



AMERICAN FORK CITY COUNCIL
MARCH 3, 2026
WORK SESSION AGENDA

Members Present:

Bradley J. Frost	Mayor
Staci Carroll	Council Member
Ryan Hunter	Council Member
Ernie John	Council Member
Clark Taylor	Council Member
Tim Holley	Council Member <i>*electronically*</i>

Staff Present:

David Bunker	City Administrator
Camden Bird	Assistant City Administrator
Anna Monotya	Finance Director
Stephanie Finau	Deputy Recorder
Patrick O'Brien	Development Services Director
Sam Kelly	Public Works Director
Dan Loveland	Asst. Public Works Director
Derek Rykert	Community Service Director
Stacy Chandler	Community Service Assistant
Aaron Brems	Fire Chief
Cameron Paul	Police Chief
Ryan Archuletta	Lieutenant
Heather Schriever	Legal Counsel

Also present: Jocelyn Shelly, Laurel Shelley, and Reid Shelley

Notice is hereby given that the American Fork City Council held a work session on Tuesday, March 3, 2026, in the City Administration Conference Room, located at 51 East Main Street, commencing at 4:00 p.m.

WORK SESSION

The purpose of the City Work Sessions is to prepare the City Council for upcoming agenda items on future City Council Meetings. The Work Session is not an action item meeting. No one attending the meeting should rely on any discussion or any perceived consensus as action or authorization. These come only from the City Council Meeting.

Mayor Frost verified for the record that Council Member Holley is currently out of the country but is participating remotely. He also noted for the record that Council Member Taylor will need to leave the meeting at 5:00 p.m.

1. Discussion on water rates.

Ms. Montoya stated that the objective of the discussion was to review where the city has been regarding water rates, outline the currently proposed rates, and receive directions and clarification from the Council on how to move forward with adopting those rates. She explained that the State has mandated the installation of water meters and adoption of a tiered rate structure by 2030. The city moved ahead of that deadline, and because it acted early, it was able to secure 100% grant funding for the project. She emphasized that this was a significant win for the City, as the project was not funded through user fees or the General Fund, but entirely through grants.

Ms. Montoya reported that all residential meters have now been installed. A small number remain outstanding for project purposes, and staff are currently working through audits of those meters and reviewing incoming data to ensure accuracy. She noted that some data cleanup is still underway, but overall, the project is nearing completion.

A short discussion ensued on the grant funding. The total grant funding secured for the meter project was approximately \$9 million, which was the reason the city moved forward early with the project.

Regarding rate adoption, Ms. Montoya explained that staff first presented the proposed water rate structure to the Council during a work session in May 2024. She noted that it has been some time since that initial presentation. Staff later returned, over a year afterward, to update the underlying cost data, capital needs, and project timing assumptions. She stated that implementation of the proposed rates was delayed by one year while staff gathered and presented additional necessary information. Approximately four months later, staff returned with revisions based on Council direction. Those revisions included: increasing the number of lot size blocks and updating the base rate calculation to be based directly on the actual square footage of each lot, rather than using stepped base rates by lot size category.

Ms. Montoya explained that under the revised approach, the base rate is calculated precisely according to lot size. She stated that staff wanted to review the rationale behind the rate adjustments, including a summary of capital needs. She noted that this information was previously presented by Bowen Collins & Associates in August.

Ms. Montoya explained that under the current rate structure, the model shows that the city would be unable to fund future capital needs, with reserves projected to be depleted by 2030. Ms. Montoya stated that a significant portion of the capital costs relate to the meter project. She explained that all capital projects are programmed into the City's Water Master Plan and that additional details can be provided if needed. She noted that the largest capital components would include major system infrastructure improvements. Mayor Frost added that the capital costs would also include billing system updates and the telemetry infrastructure necessary to read meters in real time.

Council Member Hunter stated that he was seeking clarification on the total project cost and the portion paid for by the State. He further asked why the City's balance appeared to decrease from approximately \$26 million in 2024 to \$20 million, and then down to \$10 million in the current year, asking whether that reduction was attributable to the meter project costs. Mr. Bunker explained that the city has other capital expenses that were not

part of the State grant funding. He clarified that the State funded the water meters and the telemetry system required to transition to a metered system. In addition to that project, the city had other capital projects that were not grant-funded. He stated that the decrease in fund balance from FY2025 to FY2026 reflects those additional capital expenditures.

Council Members Carroll and Hunter sought clarification on capital expenses not covered by the grant, noting that many of these projects had already been completed or spent on. Ms. Montoya reminded the Council that the figures combine both culinary and irrigation (PI) systems, so some culinary capital projects are included in the totals.

Council Member Hunter observed that the uncovered capital expenses appeared to be roughly double the cost of the PI projects alone. Mr. Bunker and Council Member Taylor confirmed that the discussion focused on the City's end-of-year fund balance and the changes over the specified period. Council Member Hunter highlighted that approximately \$21 million had been spent on culinary and PI projects over two years.

Mayor Frost noted that this total includes pipe upsizing and extensions into the TOD area, which qualify as capital improvements. Council Member Taylor confirmed that these expenses, including the \$20 million bond, must be included in the overall capital calculations. Mr. Bunker clarified that while debt service is included in the capital calculations, it does not account for the full project cost.

