PARK CITY COUNCIL WORK SESSION NOTES
SUMMIT COUNTY, UTAH
JUNE 4, 2009

Present: **Mayor Dana Williams; Council members Candace Erickson, Roger Harlan, Jim Hier, Joe Kernan, and Liza Simpson**

Tom Bakaly, City Manager; Mark Harrington, City Attorney; Nate Rockwood, Budget Analyst; Jed Briggs, Budget Analyst; Bret Howser, Budget Manager; Pace Erickson, Operations Manager; Hugh Daniels, Emergency Operations Manager; Jon Weidenhamer, Economic Development Manager; and Ron Ivie, Chief Building Official

Sandy Geldorf and Jeff Ward, HMBA; John Halsey, RAB member

1. Council questions/comments. Roger Harlan reported on meetings attended during the week and requested that a proclamation be adopted in memory of Paul Sincock who served as a Council member from 1996 to 2000. Members agreed. Joe Kernan commended Kathy Hunter's performance as the Director of the Arts Council. Candace Erickson reported on the RAB meeting and requested more enforcement of unleashed dogs at the Library and Education Center campus. She specifically commented on the proposed labyrinth project where the applicants have chosen the fountain area in front of Miners Hospital as their preferred location. Discussion ensued on the scope of RAB's review and whether the location is under its purview. Tom Bakaly felt that the decision is really up to Council but will follow-up. Ms. Erickson commented on Vail's unique marketing approach in hosting conventions and groups which has been very successful.

Liza Simpson reported that the Historic Preservation Board has reviewed and forwarded the Historic District Guidelines. There was discussion about realigning the driveway from Bonanza to the Park City Family Clinic and scheduling this modification on an upcoming work session. Mayor Williams relayed that he received a complaint about the condition of guardrails on Royal Street and Pace Erickson reported on the status of repairing and replacing sections of the guardrail. The Mayor encouraged the public to attend the 125 B-Day Bash on Main Street on June 13 and commented on activities planned for Air Force Week.

In response to a request for direction from Linda Tillson on Library Board interviews, the Council supported appointing the candidates recommended by the Board.

Budget review:

Fee resolution - Bret Howser pointed out that the fee resolution appears on the agenda for adoption this evening and discussions on the business license fee is a separate ordinance which will return to Council. There were no questions or comments.

Budget policies - Amendments to existing budget policies are recommended and new policies are introduced this year, as outlined in the staff report. He pointed out that Park City's revenue shortfall policy received acclaim by GFOA and the bond rating agencies. It is recommended that the word *reserves* be changed to *revenue projections* in the policy and some other measures added. Joe Kernan expressed support of the wording change which makes the program more accountable and Jim Hier suggested a reference to the separate reserve policy because one purpose of maintaining a reserve is to cover revenue shortfalls. Mr. Howser stated that he will add this and bring it back next week for Council's consideration. Candace Erickson strongly felt that at the minor stage, the City should not be considering reducing levels of service to constituents as implied in the policy. Tom Bakaly pointed out that the City is at the minor level and cuts in services are things like not providing towels at the Racquet Club. Bret Howser indicated that he can strengthen the language to clarity that the City is not decreasing levels of service in this stage.

He explained that the grant policy is new and codifies a practice in place. It identifies the application process and the roles of departments in monitoring grants, including the Budget Department. The special service policy was amended to add an explanation of what happens when the full 1% of the budget is not used. The remaining money will be held in reserve for an emergency situation for an award at a future time at the discretion of Council, if needed. It was clarified that the 1% is funded from the operating budget, including debt service and excluding capital. A slight adjustment was made to the purchasing policy and he discussed a new policy on budget monitoring. Mr. Howser agreed to add a year-to-date column to the monthly report, as suggested by Jim Hier.

Hugh Daniels advised that updates to the Comprehensive Emergency Management Plan are made in tandem with the review of the budget; an annual adoption of the plan is required to apply for federal funding and reimbursements. He indicated that 33 minor amendments were made to the Comprehensive Emergency Management Plan. Networking with outside agencies during the H1N1 alert was discussed.

HMBA – Main Street lighting plan - Mr. Howser explained that the HMBA submitted a request for an elevated level of service with a lighting plan for Main Street which was reviewed by the RELS and CIP Committees. Jon Weidenhamer relayed that Council's prior direction to the HMBA was to measure financial support from its membership for the project which was informally done twice, once by a show of hands at a meeting and another by way of an internet survey were 30 businesses responded. The business improvement district is proposed to be the mechanism to fund the project. Mr. Weidenhamer tied this funding approach as constituting the City's ownership of the project to a certain degree, although businesses are paying for it. The RELS Committee recommended that the Council consider allocating $5,000 to $15,000 to partner with the HMBA. He suggested that the money be used to conduct a feasibility study on the lighting project to provide an idea of true costs and another study on the overall goals and needs of Main Street and the role of the City. The HMBA has been pushing to get the lighting installed this year but is now comfortable with holding off until next year. Mr. Weidenhamer understood that the buildings will be lit from Thanksgiving to just after Christmas and for special events.

