)	(\$2,579,869)	(\$2,648,882)	(\$2,719,902)	(\$2,792,989)
Total Non-Operating Revenue	\$125,000	\$141,582	\$90,192	\$70,301	\$70,653
Total DS	(\$504,170)	(\$558,079)	(\$561,979)	(\$559,873)	(\$563,099)
Total Bond Proceeds	\$2,000,000	-	-	-	-
Total CIP	(\$5,340,684)	(\$5,423,989)	(\$4,996,746)	(\$5,737,765)	(\$4,640,493)
Net Income (Loss) Before Transfers	(\$1,105,986)	(\$3,267,807)	(\$2,938,860)	(\$3,742,545)	(\$2,694,961)
Contributions - Impact Fees & Developers	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(\$179,571)	(\$181,367)	(\$183,181)	(\$185,012)	(\$186,863)
Change in Net Position after Transfers and Contributions	(1,285,557)	(3,449,174)	(3,122,041)	(3,927,557)	(2,881,824)
Beginning Fund Balance	6,084,126	4,798,569	1,349,394	(1,772,646)	(5,700,203)
Ending Fund Balance (Unrestricted)	\$4,798,569	\$1,349,394	(\$1,772,646)	(\$5,700,203)	(\$8,582,027)
Days of Working Capital	687	188	(241)	(754)	(1,106)
Days of Working Capital (Target)	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	5.43	4.86	4.66	4.56	4.46
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25

STORM WATER RATE DESIGN ANALYSIS

The City commissioned LYRB to review the existing storm water utility fees (or rates) and provide a recommended rate schedule based on changes in forecasted expenses, capital improvements and bonding needs. The primary objectives of the rate analysis were to ensure sufficient revenues to cover all O&M expenses, maintain bond covenants, ensure the appropriate debt service coverage ratio, and provide sufficient revenue to fund the proposed projects identified in the Master Plan and CIP. A review of projected revenues under the

existing rate structure relative to proposed expenses illustrated that the City would not have sufficient revenues to fund the needed capital improvements without a significant rate increase or bond in 2024 as recommended in the 2021 Storm Water Master Plan. The recommended rate increases are outlined below in **Table 5.11**.

TABLE 5.11: ILLUSTRATION OF STORM WATER RATE ADJUSTMENTS

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Usage Charge Increase		2.60%	2.50%	2.50%	2.40%	2.40%
Usage Charge (per month)	\$7.60	\$7.80	\$8.00	\$8.20	\$8.40	\$8.60

This analysis assumes growth in storm water ESUs of 0.50 percent over the next five years. Annual O&M expenditures increase by three percent annually. The comparison of revenues and expenditures under the proposed rate increase, as shown in **Table 5.12**, illustrates that the City will be able to provide adequate funding for capital improvement and replacement projects according to the CIP with the new proposed rate increases and future bonding.

TABLE 5.12: SUMMARY PRO FORMA

	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Total Operating Revenue	\$5,260,311	\$5,421,161	\$5,583,489	\$5,747,307	\$5,912,624
Total Operating Expense	(\$2,512,804)	(\$2,593,366)	(\$2,676,012)	(\$2,760,800)	(\$2,847,791)
Total Non-Operating Revenue	\$125,000	\$143,586	\$96,054	\$130,279	\$151,574
Total DS	(\$504,170)	(\$558,079)	(\$561,979)	(\$1,535,567)	(\$1,538,793)
Total Bond Proceeds	\$2,000,000	-	\$13,000,000	\$8,003,254	\$2,265,489
Total CIP	(\$5,340,684)	(\$5,423,989)	(\$4,996,746)	(\$5,737,765)	(\$4,640,493)
Net Income (Loss) Before Transfers	(\$972,348)	(\$3,010,687)	\$10,444,806	\$3,846,709	(\$697,390)
Contributions - Impact Fees & Developers	-	-	-	-	-
Transfers In	-	-	-	-	-
Transfers Out	(\$179,571)	(\$181,367)	(\$183,181)	(\$185,012)	(\$186,863)
Change in Net Position after Transfers and Contributions	(1,151,919)	(3,192,054)	10,261,626	3,661,696	(884,253)
Beginning Fund Balance	6,084,126	4,932,207	1,740,153	3,998,525	5,394,732
Ending Fund Balance (Unrestricted)	\$4,932,207	\$1,740,153	\$3,998,525	\$5,394,732	\$4,510,479
Days of Working Capital	707	242	538	703	570
Days of Working Capital (Target)	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	5.70	5.32	5.34	2.03	2.09
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25

As shown above, to fund proposed capital needs, the City will need to increase rates and utilize bonding in FY 2024. The City should continue to reevaluate rates each year to ensure revenue sufficiency.

The proposed rate structure will meet the City's objective to achieve 365 days of "Working Capital" in the planning horizon. The City should conduct an annual review of the financial performance of each enterprise fund and reevaluate the proposed rates within three to five years. A detailed pro forma can be found in **Appendix C**.

SECTION VI: EVALUATION OF PRICING OBJECTIVES

Several objectives were identified by the City, which serve as the foundation of the rate update and scenario analysis.

- ☞ First, the City wanted to ensure sufficient revenues to cover all operation and maintenance expenses while maintaining bond covenants and the appropriate debt coverage ratio of at least 1.25x.
- ☞ Second, the City wanted to continue to fund capital improvements in the five-year window using rate revenues, while minimizing future bonding needs and maintaining 365 Days of Working Capital.
- ☞ Third, the rates should evaluate a policy to maintain the existing rate structure.
- ☞ Finally, the proposed rate recommendations should be implementable and equitable.

EVALUATION OF EFFECTIVENESS OF RATE OBJECTIVES

- ☞ **Revenue Sufficiency:** The comparison of revenues and expenditures under the proposed rate increases illustrates that the City will continue to provide necessary funding for capital improvement and replacement projects according to the proposed CIP scenarios. The City issued the 2021A Water, Sewer and Storm Revenue Bonds. The Series 2021A Bonds were used to finance the construction of improvements to the City's water, sewer, and storm sewer systems; and pay certain costs of issuing the Series 2021A Bonds. The other remaining outstanding bonds include the Series 2005B Bonds, the Series 2010 Bonds, the Series 2013 Refunding Bonds (refunding of Series 2005A Bonds) and the Series 2016 Refunding Bonds (refunding of the Series 2008 Bonds). While the combined water, sewer and storm revenues serve as a security for the outstanding debt, for the purposes of this analysis, the debt service is allocated to the applicable fund where the bond proceeds were applied. The 2005B Bonds are allocated the water fund and the 2010 Bonds are allocated to the sewer fund. 66.5 percent of the 2013 Refunding Bonds are allocated to water, with the remaining 33.5 percent allocated to storm. The 2016 Refunding Bonds are allocated to the water fund. The Series 2021A Water, Sewer and Storm Revenue Bonds are allocated according to the following distribution: 71 percent to water, 24 percent to sewer, and six percent to storm. The analysis ensures sufficient coverage of these bonds within the planning horizon.
- ☞ **Funding Capital Costs and Maintaining Revenue Sufficiency:** The rate analysis considers necessary increases to adequately fund the repair and replacement of existing facilities, future capital costs and to maintain a fund balance at the end of each year utilizing a pay-as-you go approach. Each fund is able to do this.
- ☞ **Rate Structure:** The analysis did not include any structural changes to the rates.
- ☞ **Equity and Implementation:** The adopted rate calculations follow a reasonable methodology to promote conservation and ease of implementation.