Mr. Kelly noted that large projects, such as the 30-inch line, were already in progress when he arrived and questioned whether funding for those multi-million-dollar projects came from savings or bonding. Mr. Bunker confirmed that the city bonded for those projects. Mr. Kelly suggested that a significant portion of the large fund balance was likely derived from the bonding for these major capital projects.

Ms. Montoya reviewed the financial graph, noting that as of 2026, the City has approximately \$10 million in culinary fund balance and \$7 million in PI fund balance, totaling about \$17 million. She explained that moving forward, the fund balance will need to cover all upcoming capital needs, which would deplete reserves over time. Mr. Bunker added that the 2025 fund balance included the grant dollars received, of which over \$9 million has already been spent on the meter project.

Ms. Montoya added that by reviewing the budget and five-year capital plan, staff can specifically identify projects and issues anticipated over the next five years. She then shifted the discussion to the proposed culinary rates for the next five years. She noted that the current base rate is \$16.49, with a usage rate of \$3.59 per 1,000 gallons, and invited council members to address any questions or concerns. She emphasized that this proposal aligns with the presentation by Bowen Collins & Associates in August.

Council Member Carroll asked whether adopting the proposed rates would require approving the full multi-year schedule at once, or if the Council would vote on rate adjustments annually. Mr. Bunker responded that the proposal is to adopt the full rate schedule as presented. However, he clarified that the fee schedule would still return to the Council each year with the updated chart.

Mayor Frost noted that it is within the Council's prerogative to adopt the increases one year at a time or approve the full schedule, emphasizing that the approach can be revisited as needed. Ms. Montoya added that the last scheduled rate increase occurred on July 1, 2022, noting that it has been approximately four years since rates were last adjusted.

Ms. Montoya explained the proposed increases for nonresidential water rates: 12% in the first year, 9% for the following two years, and 8% for the subsequent two years. She noted that the current base rate is \$18.14, with a usage rate of \$3.15 per 1,000 gallons over 3,000. She added that while the schedule shows 2026–2030, the effective adoption date could be set by the council's direction, likely July 1.

Council Member John asked about the financial impact if the council adopted the culinary rates this year but left PI rates unchanged. Ms. Montoya responded that delaying the PI rate increase would postpone the revenue adjustment, which would require a larger increase in the following year to make up the difference.

Council Member Hunter noted that the nonresidential rate of \$3.15 per 1,000 gallons above 3,000 gallons is lower than the residential Block 2 rate of \$3.53, expressing concern that residential customers are paying more per unit than commercial customers. Ms. Montoya explained that commercial customers do not have higher Tier 2 and 3 rates like residential users. Council Member Hunter questioned whether the cost of service for commercial accounts is actually lower, noting many are not on smaller lines. Mr. Bunker clarified that commercial accounts are generally not connected to pressurized irrigation systems, so they are billed with a standard block rate rather than tiered rates.

Council Member Hunter suggested that commercial rates could be higher to discourage using culinary water for landscape irrigation, reinforcing conservation goals. Mayor Frost noted that some areas lack access to pressurized irrigation (PI) water. Mr. Bunker explained that the first 3,000 gallons of culinary water are included in the base rate, with additional usage charged per 1,000 gallons, which Council Member Hunter confirmed.

Discussion ensued among the Council and staff in regard to different scenario costs for culinary residential versus nonresidential.

Sam Kelly explained that the city generally follows the American Water Works Association (AWWA) standard, which is commonly accepted for structuring residential and commercial water rates. He noted that the current commercial rates are likely to model the city's previous rate structure and suggested that staff could verify the methodology if needed.

Council Members Hunter and Taylor continued discussing the disparity between residential and commercial culinary rates. Both expressed concern that commercial users, despite having a larger base allocation, are charged less per 1,000 gallons than residential users, even though the same water is being delivered.

Council Member Hunter speculated that Bowen Collins & Associates likely used the prior rate structure and applied a standard increase, following the AWWA guidelines, without reevaluating the equity between customer classes. Mr. Bunker suggested that it

would make sense to align the culinary rates so that residential and commercial charges match on a per-gallon basis.

Council Member John recalled that in 2005, during the PI study, American Fork originally charged residential and commercial customers the same rate. At that time, they reviewed rates in surrounding cities and found commercial rates were generally higher than residential. To align with those standards, the city increased commercial rates above residential. He noted that he is unsure how the current situation reversed, resulting in commercial rates now being lower than residential.

Mr. Bunker explained that meter size affects capacity, allowing higher instantaneous flow, and noted that the base rate for commercial customers is higher than residential for all meter sizes (e.g., ¾", 1", 1½", 2").

Council Member John asked whether the city pays for the meters, suggesting that the higher base rate for commercial might reflect meter replacement costs. Mr. Bunker clarified that it depends on the situation: if the city needs to replace a meter, it covers the cost, but for a new business connecting to the system, the meter cost is included in their fees.

Council Member Hunter clarified he was not necessarily proposing a change but wanted to understand why residential rates become higher than commercial rates in the upper usage blocks. Council Member John confirmed that commercial customers pay a single rate for all usage above 3,000 gallons. Sam Kelly questioned whether there was justification for commercial users, who often consume large volumes of water, to pay a lower rate per 1,000 gallons.

