PARK CITY COUNCIL WORK SESSION NOTES
SUMMIT COUNTY, UTAH
SEPTEMBER 2, 2010

Present: **Mayor Dana Williams; Council members, Alex Butwinski, Candace Erickson, Joe Kernan, Cindy Matsumoto, and Liza Simpson**

Tom Bakaly, City Manager; Tommy Youngblood, Special Events Analyst; Tom Daley, Deputy City Attorney; Bret Howser, Budget Manager; Kim Leier, Human Resources Manager; Michael Kovacs, Assistant City Manager; and Matt Cassel, City Engineer

Kimberly Kuehn, Executive Director of Park Silly Sunday Market; Maria Vjas, Fehr & Peers

1. Council questions/comments. Candace Erickson reported that Syd Reed and Lynn Fey were named the Citizens of the Year by the Rotary and she commented on their diligence in raising funds for the Museum project. The Museum just captured the Utah State Historical Society Outstanding Achievement Award. She was pleased to announce that the Health Department hired Richard Bolla as its new Director. Liza Simpson mentioned special events recently held in town and encouraged the public to attend the Friends of the Library book sale over the weekend. Cindy Matsumoto commented on the Basin resident who applied for a Planning Commission vacancy believing he was a Park City resident and felt that many County residents feel they are part of the City and passionate about some of our issues.

The Mayor stated that the Park City Transit Department was named the Professional of the Year by the Rotary. He spoke about attending on-going water meetings addressing regional issues and meeting with the Sweeney Family and the negotiation team on the Treasure Project which have been positive. MIDA will be holding a public meeting on September 14 on the Air Force Hotel Project. He sadly spoke about the passing of long-term resident Jim Powell.

2. Park Silly Sunday Market update. Tommy Youngblood explained that the purpose of the work session today is to receive Council's evaluation of PSSM's performance on its City Services Agreement. Kimberly Kuehn introduced her Board and staff. Mr. Youngblood felt that the PSSM is going very well logistically and operationally and is working closely with the HPCA on joint marketing. He stated PSSM is spending City funding appropriately and according to the contract.

Liza Simpson commented on only $11,000 of the $30,000 being spent so far on marketing and Ms. Kuehn explained that the number does not include staffing costs which when included represents well over $30,000. In response to another question from Ms. Simpson regarding cross-marketing Main Street, she explained that whenever the Historic Main Street logo is used on a variety of marketing media, she considers it to be cross-marketing. Ms. Simpson believed the intent of cross-marketing is actually working with the HPCA on joint and/or cross-marketing efforts, well beyond the use of the logo. The Mayor envisioned receiving a report on the $30,000 from both groups because it is a joint effort. Tommy Youngblood emphasized that the Restaurant Association and the Chamber/Bureau are also identified in the cross-marketing effort and everyone should be involved in these discussions.

Candace Erickson commented on the 200 page PSSM attachment distributed to members which she felt was wasteful and should be avoided in the future. The information needs to be condensed to be useful. The payment of last year's fees was explained for the benefit of Alex Butwinski. There were no more questions or comments from members.

2. *Budgeting for Outcomes* and pay plan philosophy. Bret Howser discussed the last budget review. He addressed the importance of linking Council goals and the vision of the community more directly to the dollars that are spent and the annual budget should reflect the goals of the policy-making body. In the long term, it is likely that operating revenues will not exceed operating expenditures which will need to be addressed. Mr. Howser acknowledged the charge of fully examining expenditures and feeling confident that efficiencies have been gained. Another goal is providing services at an intended level and the style of budgeting used in the past may not be the best. Mr. Howser spoke about incremental style budgeting which has been our practice and is frequently utilized by other cities. A more analytical approach is recommended by staff so that services are identified to make sure they can be provided in the long term in a sustainable fashion.

Michael Kovacs suggested holding monthly financial updates with Council so that budget is discussed throughout the year. Another focus is keeping members better informed on capital fund transfers and tactics for controlling service growth. The City's tax revenue system will be reviewed. Staff acknowledges Council's interest in prioritizing residents and options to raise revenues from tourism may be examined, although this approach is more volatile because it is tied to business cycles. Mr. Kovacs assured members that fees will be analyzed to ensure they are current and taxes collected. In response to a question from Liza Simpson regarding tax collection, Mr. Kovacs explained that the County and the City are both conducting programs but there may be ways to better coordinate them. Discussion ensued on nightly rental fee collections and a specific model in place in Colorado.