Jim Hier felt it wise to determine total costs and consider the value of a seasonal display compared to the amount of the assessment. He emphasized that the funding mechanism that Boise had available for its downtown does not apply here. He supported a study with a cap on the amount. Liza Simpson understood that the first study is technical in nature and the second deals with a long-range capital plan for Main Street. It was clarified that the sound/speaker program is now longer under consideration. Candace Erickson stated that she needs to hear from the Planning and Building Departments and understood that lights should not be attached to historic buildings. Jon Weidenhamer explained that in terms of the lighting ordinance, buildings can be outlined with white lights during the holiday period running from November 30 to April 1. He referred to recommendations in the Downtown Action Plan, involving the HMBA membership to prioritize projects, and Ms. Simpson questioned if that exercise should be a study at a cost of up to $10,000. Jim Hier believed that the market analysis study should be completed first before embarking on capital projects and expressed that he could only support the technical study. Liza Simpson felt it important to hear from code enforcement because there is a problem with enforcing the current lighting code. Sandy Geldorf explained that the lighting for the street would be on an automatic timer. Ms. Simpson agreed that the technical study would be worthwhile. Joe Kernan expressed confusion on how the long range capital plan will facilitate the lighting plan. Jeff Ward believed that the HMBA needs help in bringing members together and formulating a visioning plan. Jim Hier pointed out that a consultant may not be very effective in any event because of the lack of involvement in the process over the years and bringing a consultant up to speed would be staff intensive.

Roger Harlan asked for assurance from the HMBA on the level of buy-in from the businesses. Mr. Kernan pointed out the talent on Main Street and the possibility of finding a local facilitator. Jon Weidenhamer explained that the HMBA did not propose this, and it has been his recommendation. Mr. Hier noted that if the study is less than $10,000, it does not have to be approved by the Council. He asked if the purpose of the long-range study is to facilitate a workshop or to pull together existing data; it is unclear what is expected of Council. Tom Bakaly understood the long-range plan would provide context for the lighting project and would determine if it is the best use of the money when something else may benefit the street to a larger degree. Staff's recommendation is to have the HMBA develop a long-range plan, not staff, in addition to getting the technical details of the lighting plan. He discouraged the City facilitating a workshop.

Candace Erickson pointed out the precedence the request is setting as there are other commercial districts in town. She relayed that the HMBA was asked to select a project. Mr. Ward felt that was accomplished but they need to work with the City. Ms. Geldorf explained that the lighting plan addresses drop in holiday sales and emulates a program she handled in another city with the same geographic footprint. The Mayor feared that people would drive here to look at the lights and leave and not necessarily shop or dine and secondly, he feared the *Disney* look. People visit Main Street for what it already is and the Hyatt Palmer Study should be fully reviewed before beginning the process over again. He is comfortable with Alternatives 1 and 2 of the five presented. Ms. Simpson encouraged staff to share the studies with the HMBA who should provide feedback on the data. The Mayor suggested that the review occur first before the technical study is considered. There is a lot of helpful information already compiled.

Ms. Geldorf acknowledged that the lighting plan may be a risk, but in Michigan the program created a lot of traffic and represented a significant increase in sales. With regard to the surveys, she relayed that about 70 businesses responded and 82% were in favor, however, contacting owners of buildings is something that has not been addressed. The Mayor pointed out that there are 250 businesses on Main Street.

Mr. Hier suggested obtaining a technical study and to proceed from there. Tom Bakaly summarized that the City will pay for the technical lighting study and the HMBA will be provided the Downtown Action Plan, the Hyatt Palmer Study and/or other studies to review and formulate a long term plan and return to Council with priorities.

<u>Racquet Club remodel</u> – Bret Howser explained that Council discussed the Racquet Club on May 7 where staff recommended that the project not be phased because of cost efficiencies, economies of scale, and favorable construction market conditions. The City would have to bond for a portion of the cost to accomplish this but he believes the savings will outweigh the interest costs associated with bonding for the remainder of the project. Staff believes the product will be higher quality as a single phase because the design potential can be maximized. This argument relies heavily on the assumption that both phases would be accomplished with the understanding that the same level of service for recreation will be maintained in the existing building location and the useful life of the building has ended.