Council Member Hunter pointed out that commercial customers pay less than residential users at higher consumption levels. Council Member John noted that residential and commercial rates were previously aligned and suggested they should be consistent again to maintain equity.

Ms. Montoya explained that the proposed PI rates cover both residential and non-residential customers. She noted that administration recommends not separating shareholder rates at this time and intends to move forward with non-shareholder residential rates, requesting council feedback on the current approach.

Mayor Frost confirmed that staff are still determining how to structure shareholder rates and Ms. Montoya stated that PI rates will remain as currently set until further discussion.

Council Member John asked for clarification regarding nonresidential rates for county customers. Ms. Montoya explained that county nonresidential accounts pay a monthly base rate of \$18.50, calculated based on lot square footage multiplied by 350, with usage rates adjusted accordingly. Residential PI rates within the City use a modifier of 0.5, while properties outside the city pay double the rate.

Council Member John questioned why the water rate would not also be doubled if the base rate is doubled. He stated that previously rates were doubled across the board to

encourage properties on the system to annex and believed the ordinance may have included a doubled water rate as well, suggesting staff verify.

Council Member Hunter asked about the city's confidence in Bowen Collins & Associates, noting past concerns. Mayor Frost responded that the firm has generally provided solid recommendations, and Council Member Taylor added that the firm is highly regarded statewide.

Council Member Taylor asked whether residential gross lot sizes would be mapped. Ms. Montoya explained that non-residential properties are mapped using irrigated areas, leveraging existing stormwater mapping, while residential properties typically rely on county parcel maps. She noted that mapping residential properties would be unusual, costly to the property owner, and staff recommend avoiding it.

Council Member Hunter referenced Table 4, noting that if residential properties were mapped like non-residential ones, rates could effectively double. He acknowledged staff's recommendation but stated he does not support it, clarifying that he was not speaking for the entire council and suggesting many members may not have realized residential mapping had not been happening until recently.

Mayor Frost asked what alternative approach might be proposed and emphasized the need for predictability in maintaining base rates and supporting ongoing debt service obligations.

Council Member Hunter suggested that residents with larger properties who choose not to irrigate certain areas should be able to have those areas mapped and potentially receive reduced charges as an incentive for conserving water. He expressed concern that placing such residents into the higher rate category could be perceived as discouraging conservation.

Council Member Carroll suggested that if a property is residential, it could simply remain under the residential rate structure outlined in Table 4. Ms. Montoya responded that residential properties are already included under Table 4 and referenced the final sentence of the section for clarification. Council Member Hunter asked whether the current proposal maintains that approach or if he may have misunderstood the recommendation.

Mr. Bunker clarified that the final sentence indicates that if the mapping option is included, the nonresidential equation in Table 5 would be used. He explained that Table 5 calculates rates based on irrigated area per thousand square feet, whereas Table 4 is based on gross lot area. Council Member Hunter noted that under that approach the irrigated portion could appear to be charged at a higher rate.

Mr. Bunker explained that Table 4 assumes only 50% of a residential lot is irrigated, effectively applying a reduction. He stated that when switching to Table 5, the calculation is based only on the actual irrigated area, which results in comparable costs because the charge is no longer applied to the entire lot. He added that the difference primarily relates to the base rate calculation. Council Member Hunter acknowledged that the language specifies base rates and indicated he had not initially noticed that detail.

Council Member Hunter explained that his concern was not related to commercial properties but rather to residential property owners with large parcels, such as five acres, who choose to keep portions of their property as dry lots and not irrigate them. He stated that in such cases the only charge that would change would be the minimum monthly base rate. Mr. Bunker responded that if a property owner does not irrigate an area, they would not be charged for irrigating under the proposed structure.

Council Member Hunter noted that some property owners may have a spring or well on their property. Mr. Bunker replied that if they were not using City irrigation in that situation, they would not be charged under this structure. Council Member Hunter clarified that if the property is connected to the system, the property owner would still pay the base rate. Mr. Bunker acknowledged that the base rate would still apply in that circumstance.

The council and staff continued to discuss how the mapped residential lots would be treated under the proposed rate structure and how the proposed policy would affect existing residential properties that are currently mapped and those that aren't mapped but may want to have it done.

Council Member John explained that when the pressurized irrigation (PI) system was originally established around 2005, the intent was that entities such as the county would pay double the residential rate for water. He said this policy was based on the fact that the county does not contribute property tax revenue to the city, so the higher water rate was intended to offset that difference. However, he noted that under the current proposal, the modifier still indicates "double," but the per-thousand-gallon Tier 1 and Tier 2 rates are actually the same as residential, meaning the county is effectively not paying double as originally intended.

Council Member Hunter responded that his understanding matched that explanation and agreed that staff should verify the original policy. When asked whether he would support increasing the rate for non-residential users from \$0.43 to \$0.86 per thousand gallons, he said he would be comfortable with that since it would reflect the intended double rate. He added that the discussion has also involved the stormwater fee, which the county does pay. If that fee is considered part of the city's overall revenue structure, he noted that some might argue the county is already contributing financially in a way similar to property taxes. In that case, the justification for charging double water tiers might be weaker, since residential property taxes help cover some of the same infrastructure costs.