APPENDIX A: DETAILED WATER PRO FORMA

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Operating Revenues										
Water Sales	15,352,945	15,438,317	15,552,507	15,695,994	15,869,477	16,120,626	16,417,412	16,762,642	17,159,752	17,612,881
Water Sales - Bad Debt	(15,046)	(15,197)	(15,349)	(15,502)	(15,657)	(15,814)	(15,972)	(16,132)	(16,293)	(16,456)
Water Sales - Vineyard	450,000	463,500	477,405	491,727	506,479	521,673	537,324	553,443	570,047	587,148
Water Inspection Fees	20,733	20,940	21,149	21,361	21,574	21,790	22,008	22,228	22,450	22,675
Water Fees - Reconnect	44,323	44,767	45,214	45,666	46,123	46,584	47,050	47,521	47,996	48,476
Water Fees - Field Service	1,199	1,211	1,223	1,235	1,247	1,260	1,272	1,285	1,298	1,311
Water Fees - After Hours	3,111	3,142	3,174	3,206	3,238	3,270	3,303	3,336	3,369	3,403
Water Fees - Broken Lock/Illegal Conn.	1,054	1,064	1,075	1,086	1,097	1,108	1,119	1,130	1,141	1,152
Cont From - Fund 10 - Water Fee	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue - Water	25,000	25,250	25,503	25,758	26,015	26,275	26,538	26,803	27,071	27,342
Miscellaneous Revenue - Metro Water	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue - Personal Cell Phone	367	371	375	378	382	386	390	394	398	402
Water - Late Fees	477,651	482,427	487,251	492,124	497,045	502,016	507,036	512,106	517,227	522,399
Water Connection Fees	17,967	18,147	18,328	18,511	18,697	19,072	19,263	19,456	19,650	19,850
Water Connection Fees - Meters	86,618	87,484	88,359	89,242	90,135	91,036	91,946	92,866	93,795	94,733
Total Operating Revenue	\$16,465,920	\$16,571,422	\$16,706,213	\$16,870,785	\$17,065,852	\$17,339,093	\$17,658,497	\$18,026,885	\$18,447,707	\$18,925,116
Operating Expense										
Personnel Services	(2,595,829)	(2,673,704)	(2,753,915)	(2,836,533)	(2,921,629)	(3,009,278)	(3,099,556)	(3,192,543)	(3,288,319)	(3,386,968)
Supplies and Maintenance	(774,122)	(797,345)	(821,266)	(845,904)	(871,281)	(897,419)	(924,342)	(952,072)	(980,634)	(1,010,053)
Administrative Fee	(1,319,207)	(1,327,744)	(1,339,163)	(1,353,512)	(1,370,860)	(1,395,975)	(1,425,654)	(1,460,177)	(1,499,888)	(1,545,201)
Utilities	(660,338)	(680,148)	(700,553)	(721,569)	(743,216)	(765,513)	(788,478)	(812,133)	(836,497)	(861,591)
Contract Services	(5,199,615)	(5,330,268)	(5,465,557)	(5,605,667)	(5,765,794)	(5,916,142)	(6,071,924)	(6,233,364)	(6,400,698)	(6,574,172)
Equipment Lease and Rentals	(51,600)	(53,148)	(54,742)	(56,385)	(58,076)	(59,819)	(61,613)	(63,462)	(65,365)	(67,326)
Insurance	(189,625)	(195,314)	(201,173)	(207,209)	(213,425)	(219,828)	(226,422)	(233,215)	(240,212)	(247,418)
Changes in Lieu of Property Tax	(76,159)	(78,444)	(80,797)	(83,221)	(85,717)	(88,289)	(90,938)	(93,666)	(96,476)	(99,370)
Depreciation Expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	(174,842)	(180,087)	(185,489)	(191,054)	(196,786)	(202,689)	(208,770)	(215,033)	(221,484)	(228,129)
Total Operating Expense	(\$11,041,337)	(\$11,316,203)	(\$11,602,656)	(\$11,901,053)	(\$12,226,785)	(\$12,554,951)	(\$12,897,697)	(\$13,255,664)	(\$13,629,573)	(\$14,020,229)
Non-Operating Revenues (Expenses)										
Investment Earnings	448,500	397,731	290,132	255,968	217,033	173,224	90,295	119,418	151,767	188,260
Gain (Loss) on Sale of Capital Assets	(17,982)	(18,162)	(18,344)	(18,527)	(18,712)	(18,900)	(19,089)	(19,279)	(19,472)	(19,667)
Impact Fee Expenditures	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-
Impact Fee Revenues	\$102,150	\$102,660	\$103,174	\$103,690	\$104,208	\$104,729	\$105,253	\$105,779	\$106,308	\$106,839
Total Non-Operating Revenue	\$532,667	\$482,229	\$374,962	\$341,130	\$302,529	\$259,053	\$176,459	\$205,918	\$238,602	\$275,432
Total Revenue Available for DS	\$5,957,251	\$5,737,449	\$5,478,519	\$5,310,862	\$5,141,595	\$5,043,195	\$4,937,259	\$4,977,139	\$5,056,736	\$5,180,319
Total DS	(\$1,967,735)	(\$2,660,385)	(\$2,659,871)	(\$2,655,313)	(\$2,651,385)	(\$2,930,800)	(\$3,103,700)	(\$2,929,676)	(\$2,447,851)	(\$2,449,976)
Total Revenue Available for CIP	\$3,989,516	\$3,077,063	\$2,818,648	\$2,655,549	\$2,490,211	\$2,112,395	\$1,833,559	\$2,047,463	\$2,608,886	\$2,730,343
Total Bond Proceeds	\$24,934,703	\$0	\$0	\$0	\$0	\$0	\$15,000,000	\$10,054,443	\$4,960,519	\$0
Total CIP	(\$32,410,593)	(\$10,353,101)	(\$5,200,059)	(\$5,356,060)	(\$5,516,742)	(\$7,747,955)	(\$4,945,557)	(\$5,093,924)	(\$5,246,741)	(\$5,404,144)
Net Income (Loss) Before Transfers	(\$3,486,374)	(\$7,276,037)	(\$2,381,411)	(\$2,700,511)	(\$3,026,532)	(\$5,635,560)	\$11,888,002	\$7,007,982	\$2,322,664	(\$2,673,800)
Change in Net Position	(\$3,384,609)	(\$7,173,254)	(\$2,277,601)	(\$2,595,663)	(\$2,920,634)	(\$5,528,604)	\$11,996,028	\$7,117,088	\$2,432,861	(\$2,562,501)
Beginning Cash Balance	\$29,900,000	\$26,515,391	\$19,342,137	\$17,064,536	\$14,468,873	\$11,548,239	\$6,019,635	\$7,961,220	\$10,117,789	\$12,550,650
Ending Fund Balance	\$26,515,391	\$19,342,137	\$17,064,536	\$14,468,873	\$11,548,239	\$6,019,635	\$18,015,664	\$15,078,309	\$12,550,650	\$9,988,149
Unrestricted	\$26,515,391	\$19,342,137	\$17,064,536	\$14,468,873	\$11,548,239	\$6,019,635	\$7,961,220	\$10,117,789	\$12,550,650	\$9,988,149
Days of Working Capital	877	624	537	444	345	175	225	279	336	260
Days of Working Capital Minimum	365	365	365	365	365	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	3.03	2.16	2.06	2.00	1.94	1.72	1.59	1.70	2.07	2.11
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25