Alex Butwinski commented on the quality of the staff report which reflects direction given by members during the budget process. Michael Kovacs continued to explain the high level of participation needed from departments and the focus will be on sustainable operating budgets. Service levels and process engineering for efficiency measures will be explored. He explained that consolidation is a good method to achieve different objectives, possibly with another governmental entity. Leveraging private partnerships or privatization of services are other avenues of interest.

Bret Howser displayed a flow chart illustrating policy and implementation and explained that the resulting levels of service will be evaluated and related to cost options. This approach allows Council to make policy decisions about specific prioritizations. He discussed forming a Resort Cities Consortium through ICMA to network and benchmark information. Joe Kernan felt it would be helpful for members when selecting a service level to have comparable information from other communities to consider. Mr. Howser stated that this would be a benefit of the Consortium. Providing high levels of service plays into the pay plan philosophy and funding services in the long term is a policy discussion relating to taxation and fees.

He pointed out that Council is most involved in the fourth phase of budgeting, prioritization. There will be a technical team and a results team to tee up policy discussions for Council. The *Budgeting for Outcomes* process provides natural check-in points. Joe Kernan felt that department heads should just call their counterparts to get information about service levels. It may be faster than getting the Consortium in place. Mr. Howser stated that this is intended to be an on-going tool, he recommended seeking high level measures with a group that is annually updating data. Mr. Kernan did not agree and felt that staff can find information fairly easy talking to others without organizing a group. The City has been talking about this for five years.

Cindy Matsumoto expressed concerns about benchmarking with all Colorado ski towns because she felt Park City will come out on the bottom. It was explained that CAST includes Colorado, Wyoming, Idaho and Utah and California resorts may be asked to participate. Mr. Kovacs explained that it may take years to form the Consortium and discussed national efficiency measures and indicators available through ICMA. CAST may be providing information as early as this budget review regarding service levels. Candace Erickson expressed confusion over Ms. Matsumoto’s comment and felt there are a lot of things members can learn through this relationship. Alex Butwinski supported Mr. Kernan’s suggestion as it doesn’t hurt to make those phone calls and Ms. Erickson felt it might be necessary before the group is identified. Tom Bakaly stated that comparables may be more useful after a service level is decided and cost needs to be affirmed. Benchmarks will be a means to verify this information.

Mayor Williams emphasized that often a high level of service is offered because of public demand and he pointed out the requests for speed enforcement as an example. Candace Erickson recalled a similar detailed budget review being conducted in 1999 which was exhaustive. She felt it would be tough to do every year and Mr. Howser agreed and felt that frequency needs to be discussed. Michael Kovacs believed that as the economy improves, the philosophy may change as well as the budget exercise. Ms. Matsumoto expressed her appreciation of bringing this process to members. Alex Butwinski felt that members will have a better feel with regard to frequency once the first *Budgeting for Outcomes* review is conducted. Mr. Howser stated that staff is recommending that the pay plan remain flipped so next year would be a 2% year.

Kim Leier explained that prior to 1986, Park City had a step and grade pay plan. Each salary range consisted of a minimum, a midpoint and a maximum with the midpoint being the working level or full competency of any particular job. Employees were hired at the minimum, worked their way through their salary range as set by the budget process and once employees reached the maximum, it was the highest they would be paid until the pay range moved. Because the midpoint represented the full working level, salary increases above the midpoint really rewarded tenure and seniority not performance. She explained that employees doing the exact same jobs would be paid at different pay rates because of years of service. All department heads were paid in the same salary range regardless of the market data. She stated that in 1987, the top half of the pay plan was cut which made the midpoint the maximum or the working level and employees who had been performing at the working level were allowed to move to the next range and employees who were at the working level or above, were given one-time lump sum bonuses. The difference in the pay philosophy was that employees now had the ability to move through their salary ranges reflected by performance. Pay for performance was not the norm in the public sector and was a dramatic shift. Salary surveys were collected from the Wasatch Front and Colorado resorts and the working levels were based on the 75th percentile of the market. Employee performance evaluations were given annually on an employee's anniversary date and salary increases or bonuses were based on an employee meeting expectations. The 75th percentile was used to set these working levels for the next eight years.