Mr. Bunker explained that PI water rates are part of the enterprise fund, while property taxes go to the general fund, meaning they are accounted for separately. Council Member Hunter expressed concern that proposed changes could significantly increase rates for 200–300 residential users who have historically been mapped into the PI system. Council Member John responded that some users are already intended to pay double the base rate, suggesting the increase may not be as significant. Council Member Carroll asked whether the city could find a solution for residents already mapped into the system. Mayor Frost suggested conducting further analysis to understand the potential impacts, noting that rates are likely to increase to some degree, but the exact effect is unclear without additional calculations.

Council Member Hunter expressed interest in grandfathering residents who are currently mapped in the PI system so they could remain under their existing structure.

Mr. Kelly clarified that mapped properties currently pay a flat rate after a one-time mapping, rather than an annual mapping charge. He suggested running scenarios to evaluate potential impacts, noting that while mapping could allow larger irrigation areas, the tiered rates would likely increase quickly enough to discourage abuse. He emphasized the need to ensure the system does not create a loophole that allows excessive water use.

Mr. Bunker proposed giving currently mapped residents the option to remain mapped or move to the new tiered structure, allowing them to choose whichever works best for their situation. Council Member Hunter responded positively to providing residents with that option.

Ms. Montoya asked whether a small renewal fee could be implemented so the city could periodically review and monitor mapped properties. Council Member Hunter supported the idea, suggesting that changes in ownership or account status could trigger a review. Mr. Bunker added that the city should retain the ability to spot-check properties and verify lot size or irrigated areas, noting that audits sometimes reveal incorrect accounts that need adjustment. Council Member John explained that even if a property remains mapped with the same base rate, metered water usage would still reflect actual consumption, meaning higher use would naturally result in higher charges.

Mr. Bunker stated that large lot properties could be given the option to remain mapped or move to the new tiered structure. Council Member Taylor clarified that the proposal would make residential and commercial structures more consistent moving forward. Council Member Hunter expressed some concern about residential users paying under the tiered system, while Council Member John noted that state requirements limit the city's flexibility.

Ms. Montoya outlined the next steps, explaining that the city plans to launch a utility portal and communicate the changes to residents so they can review and update their information, acknowledging there will likely be a transition period. Council Member Hunter mentioned that other cities are looking closely and waiting to see how PI metering is implemented.

Council Member John noted that many neighboring cities have not yet implemented similar pressurized irrigation metering or tiered systems. He said Highland plans to wait another year, Lehi does not have a set timeline, and Alpine and Pleasant Grove are also not implementing changes this year. He pointed out that Cedar Hills implemented a single-tier system last year, but experienced issues when residents reduced watering and landscaping died, leading the city to adopt a new ordinance requiring maintained landscaping. Given that surrounding cities are delaying implementation, he questioned whether the city should proceed this year.

Council Member Taylor responded that delaying the change would simply postpone an inevitable transition, potentially making it more difficult for residents in the future. He said the only reason he might support waiting would be due to external cost factors

outside the city's control, such as upcoming increases related to regional water systems and pass-through costs.

Council Member John expressed concern about additional uncertainty related to pending legislation (HB 501), noting that while it is expected to take effect later in the year, cities will not receive the population allocation numbers until after September. He said this could significantly affect the city's culinary water and wastewater costs, and the city will not know the financial impact until later in the year.

Mr. Bunker responded that cities have the option to opt out of the program, and he does not expect cities of a similar size to participate under the current formula. He also referenced the Bowen Collins & Associates rate study, explaining that the city's current rates are already below the recommended level. He warned that delaying adjustments would only increase the gap between current rates and the recommended rates, meaning larger rate increases would likely be required in future years to make up the difference.

Council Member Hunter asked how many capital expenses might be delayed if the city postponed implementing the new rate structure. Council Member John responded that the city's pressurized irrigation system is relatively new, while the culinary water system will require significant future investment. Mr. Bunker noted that delaying changes would simply push funding needs further into the future, meaning the city would still need to collect the necessary revenue at some point.

Council Member John suggested a potential alternative approach of keeping the current system temporarily while educating residents about the proposed 2027 rates. He proposed using tools like the city's dashboard to show residents what their future bills might look like, allowing them to understand the potential impacts, adjust their usage, and encourage conservation before the new rates are formally adopted.

Mr. Kelly asked whether the council would consider adjusting the culinary water rates now while delaying changes to the PI system. Council Members supported the concept, noting that the culinary system is the most financially strained of the two.

Mr. Kelly explained that the city relied heavily on banked water in the PI system during the past year, and if conditions remain dry the city may need to purchase additional raw water or increase pumping, both of which would increase costs even if residents do not see those impacts directly.

Ms. Montoya then asked what meaningful changes would occur between now and next year that would justify delaying implementation. Council Member Hunter responded that resident awareness is the main factor in delaying PI changes. Council Member Carroll added that residents often compare the city to others, saying, "Why not wait until 2030?" hoping to avoid immediate rate increases. Council Member John rejected waiting that long, and Council Member Taylor agreed, noting that delaying doesn't eliminate the costs or the need for change.

Council Member John highlighted that a gradual approach could help residents adjust, but warned that letting landscaping die, as happened in Cedar Hills, forced the city to adopt stricter ordinances. Council Member Hunter suggested including a rule preventing

residents from completely killing their yards, while Mr. Bunker clarified that zero-scape landscaping should still be allowed if it's intentionally planned, giving residents flexibility while managing water use.