APPENDIX B: DETAILED SEWER PRO FORMA

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Operating Revenues										
Sewer Service Charge	12,245,179	12,367,762	12,522,557	12,710,663	12,933,440	13,206,418	13,532,474	13,915,169	14,358,820	14,868,588
Sewer Service Charge - Bad Debt	(6,990.75)	(7,060.65)	(7,131.26)	(7,202.57)	(7,274.60)	(7,347.34)	(7,420.82)	(7,495.03)	(7,569.98)	(7,645.68)
Sewer Service Charge - Vineyard	37,918	39,055	40,227	41,434	42,677	43,957	45,276	46,634	48,033	49,474
Sewer Service Charge - Lindon	458,298	472,047	486,209	500,795	515,819	531,293	547,232	563,649	580,558	597,975
Sewer Sales to General Fund - Contribution	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
Miscellaneous Revenue - Water Reclamation	19,328	19,521	19,716	19,913	20,113	20,314	20,517	20,722	20,929	21,139
Misc. Revenue - Facility Expansion - Lindon	125,977	125,977	125,977	125,977	125,977	125,977	125,977	125,977	125,977	125,977
Misc. Revenue - Facility Expansion - Vineyard	60,817	60,817	60,817	60,817	60,817	60,817	60,817	60,817	60,817	60,817
Misc. Revenue - Facility Fee - Vineyard	-	-	-	-	-	-	-	-	-	-
Miscellaneous Revenue - Personal Cell Phone	306.03	309.09	312.18	315.30	318.46	321.64	324.86	328.11	331.39	334.70
Permit Violation Fees	122,244.70	123,467.15	124,701.82	125,948.84	127,208.33	128,480.41	129,765.22	131,062.87	132,373.50	133,697.23
Inspection Permit Fees	44,872.16	45,320.88	45,774.09	46,231.83	46,694.15	47,161.09	47,632.70	48,109.03	48,590.12	49,076.02
Sewer Connection Fees	67,020.57	67,690.78	68,367.68	69,051.36	69,741.87	70,439.29	71,143.69	71,855.12	72,573.67	73,299.41
Total Operating Revenue	\$13,190,970	\$13,330,907	\$13,503,527	\$13,709,944	\$13,951,530	\$14,243,831	\$14,589,738	\$14,992,828	\$15,457,433	\$15,988,732
Operating Expense										
Personnel Services	(2,392,331)	(2,464,100)	(2,538,023)	(2,614,164)	(2,692,589)	(2,773,367)	(2,856,568)	(2,942,265)	(3,030,533)	(3,121,449)
Supplies and Maintenance	(721,000)	(742,630)	(764,909)	(787,856)	(811,492)	(835,837)	(860,912)	(886,739)	(913,341)	(940,741)
Administrative Fee	(899,685)	(911,943)	(927,423)	(946,233)	(968,511)	(995,809)	(1,028,414)	(1,066,684)	(1,111,049)	(1,162,026)
Utilities	(721,000)	(742,630)	(764,909)	(787,856)	(811,492)	(835,837)	(860,912)	(886,739)	(913,341)	(940,741)
Contract Services	(773,673)	(796,883)	(820,790)	(845,413)	(870,776)	(896,899)	(923,806)	(951,520)	(980,066)	(1,009,468)
Equipment Lease and Rentals	(2,477)	(2,552)	(2,628)	(2,707)	(2,788)	(2,872)	(2,958)	(3,047)	(3,138)	(3,232)
Insurance	(140,654)	(144,874)	(149,220)	(153,697)	(158,307)	(163,057)	(167,948)	(172,987)	(178,176)	(183,522)
Charges in Lieu of Property Tax	(55,872)	(57,548)	(59,275)	(61,053)	(62,885)	(64,771)	(66,714)	(68,716)	(70,777)	(72,901)
Depreciation Expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	(172,098)	(177,261)	(182,579)	(188,056)	(193,698)	(199,509)	(205,494)	(211,659)	(218,009)	(224,549)
Total Operating Expense	(\$5,878,790)	(\$6,040,422)	(\$6,209,755)	(\$6,387,036)	(\$6,572,538)	(\$6,767,956)	(\$6,973,726)	(\$7,190,355)	(\$7,418,431)	(\$7,658,629)
Non-Operating Revenues (Expenses)										
Investment Earnings	174,000	140,025	143,645	140,986	134,224	136,225	94,486	80,454	73,394	66,534
Gain (Loss) on Sale of Capital Assets	(8,142)	(8,224)	(8,306)	(8,389)	(8,473)	(8,558)	(8,643)	(8,730)	(8,817)	(8,905)
Impact Fee Expenditures	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-
Impact Fee Revenues	89,665	90,113	90,564	91,016	91,472	91,929	92,389	92,850	93,315	93,781
Total Non-Operating Revenue	\$255,522	\$221,914	\$225,902	\$223,613	\$217,223	\$219,596	\$178,231	\$164,575	\$157,892	\$151,410
Total Revenue Available for DS	\$7,567,702	\$7,512,399	\$7,519,674	\$7,546,521	\$7,596,215	\$7,695,471	\$7,794,242	\$7,967,047	\$8,196,894	\$8,481,513
Total DS	(\$805,273)	(\$1,039,925)	(\$1,042,925)	(\$1,039,550)	(\$1,040,800)	(\$1,043,450)	(\$1,040,725)	(\$1,040,725)	(\$1,040,225)	(\$1,039,225)
Total Revenue Available for CIP	\$6,762,428	\$6,472,474	\$6,476,749	\$6,506,971	\$6,555,415	\$6,652,021	\$6,753,517	\$6,926,322	\$7,156,669	\$7,442,288
Total Bond Proceeds	\$8,414,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total CIP	(\$17,214,066)	(\$6,001,495)	(\$6,422,045)	(\$6,723,492)	(\$6,185,416)	(\$9,195,689)	(\$7,447,590)	(\$7,153,213)	(\$7,367,809)	(\$7,588,843)
Net Income (Loss) Before Transfers	(\$2,037,638)	\$470,979	\$54,705	(\$216,520)	\$369,998	(\$2,543,668)	(\$694,073)	(\$226,890)	(\$211,140)	(\$146,556)
Change in Net Position	(\$2,265,014)	\$241,329	(\$177,242)	(\$450,786)	\$133,390	(\$2,782,643)	(\$935,438)	(\$470,669)	(\$457,355)	(\$395,234)
Beginning Cash Balance	\$11,600,000	\$9,334,986	\$9,576,315	\$9,399,073	\$8,948,287	\$9,081,677	\$6,299,034	\$5,363,596	\$4,892,928	\$4,435,572
Ending Fund Balance	\$9,334,986	\$9,576,315	\$9,399,073	\$8,948,287	\$9,081,677	\$6,299,034	\$5,363,596	\$4,892,928	\$4,435,572	\$4,040,339
Unrestricted	\$9,334,986	\$9,576,315	\$9,399,073	\$8,948,287	\$9,081,677	\$6,299,034	\$5,363,596	\$4,892,928	\$4,435,572	\$4,040,339
Days of Working Capital	580	579	552	511	504	340	281	248	218	193
Days of Working Capital Minimum	365	365	365	365	365	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	9.40	7.22	7.21	7.26	7.30	7.38	7.49	7.66	7.88	8.16
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25