Ms. Leier stated that in 1993 semi-annual performance reviews began and in 1995, the methodology for setting working levels changed from the 75th percentile to the average of the top five mid-points. The percentage a position has to be outside of the average of the top five mid-points before it is recommended to reclass to a higher grade range was 10% to 12% below. Because department heads were still being paid in the same grade range regardless of market data, positions above or below department heads had a 12% bonus pool available to them and the City Manager had additional funds to make equity adjustments. Any salary increase or bonus continued to be based on performance. In fiscal year 1999-2000, bonus pay was set at 5% for non-exempt and 7% for exempt. In fiscal year 2000-2001, bonus pay was set at 5% and 8% respectively and the 12% bonus pool for department heads remained. The working levels for all non-exempt salaries increased by 2%. In fiscal year 2001-2002, the average bonus pay for non-exempt positions remained at 6% and at 8% for exempt with a bonus pool. The City Manager had additional funds budgeted to make equity adjustments in the top level of the exempt pay plan.

Because department heads were in the same pay grade and weren't being paid market, Kim Leier explained that the grades below them compressed and some positions were significantly out of market. The working levels of the non-exempt plan increased 1%. In October 2002, the City comprehensively reviewed its pay philosophy and resulting recommendations included that the City should not adopt or revert to any type of step and grade and that the current pay approach should be left in tact. The City's commitment to market-based pay was added to the language in the policies and procedures manual as well as maintaining current benchmarks. She stated that this was reinforced in 2003 when the traditional hierarchy was replaced with a team approach, 360 reviews and individual and department goals were established. Job duties and standards were created from job descriptions. The non-exempt pay plan moved an additional 1% at this time and the accountability era began.

Ms. Leier explained that in 2004, the 12% bonus pool for department heads was eliminated and managers including former department heads were moved to grades determined by market data. The bonuses for non-exempt employees were held at 4% and bonuses for all exempt employees were held at 6%. When department heads were moved to grades as determined by the market and they were no longer in the same grade, the positions that had been held back and were outside market pay by 8% or more were moved back into the market. In 2006, bonuses for both non-exempt and exempt employees were set at 6%. In 2007, employees now had to exceed expectations in order to receive a bonus and meet job duties and standards as described in their job descriptions to be eligible for salary increases. In 2007, any position 5% below the average of the top five mid-point was eligible for reclassification. Five percent is the industry standard for a standard deviation in pay. In 2009, the pay plan was flipped and in 2010, merit increases were held at a maximum of 5% and bonuses were decreased from 3% to 2% semi-annually. She stated that the 5% maximum increase was adopted in the policies and procedures manual.

Ms Leier referred to a number of methods to address pay but the City needs to maintain a pay philosophy that allows us to continue to attract and retain the kind of talent needed to maintain our infrastructure and protect and serve our citizens to continue to create the sustainable policies we have and to continue to provide the kind of excellence and customer service that we need to compete in a global world economy.

Cindy Matsumoto expressed her appreciation of the pay plan history. Candace Erickson supported the shift to pay for performance which is being realized. Alex Butwinski felt it timely to comprehensively review the budget. Joe Kernan read a prepared statement on the pay plan into the record which is attached to and made a part of these minutes. The Mayor thanked Mr. Kernan for his comments but pointed out that population and tourism growth or service levels were not considered in his comments. Tom Bakaly stated that the pay plan philosophy will return to Council.

4. Bonanza Drive Reconstruction Project. Matt Cassel stated that rolling closures have not been working this year and described another approach detailed in his staff report which is no through traffic from Prospector to the Iron Horse intersection with access at Munchkin for the Rail-Central facility. This will begin September 7; the merchants have been notified and UDOT has signed off on the plan. The goal is to make accessing businesses more consistent and this approach should speed up the project. Discussion ensued on constructing the tunnels and signage. Cindy Matsumoto expressed concerns about being able to complete the tunnel this year and felt it might be wiser to wait until the City has a better option for dumping dirt. Mr. Cassel felt the

City is too far down the road to delay the project. Materials have been purchased and some have been delivered. Ms. Erickson pointed out the expectations of the public and WALC that the tunnel be completed this year. Ms. Matsumoto believed that the merchants could not handle another year of construction. Joe Kernan felt that improved communication will really help and traffic moved better this week. Maria Vjas stated that a map to businesses will be published in the Park Record.