Mayor Frost suggested that the discussion was getting too detailed and theoretical, noting that while some residents might see dry spots in their yards, most will adjust naturally. He proposed that the council adopt proposed rates now to establish a clear baseline, which allows the city to educate residents and prepare them, while retaining flexibility to make corrections later if needed.

Council Member Hunter asked whether the PI changes could wait until after summer, suggesting that culinary rates could start immediately, but PI rates could begin in September or October to give residents time to adapt. Council Member John cautioned that delaying could be counterproductive financially, as base rates would decrease; he recommended starting the new rates on January 1, 2027, if implemented in the current fiscal year.

Council Member Hunter noted that a January start still allows residents six months to adjust and prepare, which is important for awareness. Mayor Frost concluded by proposing a compromise: adopt proposed rates now but delay actual implementation to give residents time to understand and adjust. Council Member Hunter supported the idea of proposing rates now with an adoption date of January 1, 2027, noting it would give residents plenty of awareness and time to prepare. Ms. Montoya asked if the culinary rates could instead become effective April 1, to which Council Member John responded that after holding an open house and voting on March 24, the city could adopt rates effective April 1.

Mayor Frost expressed support for putting the proposed rates out for public review before implementation. He noted that allowing residents to see and evaluate the proposed rates over time could help build understanding and transparency. At the same time, he acknowledged some concern about how the City's approach might be viewed, especially since other cities are also addressing similar water rate challenges and closely watching each other's decisions. He emphasized the importance of getting the policy right because communities often remember missteps. Overall, he felt that allowing the public to review the rates over the summer and comparing approaches could be beneficial.

Mr. Bunker reviewed the upcoming schedule for the water rate discussion. He explained that culinary water rates would be brought forward for Council consideration at the end of March, while pressurized irrigation (PI) rates would be presented as proposed rates only and would not take effect immediately.

Ms. Montoya asked what the effective date for the PI rates would be. Council members indicated that the proposed PI rates would be planned to take effect January 1, 2027.

Mr. Bird asked for clarification about how the rates should be communicated publicly, particularly on the City's dashboard. He asked whether the rates being discussed should still be labeled as "proposed" or if they would be considered adopted rates after the March 24 Council meeting. He explained that if the Council takes formal action to adopt the rates at that meeting, calling them "proposed" later could be confusing. He

recommended that if the intent is to keep them as proposed rates for now, the Council should delay adoption until the time they actually intend to implement them.

Mayor Frost then asked if Council Member John had anything further to add regarding water conservation. Council Member John provided an update on current water and snowpack conditions. He noted that much of Utah is back in drought conditions, and snowpack levels remain below average. Snowbird's snow water equivalent was reported to be below normal for this time of year, and unless regular storms continue, water supplies could become tight. He explained that Central Utah Project (CUP) water is based on a 5-year rolling average, which may provide some flexibility because recent years have been lower. However, Murdock Canal water allocations could be significantly reduced depending on runoff, potentially as low as 45–50% of the City's allocation, with 80% considered the best-case scenario under current conditions.

Mr. Bunker noted that current data from the Snowtel monitoring system showed Timp Divide snowpack at approximately 89% of snow water equivalent.

Council Member John responded that while those numbers appear encouraging, they can be somewhat misleading. He explained that although Snowbird is reporting about 88% of normal snowpack, it is only around 63% of the median peak snowpack, with roughly 32 days remaining in the season to accumulate additional snow. Similarly, Timp Divide is near 88% of the year-to-date average, but it is also only about 63% of the expected peak median, meaning the basin is still well below where it should normally be at its seasonal high point. He further noted that the data can give a false sense of security because many of the monitoring sites are located at higher elevations, where snowpack conditions are generally better. Lower elevations may not accumulate snow at the same rate. Drawing on a recent drive up the canyon to Silver Lake Flat, he suggested that on-the-ground conditions illustrate the variability in snow coverage across elevations.

Council Member John explained that mid-level snowpack, typically found at elevations of about 8,000 feet and below, is largely gone. He noted that this layer of snow is important because it normally contributes to early runoff beginning in late April. Without that mid-elevation snowpack, the city will likely not receive the usual early-season runoff. As a result, he indicated the city will likely need to begin pumping water from its wells earlier than normal, potentially starting in April, to help meet water demand until higher-elevation snow begins to melt.

Mayor Frost noted that the City would also be discussing water conditions and conservation efforts in an upcoming Conservation Board meeting. He explained that historically the city has typically kept water available to residents while encouraging voluntary conservation, rather than restricting access outright. He emphasized that the city has generally not shut off the system or imposed strict limits but instead has asked residents to use water responsibly when supplies are tight. He added that maintaining that approach helps build trust with the community while still promoting conservation.

2. Discussion on special events.

Mr. Rykert introduced the topic of special event permits and explained that the goal of the proposed ordinance updates is to clarify the definition of a special event without significantly changing the existing permit process. Stacy Chandler noted that one of the

key criteria in the definition is whether an activity requires additional city services, such as traffic control, sanitation, or security. Mr. Rykert provided examples, including events at the amphitheater, where groups may occupy the space for multiple days and leave equipment like tables or tents. Ms. Schriever added that multi-day occupancy or events that impact public access could also qualify as special events, depending on Council policy.