APPENDIX C: DETAILED STORM WATER PRO FORMA

	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Operating Revenues										
Storm Water Fees	5,211,901	5,372,267	5,534,107	5,697,430	5,862,249	6,028,573	6,196,414	6,365,783	6,536,690	6,709,147
Storm Water Fees - Bad Debt	(1,984)	(2,004)	(2,024)	(2,044)	(2,065)	(2,085)	(2,106)	(2,127)	(2,148)	(2,170)
Cont From - Fund 10 - Storm Water Fee	-	-	-	-	-	-	-	-	-	-
Reviews - LT Management Plans	(1,017)	(1,027)	(1,037)	(1,048)	(1,058)	(1,069)	(1,080)	(1,090)	(1,101)	(1,112)
Reviews - SWPPP Plans	9,508	9,603	9,699	9,796	9,894	9,993	10,093	10,194	10,296	10,399
Fines - SWPPP - Site Citation Infraction	1,224	1,236	1,249	1,261	1,274	1,287	1,299	1,312	1,326	1,339
Miscellaneous Revenue - Storm Water	408	412	416	420	425	429	433	437	442	446
Storm Water Inspection Fees	40,270	40,673	41,080	41,491	41,906	42,325	42,748	43,175	43,607	44,043
Total Operating Revenue	\$5,260,311	\$5,421,161	\$5,583,489	\$5,747,307	\$5,912,624	\$6,079,452	\$6,247,802	\$6,417,684	\$6,589,111	\$6,762,092
Operating Expense										
Personnel Services	(1,091,602)	(1,124,350)	(1,158,081)	(1,192,823)	(1,228,608)	(1,265,466)	(1,303,430)	(1,342,533)	(1,382,809)	(1,424,293)
Supplies and Maintenance	(367,343)	(378,363)	(389,714)	(401,406)	(413,448)	(425,851)	(438,627)	(451,786)	(465,339)	(479,299)
Administrative Fee	(361,944)	(377,981)	(394,165)	(410,497)	(426,979)	(443,611)	(460,395)	(477,332)	(494,423)	(511,669)
Utilities	(9,180)	(9,455)	(9,739)	(10,031)	(10,332)	(10,642)	(10,961)	(11,290)	(11,629)	(11,978)
Contract Services	(541,186)	(557,422)	(574,144)	(591,369)	(609,110)	(627,383)	(646,204)	(665,591)	(685,558)	(706,125)
Equipment Lease and Rentals	(5,000)	(5,150)	(5,305)	(5,464)	(5,628)	(5,796)	(5,970)	(6,149)	(6,334)	(6,524)
Insurance	(21,647)	(22,296)	(22,965)	(23,654)	(24,364)	(25,095)	(25,848)	(26,623)	(27,422)	(28,244)
Charges in Lieu of Property Tax	(29,316)	(30,195)	(31,101)	(32,034)	(32,995)	(33,985)	(35,005)	(36,055)	(37,137)	(38,251)
Depreciation Expense	-	-	-	-	-	-	-	-	-	-
Miscellaneous	(85,586)	(88,154)	(90,798)	(93,522)	(96,328)	(99,218)	(102,194)	(105,260)	(108,418)	(111,670)
Total Operating Expense	(\$2,512,804)	(\$2,593,366)	(\$2,676,012)	(\$2,760,800)	(\$2,847,791)	(\$2,937,047)	(\$3,028,635)	(\$3,122,619)	(\$3,219,068)	(\$3,318,053)
Non-Operating Revenues (Expenses)										
Investment Earnings	50,000	73,983	26,102	59,978	80,921	67,657	56,358	18,631	12,567	27,215
Gain (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-	-	-
Impact Fee Expenditures	-	-	-	-	-	-	-	-	-	-
Interest Expense	-	-	-	-	-	-	-	-	-	-
Impact Fee Revenues	75,000	69,603	69,951	70,301	70,653	71,006	71,361	71,718	72,076	72,437
Total Non-Operating Revenue	\$125,000	\$143,586	\$96,054	\$130,279	\$151,574	\$138,663	\$127,719	\$90,349	\$84,643	\$99,652
Total Revenue Available for DS	\$2,872,507	\$2,971,381	\$3,003,531	\$3,116,786	\$3,216,407	\$3,281,068	\$3,346,887	\$3,385,415	\$3,454,686	\$3,543,691
Total DS	(\$504,170)	(\$558,079)	(\$561,979)	(\$1,535,567)	(\$1,538,793)	(\$1,081,919)	(\$1,080,119)	(\$1,082,744)	(\$1,080,244)	(\$1,082,619)
Total Revenue Available for CIP	\$2,368,336	\$2,413,302	\$2,441,552	\$1,581,220	\$1,677,614	\$2,199,149	\$2,266,768	\$2,302,671	\$2,374,442	\$2,461,072
Bond Proceeds	\$2,000,000	\$0	\$13,000,000	\$8,003,254	\$2,265,489	\$0	\$0	\$0	\$0	\$0
Total CIP	(\$5,340,684)	(\$5,423,989)	(\$4,996,746)	(\$5,737,765)	(\$4,640,493)	(\$2,763,670)	(\$4,591,279)	(\$2,514,450)	(\$1,203,432)	(\$2,827,506)
Net Income (Loss) Before Transfers	(\$972,348)	(\$3,010,687)	\$10,444,806	\$3,846,709	(\$697,390)	(\$564,521)	(\$2,324,511)	(\$211,779)	\$1,171,011	(\$366,434)
Change in Net Position	(1,151,919)	(3,192,054)	10,261,626	3,661,696	(884,253)	(753,252)	(2,515,130)	(404,304)	976,561	(562,828)
Beginning Cash Balance	6,084,126	4,932,207	1,740,153	3,998,525	5,394,732	4,510,479	3,757,227	1,242,097	837,793	1,814,353
Ending Fund Balance	4,932,207	1,740,153	12,001,779	7,660,221	4,510,479	3,757,227	1,242,097	837,793	1,814,353	1,251,525
Unrestricted	\$4,932,207	\$1,740,153	\$3,998,525	\$5,394,732	\$4,510,479	\$3,757,227	\$1,242,097	\$837,793	\$1,814,353	\$1,251,525
Days of Working Capital	707	242	538	703	570	461	148	97	203	136
Days of Working Capital Minimum	365	365	365	365	365	365	365	365	365	365
Coverage Ratio (w/Impact Fees)	5.70	5.32	5.34	2.03	2.09	3.03	3.10	3.13	3.20	3.27
Coverage Ratio (w/Impact Fees) Target	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25