Bill Martin stated that not everyone reads the paper and signs need to be clear enough to direct visitors.

5. Creekside Park Ribbon-Cutting Ceremony. The Mayor and Council adjourned the work session and attended a ribbon-cutting at the City's new dirt bike park.

Prepared by Janet M. Scott, City Recorder

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
SEPTEMBER 2, 2010

I ROLL CALL

Mayor Dana Williams called the regular meeting of the City Council to order at approximately 6 p.m. at the Marsac Municipal Building on Thursday, September 2, 2010. Members in attendance were Dana Williams, Alex Butwinski, Candace Erickson, Joe Kernan, Cindy Matsumoto, and Liza Simpson. Staff present was Tom Bakaly, City Manager; Kent Cashel, Transportation Manager; Tommy Youngblood, Special Events Analyst; and Tom Daley, Deputy City Attorney.

II COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

<u>Iron Horse Transit Expansion Project – subcontractor payment issues</u> – Kent Cashel through illustration of a flow chart, explained that a group of subcontractors are asserting that they have not been paid by subcontractor Matt Stevens. Unfortunately, the City has no information regarding the claims. The City has a contract with Jacobsen in the amount of about $7.2 million which outlines the scope of our risk on the project. Jacobsen subcontracted with Matt Stevens but the City's business relationship is with Jacobsen not with Matt Stevens who walked off the job. Jacobsen was forced to secure another contractor but Stevens was paid about $100,000 for the work he completed. He clarified that subcontractors can be protected through a mechanics lien and he understood they are required to file a pre-lien which provides notification to the contractor they are on the job. Jacobsen is paying some claims from the group if a pre-lien was filed but is not willing to pay others who did not. Now, some of the subcontracted drivers are asking the City about compensation. Mr. Cashel reiterated that the City has no work documentation. The group decided to contact Jacobsen since Stevens can not be found. Staff has discussed this at length and is recommending that the City stay out of the contract dispute; the parties should work through their remedies accordingly.

III PUBLIC INPUT *(Any matter of City business not scheduled on agenda)*

1. <u>Iron Horse Transit Expansion Project – subcontractor payment issues</u> – SD Shaw, hauling contractor, stated that he lives in Silver Creek and was an Old Town resident prior to that. He stated that he is representing Mark Crandall, Crandall Quarry and Wit Judd, Coalville Quarry. He indicated that more drivers would have attended but they were told by Dave Gustafsen that if they showed up to the meeting, they would be cutting their own throats and would never get paid. He assured Council that they understand the contract but he has invested $8,000 worth of time on this project and considering that he could have been working for someone else, he's out $10,000 to $15,000. These subcontractors are all community members and Park City is the big player. He requested that the Council help them out by putting pressure on Jacobsen. Out of $7 million, they are only asking for about $18,000 and they don't have the clout to

hire an investigator to find Stevens. In response to a question from the Mayor, Mr. Shaw stated that he has never heard of filing a pre-lien. He again asked that the City put pressure on Jacobsen.

Tom Daley explained that the matter could be treated like a claim. Jacobsen would be notified which begins a process that could benefit the unpaid subcontractors. The general contractor is entirely responsible for the subcontractors and there is a definite firewall between the City and the contractor with regard to this provision.

Jacobsen Project Manager Bryce Jensen confirmed that Matt Stevens was paid commensurate to the amount of completion reached on the project which was estimated to be 57%. He dismissed the rumor that Stevens was overpaid, although he attempted to bill for 75% of the work.

Wit Judd, unpaid subcontractor, discussed the frustration in trying to find Matt Stevens. He stated that someone from Jacobsen told him he would be paid but that a pre-lien had to be filed. He understood government jobs don't require pre-liens.

Liza Simpson expressed interest in moving ahead with claims and Ms. Matsumoto asked if there is any risk to the City. Mr. Daley explained that the only obligation of the City is to put Jacobsen on notice.