Council members discussed the distinction between facility rentals and events that impose extra demands on city resources. Mr. Rykert explained that standard rentals, such as a baseball tournament or pool use with included lifeguards, typically do not require a special event permit, as fees cover normal services. Events requiring additional support—like police presence, road closures, or extended multi-day reservations—would require both the facility rental fee and a special event permit, ensuring that additional costs are borne by organizers rather than taxpayers. Council Member Hunter noted that recurring reservations or seasonal use, such as swim meets, can complicate access for other residents and should be considered in determining permit requirements.

Council members emphasized the need for clarity and consistency in the ordinance. Council Member Carroll noted that current examples in the draft language could be confusing or contradictory, such as listing concerts or weddings at the amphitheater both as events that do and do not require permits. Ms. Schriever suggested distinguishing between City facilities, which include standard services in the rental fee, and activities that require extra jurisdictional involvement or resources, which would trigger the special event permit. Council Member Hunter emphasized that the cost of additional services should not be borne by residents but passed on to event organizers or participants.

The Council also discussed ticketed versus donation-based events, with Council Member John noting that many organizations prefer suggested donations over tickets, which can reduce costs while sometimes increasing overall revenue. Mr. Rykert and Mayor Frost agreed that the item could be brought back for further review to clarify language and address additional scenarios, such as varying multi-day rentals, recurring events, and public access concerns.

Ms. Chandler reported that Quail Cove is heavily booked during the summer months. Most Fridays and Saturdays in June are already reserved for weddings, with July showing similar demand and occasional recitals scheduled. She noted that the venue hosted approximately 62 weddings the previous year, with some events reserving the space Tuesday through Saturday. Additionally, Mondays are blocked out for concerts, and the schedule of events is expected to continue through September.

3. Discussion on storm drain fees.

Ms. Montoya reviewed the background of the City's 2021 Stormwater Rate Study, which proposed a 6-year rate schedule adopted in December 2021. At that time, the Council implemented the first four years of increases beginning in 2022, with the intent to revisit the final two years later. Staff explained that the city is now entering year five of the schedule and is proposing to implement the remaining recommended increase, raising the current base rate from \$10.50 to \$12.50.

Mr. Kelly reported that the 2021 Stormwater Master Plan initially identified approximately \$57 million in projects, with about \$43 million anticipated within the first ten years, of which roughly \$9–10 million could be funded through impact fees. Since then, updated evaluations of system capacity and infrastructure needs have significantly increased the estimated cost of improvements. Current estimates indicate approximately \$154 million in total stormwater infrastructure needs, with about \$130 million identified within the ten-year planning window. While the City has completed some improvements totaling about \$4.5 million, staff noted the city remains significantly behind on capital improvements.

Mr. Kelly also explained that the city must comply with state MS4 stormwater permit requirements, which require regular inspection and maintenance of the stormwater system. These responsibilities include maintaining approximately 6,600 inlets, 1,200 sumps, 2,800 manholes, and stormwater piping, as well as conducting annual inspections of 115 discharge points. The city must also manage long-term stormwater management plans for commercial developments, which have increased from 156 plans in 2023 to approximately 213 today as development continues. To address these requirements, the city added a stormwater manager and an inspector, who have inspected approximately 600 sites in the last three years, often requiring repeated follow-up inspections. Staff noted that these regulatory obligations have significantly increased operations and maintenance costs.

Ms. Montoya added that the stormwater fund currently has over \$5 million in fund balance but noted that this amount is insufficient compared to the scale of infrastructure improvements needed. Staff emphasized that much of the work involves existing system deficiencies, such as replacing backyard drainage ditches, retrofitting older infrastructure with pretreatment systems and dry wells, and improving stormwater conveyance throughout the city.

Mayor Frost asked how stormwater impact fees function compared to road impact fees. Mr. Kelly explained that impact fees can be used for improvements tied to growth-related capacity increases, but many stormwater projects address existing infrastructure deficiencies, which must be funded primarily through the stormwater utility rate. He noted that some improvements in developing areas south of I-15 may qualify for impact fee funding, but much of the work in fully developed areas north of I-15 must be funded through utility revenues.

Council members discussed the importance of clearly communicating that the rate increase is not primarily driven by new development. Council Member John noted that residents often assume rate increases support growth, when they address existing infrastructure needs and regulatory mandates. Mr. Bunker explained that when the Council adopted the rate plan in 2022, the intent was to revisit the final years of the schedule to confirm the need for the increase and provide updated project justification.

Council Member Hunter asked whether additional increases could be expected after the proposed adjustment. Ms. Montoya explained that the city is currently following the original recommendations from the 2021 study through 2027 and has not conducted a new rate study. Staff indicated that another rate study would likely be completed before

any additional increases are considered, and the rate would remain at \$12.50 unless a future study demonstrates the need for further adjustments.

Mayor Frost emphasized that stormwater infrastructure is a critical but often overlooked public system, noting that residents typically only notice it through their utility bill. He stressed that modern stormwater systems require substantial investment, including curb, gutter, sidewalk, drainage structures, and conveyance infrastructure, and that state regulations require the City to maintain and improve the system.