RESOLUTION NO. _____

**A RESOLUTION OF THE OREM CITY COUNCIL APPROVING
AND ADOPTING THE 2021 UTILITY FINANCIAL PLAN**

WHEREAS, the City of Orem operates water, sewer, and storm water utilities that provide essential services and enhance the quality of life for the resident of the City of Orem; and

WHEREAS, on May 11, 2021 the Orem City Council passed Resolution R-2021-0008 adopting the 2021 Water, Sewer, and Storm Water Master Plans; and

WHEREAS, the 2016 Water Master Plan, 2016 Sewer Master Plan, and the 2018 Storm Water Master Plan were adopted by the Orem City council to strategically plan for the repair, replacement, and operations of these utilities; and

WHEREAS, in 2020, the City hired Bowen, Collins & Associates, Inc. (BCA) to review, evaluate, and update these utility master plans; and

WHEREAS, the results of these master plans were the basis for a rate study that was used to establish supporting utility rates for the City; and

WHEREAS, in 2020, the City engaged its Financial Consultant, Lewis, Young, Robertson & Burningham, Inc. (LYRB) to update the corresponding utility financial plan and prepare the City to sell revenue bonds to support the construction of the targeted capital improvement projects; and

WHEREAS, the primary objectives of updating the financial plans were to: (1) ensure sufficient revenues to cover all operation and maintenance expenses while maintaining the bond covenants, and (2) ensure the appropriate debt service coverage ratio, and (3) provide sufficient revenues to fund the proposed projects identified in the utility master plans; and

WHEREAS, water and sewer rate increases were paused in fiscal year 2021, and utility rate schedules were adjusted to support the overall capital, operations, and maintenance needs identified in each utility's pro forma. As a result, new water, sewer, and storm water rate schedules were developed to accommodate each of these changes; and

WHEREAS, LYRB completed 2021 Utility Rate Study which reviewed the existing water, sewer, and storm water utility fees (or rates) and provided a recommended rate schedule based on changes in forecasted expenses, capital improvements, and bonding needs. The primary objectives of the rate analyses were to ensure sufficient revenues to cover all operation and maintenance ("O&M") expenses, maintain bond covenants, ensure appropriate debt service coverage ratios, and provide sufficient revenue to fund the proposed projects identified in the utility master plans; and

WHEREAS, the 2021 Utility Rate Study is being adopted as the City's 2021 Utility Financial Plan which reflects the utility facility updates and accounts for the hybrid bond/pay-as-you-go funding philosophy adopted by the Orem City Council; and

WHEREAS, the Orem City Council has reviewed the 2021 Utility Financial Plan and finds that it promotes the health, safety and welfare of the residents of the City of Orem.

**NOW, THEREFORE, BE IT RESOLVED THE CITY COUNCIL OF CITY OF OREM,
UTAH AS FOLLOWS:**

1. The Orem City Council hereby adopts the 2021 Utility Financial Plan attached hereto as Exhibit A and incorporated herein by reference.
2. All other resolutions and policies in conflict herewith, either in whole or in part, are hereby repealed.
3. This Resolution shall become effective immediately upon passage.

PASSED AND APPROVED this 28th day of September 2021.

Richard F. Brunst, Jr., Mayor

ATTEST:

JoD'Ann Bates, City Recorder

COUNCILMEMBER	AYE	NAY	ABSTAIN
Richard F. Brunst	☐	☐	☐
Jeff Lambson	☐	☐	☐
Debby Lauret	☐	☐	☐
Tom Macdonald	☐	☐	☐
Terry Peterson	☐	☐	☐
David Spencer	☐	☐	☐
Brent Sumner	☐	☐	☐

EXHIBIT A

RESOLUTION NO. _____

**A RESOLUTION BY THE OREM CITY COUNCIL EXPRESSING SUPPORT FOR
THE CREATION OF AN OPEN SPACE EASEMENT FOR 12.76 ACRES OF
PROPERTY LOCATED GENERALLY AT 66 N. 800 E., 825 E. CENTER, 101 S. 800 E.,
AND AN ADDITIONAL 4.09 ACRES OF PROPERTY LOCATED AT 31 S. AND 75 S.
800 E. SHOULD ITS PROPERTY OWNERS VOLUNTARILY ELECT TO JOIN ANY
CONSERVATION EASEMENT PROPOSALS IN THE FUTURE**

WHEREAS Tim and Natalie Crandall, the owners of part of the property commonly referred to as the Crandall Orchard (the “Crandall Orchard”) (see Exhibit A), are voluntarily working toward placing an open space conservation easement on the property they own as part of the operating Crandall Orchard (the “Open Space Conservation Easement”); and

WHEREAS it may be desirable for other owners of property in the Crandall Orchard to work collectively toward the establishment of an Open Space Conservation Easement; and

WHEREAS the Crandall Orchard property is located within the City of Orem as identified on Exhibit A; and

WHEREAS on April 1, 2021, the Orem City Natural Resources and Stewardship Committee (“NRSC”) passed a motion stating the “NRSC supports the creation of agricultural easements on remaining agricultural and orchard lands within Orem City;” and

WHEREAS the City of Orem has placed the subject property in an Agriculture Overlay Zone “to encourage the preservation of existing agricultural uses with the City in areas where residential and agricultural uses are compatible” (see 22-12-6-A Orem City Code); and

WHEREAS the Crandall Orchard represents the agricultural heritage of Orem City by continuing to produce a meaningful agricultural product locally produced and sold to local residents and represents a segment of a meaningful local food supply and community resiliency; and

WHEREAS Tim and Natalie Crandall are seeking funding sources from various groups, non-profits, State and Federal agencies and programs, and other sources to secure funding to purchase an Open Space Conservation Easement on that part of the Crandall Orchard owned by Tim and Natalie Crandall; and

WHEREAS funds from the LeRay McAllister Critical Land Conservation Fund may be used to pay for up to fifty percent (50%) of the cost to purchase an Open Space Conservation Easement (subject to fund availability and approval by the fund directors); and

WHEREAS the LeRay McAllister Critical Land Conservation Fund requires a letter of support from the local government following a public hearing as part of any application for use of the fund; and

WHEREAS the Orem City Council (the “Council”) is the local elected legislative body within whose jurisdiction that the Crandall Orchard lies; and

WHEREAS the Council held a public hearing, subject to the requirements of the Utah Open Meetings Act, in order to provide the public an opportunity to comment on the establishment of an Open Space Conservation Easement on part, or all of the Crandall Orchard, as the various property owners desire; and

WHEREAS a resolution of support for the creation of an Open Space Easement on properties commonly referred to as the Crandall Orchard does not indicate a future commitment that the City of Orem will agree to become the grantee of a proposed Open Space Conservation Easement.