Byrce Jensen stated that Jacobsen paid $142,000 to Stevens who took the money and ran. While they empathize with the subcontractors, it hurt Jacobsen a lot more. Filing a pre-lien allows Jacobsen to know to issue joint checks requiring both signatures to cash a check.

Members agreed to proceed as City Attorney Daley advised.

2. Outdoor patios and balconies - Mike Sweeney reported that merchants met with the Police Department with respect to hours of operation of outdoor decks and balconies. A recommendation from the HPCA will be presented to Council.

3. US Census Bureau – Sergio Martinez, Denver Regional Census Center, stated that Park City is being recognized for creating awareness of the Census and Utah had a 74% participation rate. He presented an award to Bret Howser.

IV CONSENT AGENDA *(Items that have previously been discussed or are perceived as routine and may be approved by one motion. Listed items do not imply a predisposition for approval and may be removed by motion and discussed and acted upon under "Additional Discussion – Agenda Items")*

Liza Simpson, "I move we approve Consent Agenda Items 1 through 4". Candace Erickson seconded. Motion unanimously carried.

1. Consideration of award of contract with Mountain Trails Foundation for annual trail maintenance services in a form approved by the City Attorney – See staff report.

2. Consideration of a contract agreement with Clean Harbor for soil hauling and disposal services related to the reconstruction of Bonanza Drive in an amount not to exceed $695,000, in a form approved by the City Attorney – See staff report.

3. Consideration of a contract agreement with Clean Harbor for soil hauling and disposal services related to the construction of the SR248 Pedestrian Tunnel in an amount not to exceed $245,000, in a form approved by the City Attorney – See staff report.

4. Consideration of a Letter of Intent for the IPT Demonstration Project with Energy Dynamics Lab, in a form approved by the City Attorney – See staff report.

V NEW BUSINESS *(New items with presentations and/or anticipated detailed discussions)*

1. Consideration of a Master Festival License for the Park City Pink Half Marathon to be held October 16, 2010 – Tommy Youngblood explained that the applicant is Rocky Mountain Running and Triathlon Magazine and described the course. All of the operational and logistical requirements have been met and staff recommends approval. The Mayor opened the public hearing; there was none and the hearing was closed. Organizer Andrea Daley explained that this all-woman event is intended to raise awareness about breast cancer. Candace Erickson, "I move we approve a Master Festival License for the Park City Pink Half Marathon to be held October 16, 2010". Liza Simpson seconded. Motion unanimously carried.

2. Consideration of a Master Festival License for Mountainland 356 Rendezvous Concours to be held on October 9, 2010 on Main Street – Tommy Youngblood stated that this event is a car show displaying about 300 vintage Porsches on half of Main Street from the Brew Pub parking lot to 5th Street. All operational requirements have been met and staff recommends approval. The Mayor opened the public hearing; there were no comments from the audience and the public hearing was closed. Alex Butwinski, "I move we approve a Master Festival License for Mountainland 356 Rendezvous Concours as conditioned on October 9, 2010 to take place on half of Historic Main Street". Cindy Matsumoto seconded. Motion unanimously carried.

VI ADDITIONAL DISCUSSION – AGENDA ITEMS

VII ADJOURNMENT

With no further business, the regular meeting of the City Council was adjourned.

MEMORANDUM OF CLOSED SESSION

The City Council met in closed session at approximately 2 p.m. Members in attendance were Mayor Dana Williams, Alex Butwinski, Candace Erickson, Joe Kernan, Cindy Matsumoto, and Liza Simpson. Staff present was Tom Bakaly, City Manager; Joan Card, Environmental Regulatory Affairs Manager; Jason Christensen, Legal Intern; Michael Kovacs, Assistant City Manager; and Tom Daley, City Attorney. Cindy Matsumoto, "<u>I move to close the meeting to discuss property and litigation</u>". Liza Simpson seconded. <u>Motion carried unanimously</u>. The meeting opened at approximately 3 p.m. Candace Erickson, "<u>I move to open the meeting</u>". Liza Simpson seconded. <u>Motion unanimously carried</u>.

The meeting for which these minutes were prepared was noticed by posting at least 24 hours in advance and by delivery to the news media two days prior to the meeting.

Prepared by Janet M. Scott