Council members also discussed how private development and renovations affect stormwater infrastructure. Council Member John noted that homeowners undertaking renovations may be required to bring properties into compliance with curb, gutter, and sidewalk standards. Mr. Kelly explained that when property owner's complete improvements requiring curb, gutter, and sidewalk installation, those changes can alter how stormwater is collected along the roadway. Because runoff is then directed into the City's stormwater system, staff review the potential impacts on the overall drainage network. To address these changes, the city may assist by providing materials for stormwater infrastructure, such as sumps and pretreatment structures, to help manage the runoff and integrate it properly into the existing stormwater system.

Council Member Hunter said residents will primarily want to know how their overall utility bill is changing and suggested that presenting all increases together might provide clearer context. He noted that holding separate meetings for culinary water, pressurized irrigation, and stormwater could feel like "death by a thousand cuts," and he would prefer a single meeting explaining where all the increases are going. Mr. Bunker indicated that the information could still be available at the open house, adding that the stormwater topic is somewhat less complicated.

Council Member Carroll added that the proposed stormwater increase is part of the multi-year rate schedule previously adopted by the Council and is not a completely new proposal. Council Member Hunter agreed, noting that although it is still an increase, the plan was approved several years earlier as part of the long-term schedule.

4. Discussion on updates to Chapters 5.04, 5.42, and 5.44 of the city's municipal code related to business licenses.

Ms. Schriever explained that the zoning and development services department has the responsibility for business permitting. While reviewing the ordinances, staff identified a need to update and clarify portions of the code and to restructure the business license appeal and review process.

Historically, appeals for business license decisions were ultimately heard by the City Council. Ms. Schriever said staff believes this approach is an inefficient use of council time and resources. The proposed change would shift appeals out of the council's purview and allow them to be handled administratively. Under the proposal, appeals related to denial, suspension, or revocation of business licenses would be reviewed by the city administrator or a designated representative. She noted that Council members had received both a redlined ordinance and a summary of the proposed changes and asked whether they had questions or preferred that she walk through the outline.

Council Member Carroll asked who currently approves business licenses. Ms. Schriever responded that development services handle approvals. Mr. O'Brien added that the review process involves several departments depending on the type of business. Building inspections verify that any tenant improvements meet code requirements, zoning confirms the use is permitted in the zone, and other departments such as police or the fire marshal may also review applications when necessary.

Council Member Carroll asked how this process was handled in the past. Mr. O'Brien explained that previously the function was under the finance department, with Angie Kaito managing business licenses. Ms. Schriever added that moving the process to development services creates a centralized location and workflow, and the ordinance will be updated to reflect this change.

Mayor Frost asked who would be signing the licenses under the new process, and Mr. O'Brien responded that it would likely be Aleisa Nault.

Council Member John asked for clarification about the appeals process, specifically whether appeals could be escalated to the city council after going through the board. Ms. Schriever explained that appeals would not come before the city council. Instead, the administrative appeal would go to the city administrator or the administrator's designee, whose decision would serve as the final determination at the city level. If the applicant remained dissatisfied after that decision, their next option would be to appeal the matter to the court.

Mayor Frost asked whether the change was intended to streamline the process and avoid delays caused by waiting for council meetings. Ms. Schriever explained that the proposed change is intended to make the appeals process more efficient for both the city and applicants. She noted that under the existing historic code there were three different appeal pathways, which created confusion about how and where appeals should be filed. In the previous year, the city experienced situations where applicants pursued appeals through multiple jurisdictions, including both the city and the county, highlighting the lack of clarity in the current process. Because of this confusion, the city recognized the need to clarify and streamline the appeal structure, establishing a more direct and consistent process moving forward.

Council Member Hunter asked about Section 5 regarding the bond requirement for certain businesses, seeking clarification on which types of businesses are subject to the requirement and the reasoning behind it. Mr. O'Brien explained that the requirement typically applies to businesses such as check-cashing services, pawn shops, and other money service businesses.

Ms. Schriever added that money service businesses are one category, but the requirement extends beyond that. She noted that there had been some questions about whether the city had consistently required these bonds in practice. Mr. O'Brien said he had not recently received applications for some of these businesses because their numbers are often limited by the City's population or other regulatory caps, though the City had recently received an application for a check-cashing business that included the required bonding information.

Mr. O'Brien said the key question moving forward is how the city should handle the bond approval process, specifically whether it should be handled administratively or require city council approval.

Ms. Schriever explained that under the draft ordinance, the council would already establish the bond amounts in the code, eliminating the need for individual council review. She noted examples of bond requirements, including \$1,000 bonds for employment agencies, auctioneers, and messenger or special delivery services, and a \$2,000 bond for lending institutions. She added that such requirements are permitted under state law and commonly used in other jurisdictions, and many of these businesses are already accustomed to providing bonds elsewhere. Because the city is reviewing the ordinance and transitioning oversight to a new department, she asked the council whether they were comfortable continuing the bond requirements as currently drafted.

Council Member Hunter said he would like more clarity on the purpose of the bond requirement, noting that in the financial industry, money service businesses often carry bonds because they assume financial liability when handling funds. He questioned whether requiring a bond might unintentionally create liability for the city, or whether it would add administrative work related to managing or releasing the bonds. Ms. Schriever clarified that the City would not assume liability by requiring the bond but agreed that it could be helpful to include intent language in Section 100 explaining the purpose of the bond requirement. Mayor Frost added that such clarification should explain both why the bond is required and how it would be used, helping ensure the requirement is clearly understood.