NOW, THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF OREM, UTAH, as follows:

1. The City Council finds that the establishment of an Open Space Conservation Easement on all or part of the Crandall Orchard is consistent with the goals of the City of Orem as expressed in the Agricultural Overlay Zone; and
2. The Council supports property owners of the Crandall Orchard in their pursuit of an Open Space Conservation Easement, including application for funding from the LeRay McAllister Critical Land Conservation Fund; and
3. The Council does not guarantee that the City of Orem will agree to be a grantee of any Open Space Conservation Easement until it is demonstrated that such action would be in the health, safety, and welfare of the citizens of the City of Orem, nor is any property owner committed at any time to be a grantor of such an easement; and,
4. The Council does not support an Open Space Conservation Easement on any property where adopted City infrastructure master plans call for expansion of right-of-way or other critical City infrastructure.
5. If any part of this resolution shall be declared invalid, such a decision shall not affect the validity of the remainder of this resolution.
6. This resolution shall take effect immediately upon passage.

PASSED and APPROVED this 28th day of September, 2021.

Richard F. Brunst, Jr., Mayor

ATTEST:

JoD'Ann Bates, City Recorder

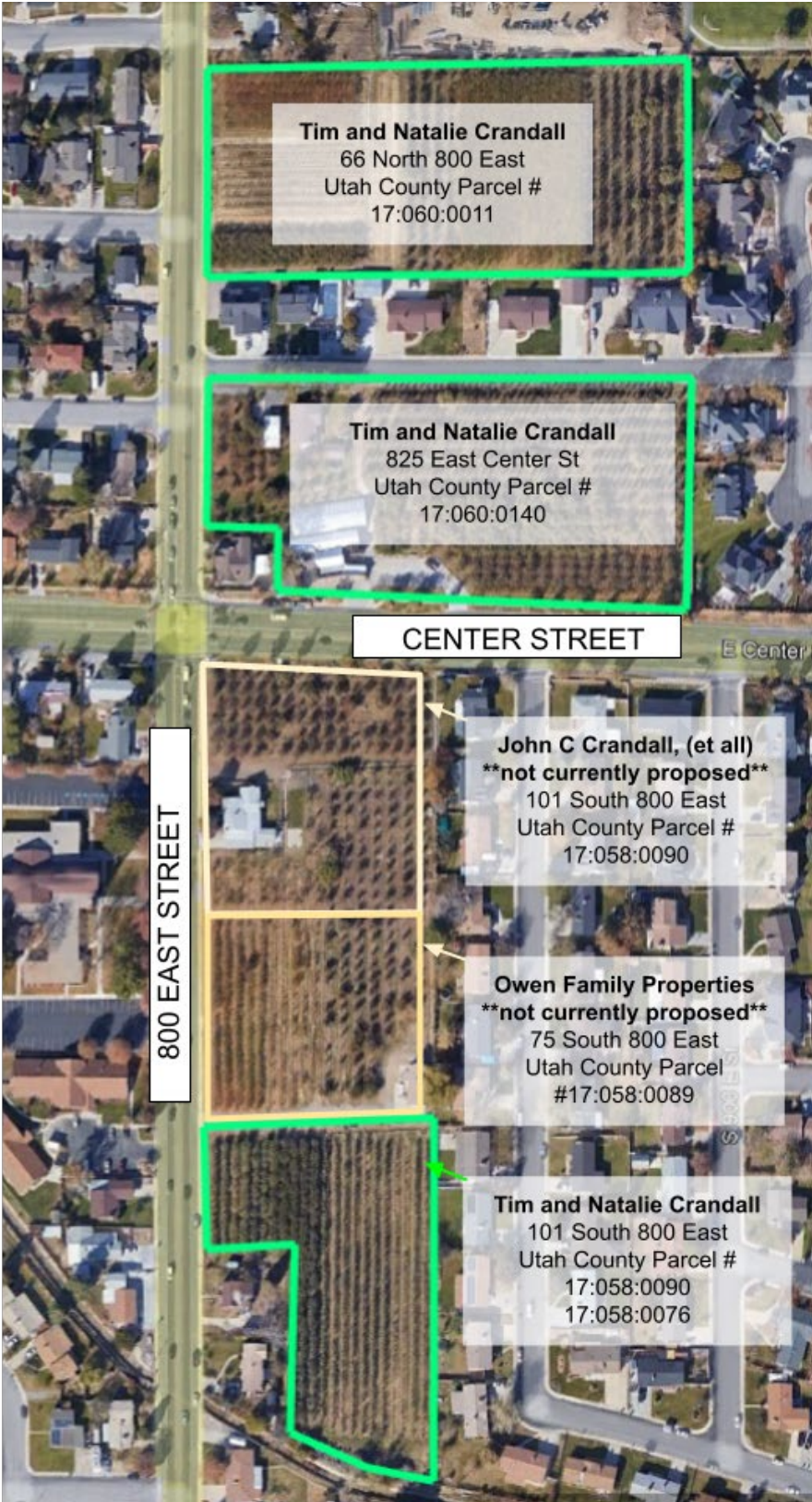
COUNCILMEMBER	AYE	NAY	ABSTAIN
Mayor Richard F. Brunst	☐	☐	☐
Jeff Lambson	☐	☐	☐
Debby Lauret	☐	☐	☐
Tom Macdonald	☐	☐	☐
Terry Peterson	☐	☐	☐
David Spencer	☐	☐	☐
Brent Sumner	☐	☐	☐

EXHIBIT A

Crandall Orchard
Open Space
Conservation
Easement
Proposal

Property
Owners
Currently
Proposing an
Open Space
Easement

Other
Property
Owners Not
Currently
Proposing an
Open Space
Easement



Crandall Orchard Easement

Crandall Proposal

Tim and Natalie Crandall are the main operators of the Crandall Orchards at 800 East Center Street in Orem. They have about 10 acres and sell their produce locally at their fruit stand.

The area was homesteaded by the Crandall family in the 1887

The Crandalls wish to place a conservation easement on the property to preserve its operation as a working orchard in perpetuity.



Conservation Easement

Conservation easements are binding legal documents setting aside land for particular purposes, in this case: an orchard. All future property owners would have to operate the land as an orchard.

Conservation easements are typically held by a non-profit or government agency that has power to enforce the provisions of the easement agreement.

