

**Utah League of Cities and Towns**  
**Legislative Policy Committee Minutes (Draft) – October 15, 2018, 12:00 p.m.**  
**Utah Local Governments Trust (and Zoom webcast)**

1. Welcome, introductions, logistics, League Army outreach, and adoption of September 11, 2018 minutes
  - ULCT 1<sup>st</sup> Vice President Mike Mendenhall welcomed the LPC. The LPC adopted the minutes from the September meeting. Council Member Mendenhall briefly prefaced the meeting's discussion by mentioning the results from the Y2 Analytics survey indicate residents trust their local leaders more than other policymakers.
2. Legislative issues
  - a) Commission on Housing Affordability
    - ULCT Executive Director Cameron Diehl reminded the LPC that although ULCT doesn't take official positions without draft legislation, the State Legislature's shift to studying items in task force requires direction on preliminary concepts.
    - ULCT Director of Government Relations Rachel Otto updated the Committee on the Commission on Housing Affordability's progress. Otto explained that the Commission's subgroups met during the summer and its chairs are synthesizing recommendations to find consensus items. She reminded the LPC of the housing components of ULCT resolution 2018-004, including city-initiated expansion of ADUs, reviewing zoning and regulations to facilitate housing, complying with Moderate income housing plan requirements, supporting inclusionary zoning when appropriate, supporting state and federal policies that ease labor and material costs, and opposing legislative efforts to preempt local land use authority. Otto re-introduced the ULCT "Keys to Housing" guide and reminded LPC members to complete the Utah Foundation land use survey.
    - Rachel Otto highlighted key housing takeaways from Caucus meetings during the Annual Convention. Participants told ULCT staff that they don't want political cover from the state for land use decisions, that location matters for smart growth, that they want to see more productive TODs, and that rural communities need economic development assistance – not just affordable housing.
    - Rachel Otto highlighted the Commission on Housing Affordability's seven subgroups and their recommendations.
      1. The rural advisory group recommended making housing development an eligible capital expense for economic development and grant programs as well as revisiting the TRT allotment to allow TRT to be spent on housing.
      2. The Transit Oriented Development (TOD) group suggested increasing funding to TOD sites to incentivize affordable housing, including housing affordability in UDOT's TIF and TTIF prioritization criteria, prioritizing selling or donating surplus land around TOD projects with affordable housing, providing more funding for TLC-type programs, and reducing the cost of transit.

3. The Affordable housing production funding group suggested a one-time housing bond to be allocated over five years, ongoing revenue from the State General Fund, funds split into four categories (permanent supportive housing, rehab/preservation, TOD with affordable component, and other), allotment of the FY 2019 state surplus to reimburse school districts for tax abatement and provide gap financing for LIHTC projects.
  4. The Affordable housing production land use group suggested a State-incentivized menu of options for cities.
  5. The land use advisory group produced several consensus items including safe harbors for impact fees for certain projects, increased ADUs with local standards, inclusionary housing in select areas, and transportation-efficient land use planning.
- Elaborating on the Affordable housing production land use group's proposed list of menu items, Rachel asked the LPC to provide guidance on what items should be on the menu and what should the state incentives be. She explained that the current list of menu items for cities includes increased density, eliminating exclusionary zoning, planning benchmarks, fair share requirements, including/allowing housing in all zones, allowing ADUs with local development standards, allowing SRO's, encouraging or requiring development in TOD zones, eliminating or relaxing some development requirements, streamlining permit and zoning approvals for affordable housing, reducing or eliminating public and private fees for affordable housing, and acknowledging that state dollars will be attached to certain types of housing.
  - Rachel Otto and Cameron Diehl proceeded to discuss where the incentives could be structured. Stakeholders have several suggestions, including: the menu be contained in the Moderate Income Housing Plan reporting requirements, attached to affordable housing bond and state general fund money, attached to requirements for state economic development incentives, attached to transportation project priorities (per SB 136), attached to the not-yet-imposed .20 county option for transit, or attached to withholding existing funds.
  - Rachel Otto reminded the LPC that they will be receiving a survey, so they can give feedback on which policies they prefer.
- b) Firefighter retirement and Tier 2 retirement for public safety
- ULCT Senior Policy Advisor John Hiskey contextualized the current problems with public safety retirement funding and explained that the home insurance tax premium has not been properly allocated to the firefighter retirement fund for the past several years. Orem City Manager Jamie Davidson elaborated on that Utah Retirement Systems (URS) reported a precipitous decline in the state contributions to the firefighter retirement. Davidson suggested ULCT study the current problem to identify whether the issue is simply a misallocation, or the home insurance premium tax is simply not generating enough revenue. He also mentioned that fire chiefs are considering whether Tier 2 retirement should be addressed while the Tier 1 shortfall is being examined.

- John Hiskey asked for volunteers for a task force to work on solutions to these retirement problems.
- c) Water Update (statutory companion for Resolution 2018-002)
- Ogden Assistant City Attorney Mark Stratford briefed the LPC on updates from the interim water study groups. The groups are examining a proposed constitutional amendment, water supply and surplus water, private property, and extraterritorial jurisdiction. The extraterritorial jurisdiction group suggested requirement for cities to notice public hearings where pollution regulations are adopted. The group also suggested requiring interlocal agreements for watershed control outside of a city of the first class' home county. Constitutional amendment and surplus supply committees recommended that municipalities by ordinance their designated water service areas (DWS). Cities must treat water customers within that DWS as they would their own residents, though there can be a differentiation in water rates with justification. The constitutional amendment group also recommended legislative changes to allow public entities to sell waterworks to other public entities. Finally, Stratford explained a proposed provision that requires large water suppliers (serve 10,000+ people) which have 10% of their service connections outside of their city must create an advisory board to submit input to the city council.
  - The LPC voted to support these concepts recommended by the water study groups.
  - Mark Stratford mentioned that the Division of Drinking Water is considering a new rule to designate responsibility for master meters and is planning to meet with ULCT to discuss it further.
- d) Towing rotations
- Mark Stratford updated the LPC with new proposed language from the Towing Advisory Board. He said the towing firms feel they are being mistreated in the towing rotation and are seeking statewide rules. Stratford said there will be a bill that requires cities with a rotation process to limit their BCI background check to a two year timespan (consistent with UDOT licensing) and to create an appeal process for people who are removed from towing rotations. Whoever serves as the appeal person or board cannot have made the initial determination.
- e) Local option sales tax distribution formula and economic development incentives
- Cameron Diehl announced that a more comprehensive discussion on the local option sales tax distribution formula would occur at the December LPC. He mentioned that incoming house and senate leadership are interested in reexamining sales tax and economic development formulas.
- f) Medical marijuana
- Cameron Diehl updated the LPC about the medical marijuana initiative. He stated that a copy of the resolution was provided to legislators and the medical marijuana stakeholders. Diehl emphasized that the ULCT resolution has helped inform the discussion.

### 3. Adjourn