Mr. O'Brien explained that the bond would come into play if a business violated certain requirements, at which point the bond could be forfeited. Ms. Schriever noted that she had not personally been involved in any bond forfeiture cases related to the types of businesses listed in the ordinance.

Council Member Hunter acknowledged that the requirement may simply serve as a safeguard, such as discouraging predatory practices, but reiterated that it is difficult to determine whether the city should continue the requirement without clearly understanding its purpose. Ms. Schriever said she would prepare additional intent language for the provision, along with standards outlining how bonds would be reviewed and under what circumstances forfeiture could occur.

Mayor Frost then shifted the discussion to item number 10, noting that it had been particularly challenging to review. Council Member Carroll asked for clarification about the massage therapy section of the ordinance, explaining that after reading through it he was not entirely sure how the updated provisions would function.

Ms. Schriever explained that regulations for massage therapy businesses already exist in the City code, and the proposed changes are primarily intended to clarify those provisions. She said the updates expand the language to address not only the license holder but also agents and employees working within a massage therapy business. The revisions also clarify which types of illicit acts could serve as grounds for denying, suspending, or revoking a license. She added that the ordinance would require anyone providing massage therapy services to hold a valid state license. Massage therapy

businesses would be required to keep a copy of each therapist's state-issued license on the premises. She noted that massage therapists are regulated at the state level and that anyone performing massage therapy services must be properly licensed.

Council Member John was excused to leave the meeting at 6:03 p.m.

Mr. O'Brien explained that, like other licensed businesses in the city, massage therapy businesses would be subject to enforcement if they violated regulations. Enforcement actions could be initiated by a designated enforcement officer. Ms. Schriever clarified that the ordinance also specifies who qualifies as an enforcement officer. This could include either a police officer or a zoning/code enforcement officer. However, she noted an important distinction: if a criminal citation needs to be issued, only a police officer has the authority to serve that citation.

Mayor Frost asked whether enforcement officers would need a specific cause to conduct inspections or whether they could enter a business and request to see licenses as part of routine checks. Ms. Schriever responded that they could conduct routine compliance checks. She added that code enforcement staff have expressed interest in increasing business license renewal investigations across the city, not just for massage therapy businesses. The goal would be to ensure businesses are operating lawfully and remain in compliance with licensing requirements. She noted that addressing issues early through proactive checks is generally easier than resolving violations after problems arise.

Mr. O'Brien asked whether the council wanted to discuss the structure of business license fees now or address it later. Ms. Schriever suggested introducing the concept for consideration and allowing the council time to think about it. She explained that staff had been discussing the possibility of bifurcating the business license fee to better reflect the administrative work involved in reviewing applications. She noted that the process often requires coordination with multiple departments, including fire, building, and zoning inspections, which can create a significant administrative burden.

Ms. Schriever explained that under the current structure, the entire business license fee is paid after the review process is completed. As a result, if the city conducts inspections and staff time is invested but the applicant withdraws or the application is denied, the city absorbs those costs. To address this, staff are considering separating the fee into two components: an application fee to cover administrative review and inspection costs, and a license issuance fee paid once the license is approved.

Mr. O'Brien added that although denials are not common, the applications that are denied often require a considerable amount of staff time. Having a portion of the fee paid up front would help ensure the city recovers at least the basic administrative costs rather than placing that burden on taxpayers when an applicant walks away. One idea staff discussed was collecting approximately three-quarters of the fee up front as an application fee, with the remaining portion paid upon approval of the license.

Ms. Schriever emphasized that any fee structure would need to be based on the actual administrative costs incurred by the city. Staff will analyze those costs and bring a proposal to the council showing how the fees were calculated. Mr. O'Brien also noted that the City's current \$200 business license fee likely does not cover the full cost of the

review process once the involvement of zoning staff, administrative review, building inspections, fire marshal inspections, and police department review are taken into account. He added that the renewal fee is even lower.

Ms. Schriever added that while staff are considering adjustments to the business license fee structure, they want to ensure the fees are not so high that they discourage businesses from locating in the city. She said that when staff eventually bring a proposal forward, they will compare American Fork's fees with those in neighboring cities to ensure they remain consistent and reasonable. She clarified that any fee changes would not be part of the current amendment but could be discussed in the coming months.

Ms. Schriever also noted that regulations related to home-based businesses are addressed in Title 17, the City's land use regulations. An additional clarification will be needed there regarding the appeals process, specifying that appeals would go to the city administrator. Because those provisions fall under land use regulations, the proposed changes would first need to go through the Planning Commission before coming to the City Council, so that item will be brought forward at a later time.

Ms. Schriever also explained that the ordinance revisions formalize the hearing process so applicants clearly understand when hearings will occur, what materials they need to provide, and what types of evidence they may present. She said this structure should make the process clearer and more consistent for everyone involved. She concluded by saying that unless the council had additional questions, she would incorporate the feedback provided during the discussion and bring the revised ordinance directly to a future city council meeting for consideration rather than returning to another work session.

5. Adjourn.

The meeting adjourned at 6:10 p.m.



Stephanie Finau
Deputy Recorder