Easement Funding

The cost of an easement is typically the value of the land if it were developed minus the value of the land in its less-developed state. Funding sources may include:

- Private fundraising and property owner donation
- Federal tax credits
- Grants from nonprofits, such as Utah Open Lands, or government agencies, such as Utah's McAllister Fund (discussed next)

The value of the easement is being evaluated, but is currently estimated at several million dollars.

McAllister Fund

The Crandalls are seeking a grant from Utah State's McAllister Fund to assist in raising revenue for the easement.

The grant is dedicated to preserve agricultural lands in private ownership through conservation easements.

McAllister Fund directors will soon make a site visit to gather information to evaluate the application.

Details

The City of Orem would hold the easement.

The McAllister Fund can only fund up to 50 percent of the cost.

Utah Open Lands and possibly other non-governmental organizations would help fundraise.

The Crandalls would make a substantial donation to the cost of the easement.

Open to limited public access; for example, school field trips.

Request from Orem

The McAllister Fund is legally required to determine local support for a conservation easement proposal through a public hearing, followed by a city resolution of support.

Does the city of Orem support the Crandalls in putting an perpetual agricultural conservation easement on their property?

Recommendation

On April 1, 2021, the Orem Natural Resources Stewardship Committee adopted the following motion:

“The NRSC supports the creation of agricultural easements on remaining agricultural and orchard lands within Orem City.”

This may be a way to preserve our heritage, to help consumers buy locally, to assist community education, and to preserve green space and scenic values in the middle of a rapidly growing metropolitan area.

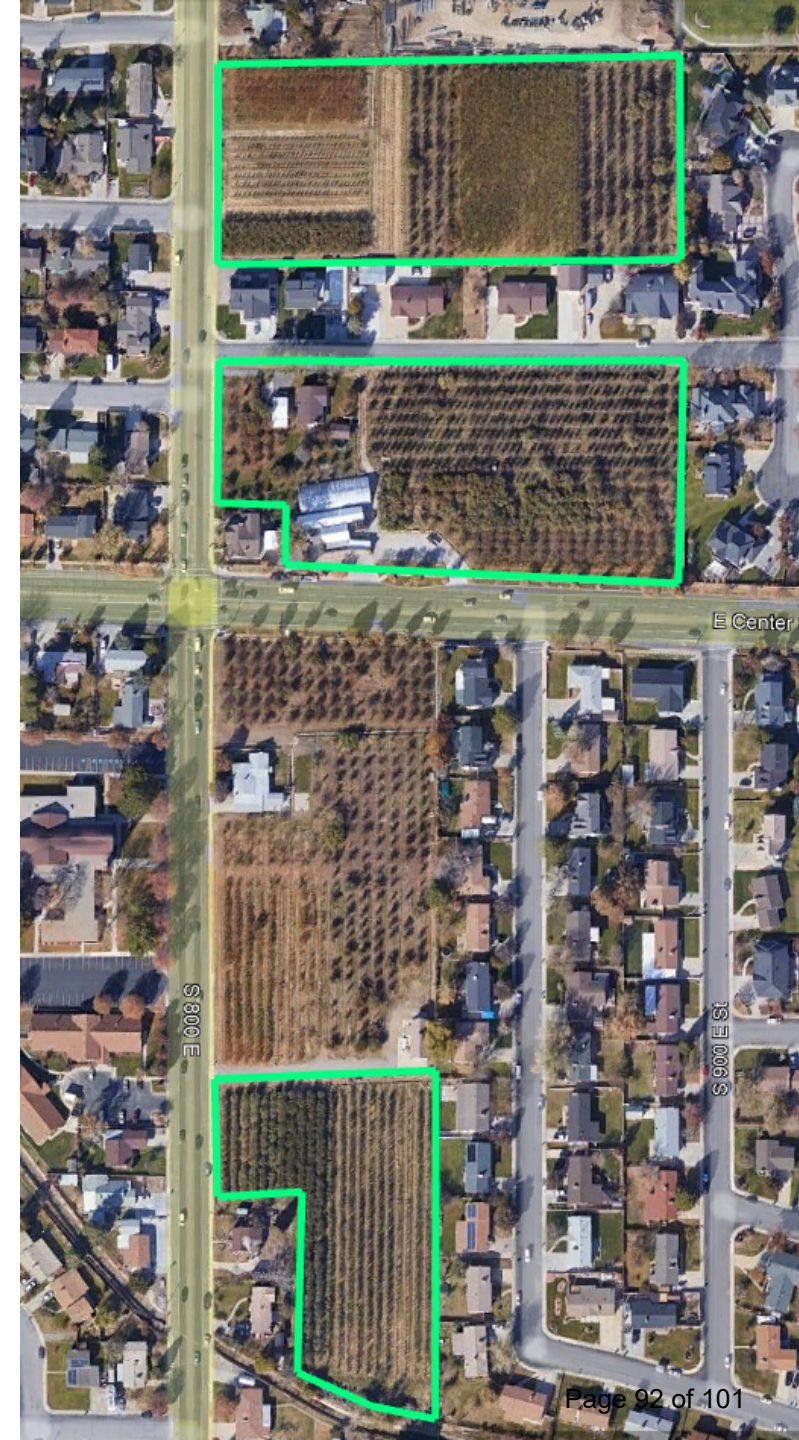
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CITY OF OREM
BUDGET REPORT FOR THE MONTH ENDED AUGUST 2021

Percent of Year Expired: 17%

Fund	Current Appropriation	Monthly Total	Year-To-Date Total	Encumbrances	Balance	% To Date FY 2022	% To Date FY 2021	Notes
10 GENERAL FUND								
Revenues	56,317,689	2,084,363	4,808,425			9%	9%	
Appr. Surplus - Current	2,000		2,000			100%		
Appr. Surplus - Prior Year	18,343,032		18,343,032			100%		
Std. Interfund Transactions	5,669,461		5,669,461			100%		
Total Resources	80,332,182	2,084,363	28,822,918		51,509,264	36%	32%	
Expenditures	80,332,182	4,228,406	15,032,182	2,084,148	63,215,852	21%	23%	
20 ROAD FUND								
Revenues	3,332,500	1,450	1,450			0%		
Appr. Surplus - Prior Year	2,141,745		2,141,745			100%		
Total Resources	5,474,245	1,450	2,143,195		3,331,050	39%	38%	
Expenditures	5,474,245	27,578	227,067	1,364,816	3,882,362	29%	23%	
21 CARE TAX FUND								
Revenues	2,420,000	846	1,774			0%		
Appr. Surplus - Current	200,000		200,000			100%		
Appr. Surplus - Prior Year	1,196,780		1,196,780			100%		
Total Resources	3,816,780	846	1,398,554		2,418,226	37%	62%	
Expenditures	3,816,780	1,014,794	1,969,031	5,000	1,842,749	52%	91%	1
24 TRANSPORTATION SALES TAX FUND								
Revenues	2,307,000	894	894			0%		
Appr. Surplus - Prior Year	2,252,922		2,252,922			100%		
Total Resources	4,559,922	894	2,253,816		2,306,106	49%	49%	
Expenditures	4,559,922	692,212	811,804	608,071	3,140,047	31%	25%	
30 DEBT SERVICE FUND								
Revenues	5,644,225	232	554,523			10%	10%	
Appr. Surplus - Current	807,917		807,917			100%		
Total Resources	6,452,142	232	1,362,440		5,089,702	21%	21%	
Expenditures	6,452,142	46,547	92,158		6,359,984	1%	2%	
45 CIP FUND								
Revenues	575,000	127,685	127,685			22%	16%	
Appr. Surplus - Prior Year	19,397,312		19,397,312			100%		
Total Resources	19,972,312	127,685	19,524,997		447,315	98%	98%	
Expenditures	19,972,312	327,429	538,662	816,503	18,617,147	7%	17%	2
51 WATER FUND								
Revenues	17,961,733	1,822,818	4,883,918			27%	28%	
Appr. Surplus - Current Year	150,000		150,000			100%		
Appr. Surplus - Prior Year	48,948,581		48,948,581			100%		
Total Resources	67,060,314	1,822,818	53,982,499		13,077,815	80%	64%	3
Expenditures	67,060,314	843,890	4,984,430	3,477,149	58,598,735	13%	16%	
52 WATER RECLAMATION FUND								
Revenues	13,443,194	1,063,406	2,106,854			16%	17%	
Appr. Surplus - Prior Year	22,479,169		22,479,169			100%		
Total Resources	35,922,363	1,063,406	24,586,023		11,336,340	68%	55%	3
Expenditures	35,922,363	362,448	2,883,901	6,811,226	26,227,236	27%	18%	
55 STORM WATER FUND								
Revenues	5,402,195	466,636	1,056,965			20%	20%	
Appr. Surplus - Prior Year	8,230,808		8,230,808			100%		
Total Resources	13,633,003	466,636	9,287,773		4,345,230	68%	63%	3
Expenditures	13,633,003	232,772	1,539,475	514,365	11,579,163	15%	24%	
56 RECREATION FUND								
Revenues	2,732,340	194,126	472,644			17%	10%	
Appr. Surplus - Prior Year	7,474		7,474			100%		
Total Resources	2,739,814	194,126	480,118		2,259,696	18%	10%	
Expenditures	2,739,814	243,914	961,288	239,843	1,538,683	44%	46%	

CITY OF OREM
BUDGET REPORT FOR THE MONTH ENDED AUGUST 2021

Percent of Year Expired: 17%

Fund	Current Appropriation	Monthly Total	Year-To-Date Total	Encumbrances	Balance	% To Date FY 2022	% To Date FY 2021	Notes
57 SOLID WASTE FUND								
Revenues	4,478,000	391,055	780,748			17%	17%	
Appr. Surplus - Prior Year	232		232			100%		
Total Resources	4,478,232	391,055	780,980		3,697,252	17%	18%	
Expenditures	4,478,232	298,827	1,014,206		3,464,026	23%	31%	
58 STREET LIGHTING FUND								
Revenues	965,000	72,514	158,526			16%	16%	
Appr. Surplus - Prior Year	1,619,639		1,619,639			100%		
Total Resources	2,584,639	72,514	1,778,165		806,474	69%	66%	
Expenditures	2,584,639	79,253	567,095	854,839	1,162,705	55%	23%	4
61 FLEET MAINTENANCE FUND								
Appr. Surplus - Current	50,000		50,000			100%		
Appr. Surplus - Prior Year	857		857			100%		
Std. Interfund Transactions	850,000		850,000			100%		
Total Resources	900,857		900,857			100%	100%	
Expenditures	900,857	55,315	335,150	1,358	564,349	37%	36%	
62 PURCHASING/WAREHOUSING FUND								
Appr. Surplus - Current	40,000		40,000			100%		
Appr. Surplus - Prior Year	177		177			100%		
Std. Interfund Transactions	380,000		380,000			100%		
Total Resources	420,177		420,177			100%	100%	
Expenditures	420,177	21,984	139,652	594	279,931	33%	37%	
63 SELF INSURANCE FUND								
Revenues	765,000	53,411	164,029			21%	17%	
Std. Interfund Transactions	1,390,000		1,390,000			100%		
Total Resources	2,155,000	53,411	1,554,029		600,971	72%	71%	
Expenditures	2,155,000	37,361	593,403	300,200	1,261,397	41%	38%	
64 INFORMATION TECH FUND								
Revenues	8,136		678			100%		
Appr. Surplus - Prior Year	385,420		385,420			100%		
Std. Interfund Transactions	2,442,000		2,442,000			100%		
Total Resources	2,835,556		2,828,098		7,458	100%	100%	
Expenditures	2,835,556	165,620	400,856	203,078	2,231,622	21%	23%	
65 FACILITIES MAINTENANCE FUND								
Appr. Surplus - Prior Year	337,613		337,613			100%		
Std. Interfund Transactions	1,700,000		1,700,000			100%		
Total Resources	2,037,613		2,037,613			100%	100%	
Expenditures	2,037,613	141,265	284,110	477,323	1,276,180	37%	33%	
74 CDBG FUND								
Revenues	1,185,440	107,992	111,577			9%		
Appr. Surplus - Prior Year	454,813		454,813			100%		
Total Resources	1,640,253	107,992	566,390			35%	15%	
Expenditures	1,640,253	52,122	158,705	30,408	1,451,140	12%	10%	
CITY TOTAL RESOURCES	257,015,404	6,387,428	154,708,642		101,232,899	60%	52%	
CITY TOTAL EXPENDITURES	257,015,404	8,871,737	32,533,175	17,788,921	206,693,308	20%	22%	

CITY OF OREM
BUDGET REPORT FOR THE MONTH ENDED AUGUST 2021

Percent of Year Expired: 17%

Fund	Current Appropriation	Monthly Total	Year-To-Date Total	Encumbrances	Balance	% To Date	% To Date	Notes
						FY 2022	FY 2021	

NOTES TO THE BUDGET REPORT FOR THE MONTH ENDED AUGUST 2021:

- 1) The current year expenditures are lower in comparison to the prior year due to the current year encumbrances (\$5,000) being significantly lower than in the prior fiscal year (\$4,004,000) at this date in time. Due to the Fitness Center construction project and associated payments nearing completion.
- 2) The current year expenditures are lower in comparison to the prior year due to the current year encumbrances (\$816,503) being significantly lower than in the prior fiscal year (\$2,158,624) at this date in time.
- 3) Current year revenues are higher than the prior year at this time due to the appropriation of surplus related to the bond funds received late in the prior fiscal year but appropriated at the beginning of the current fiscal year.
- 4) The current year expenditures are higher in comparison to the prior year due to the current year encumbrances (\$854,839) being significantly higher than in the prior fiscal year (\$151,670) at this date in time.

Note: In earlier parts of a fiscal year, expenditures may be greater than the collected revenues in a fund. The City has accumulated sufficient reserves to service all obligations during such periods and does not need to issue tax anticipation notes or obtain funds in any similar manner. If you have questions about this report, please contact Brandon Nelson (229-7010).