Jim Hier understood that the project has $7.2 million in cash and asked if a list exists on other capital projects with cash assigned to them. Mr. Howser explained that many projects have partial cash funding. Mr. Hier pointed out that the whole remodel could be funded with cash by adjusting other capital projects. He felt that the $10 million should be funded with bonds rather than only the $3.3 million and that the total cost should be more of a focus. Mr. Howser clarified that Council's previous direction was to allocate existing cash to the first phase of improvements. Tom Bakaly referred members to the capital financing and debt management policy in the budget which contains guidelines for making these types of decisions. He felt staff is proposing a balanced approach to the project which is cash previously appropriated to the project and financing the difference. Additionally, no one knows the range of bids the City will obtain. He explained that Council is asked to approve the tentative budget, move forward with the design and build this facility at a time when construction prices may be very favorable. Mr. Hier argued that the sales tax revenue bond market has changed and favorable construction prices would also apply to street projects. He suggested that the project be designed to the $7.2 million amount or postpone it for two years so cash can be spent on things that need to get done. Streets are a need and he admitted that the Racquet Club will be a need when it no longer is maintainable.

Bret Howser noted that staff does not believe there is a trade-off between the Racquet Club and OTIS. They are not mutually exclusive and both can be accomplished. The City has the financial ability to bond for or allocate cash to OTIS or the Racquet Club taking advantage of the favorable bonding and construction markets. The projects will cost less if done sooner rather than later. Both projects are identified in the budget and in future years, the City will be able to afford the debt service on both OTIS and a portion of the Racquet Club while still having some projected surplus. Tom Bakaly expressed that allocating cash to high priorities is a policy decision which can be more clearly defined but emphasized that the tentative budget must be adopted tonight. Candace Erickson suggested that the building be designed and bid so that costs are identified and if economic conditions are not right, the project can be postponed. Liza Simpson agreed. John Halsay, RAB member, believed that the capital markets would be very responsive to buying Park City's debt and added that no corporation would build a new facility with cash only.

Joe Kernan encouraged members to decide if they want a $7 million or a $10 million facility, admitting he has changed his position on this project a number of times. Ken Fisher explained that a needs assessment was conducted in April 2007 where the Racquet Club was identified by the public as the most used recreational amenity and citizens rated it as the number one needed improvement in terms of recreation. He continued that this is not a high end health club and there is no restaurant, massage, towels, water cups, etc. Staff has been working hard to reach out to the under-served segment of our community which has been successful and he spoke about changing the name of the facility to better reflect a community recreation center.

Ron Ivie stated that the existing Racquet Club portion of the building has reached its life and phasing would be challenging. Tearing down part of the building is disruptive and at the same time trying to operate is extremely difficult. It would be impossible to maintain any efficiency of operation and the property would be under construction for a very long period of time. Phasing doesn't make sense to him and if this is considered a *needs* priority, as Jim Hier described, he suggested proceeding. Mr. Ivie discussed inherent problems in the building and he again strongly encouraged not to phase improvements because it simply does not work from a physical or economic standpoint. Economies are lost by not doing it all at once and disruption of service will be longer. The bidding climate could not be better and he felt it wise to obtain bids because now, the construction cost is a guess.

Pace Erickson stated that the Racquet Club is the single most expensive municipal building to maintain. The building is piece-mealed and there is a mix of equipment and parts which all need to be stocked and stored. The roof has to be shoveled in the winter costing $10,000 to $20,000 a year. He agreed with Mr. Ivie that the City will have a better facility and one that is easier to maintain if it is built all at one time, whether the Council waits or builds it now. See regular meeting minutes.

Prepared by Janet M. Scott, City Recorder

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
JUNE 4, 2009

I ROLL CALL

Mayor Dana Williams called the regular meeting of the City Council to order at approximately 6 p.m. at the Library and Education Center on Thursday, June 4, 2009. Members in attendance were Dana Williams, Candace Erickson, Roger Harlan, Jim Hier, Joe Kernan, and Liza Simpson. Staff present was Tom Bakaly, City Manager; Mark Harrington, City Attorney; and Jon Weidenhamer, Economic Development Manager.

II COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

None.

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

City expenditures - Tom Hurd, Thaynes Canyon resident, felt that the entire thrust with City expenditures is misdirected. Infrastructure is being neglected and lower Park Avenue is a disgrace. The water system needs to be upgraded. The City should be spending money on public safety, infrastructure and administration and funds should not be going any well else in these tough times.

IV WORK SESSION NOTES AND MINUTES OF MEETING OF MAY 21, 2009

Roger Harlan disclosed that he will be abstaining as he was not in attendance and Liza Simpson made a correction. Jim Hier, "I move we approve the minutes and works session notes (as corrected) of May 21, 2009". Liza Simpson seconded. Motion carried.

Candace Erickson	Aye
Roger Harlan	Abstention
Jim Hier	Aye
Joe Kernan	Aye
Liza Simpson	Aye

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

1. Consideration of a Resolution confirming the sale and authorizing the issuance of up to $15,000,000 General Obligation Bonds, Series 2009 of the City; and providing for related matters – Bret Howser explained that a public hearing was held and a parameters resolution adopted regarding this general bond issuance for $13.5 million for the purchase of open space, refunding Series 2009 bonds and funding the first

phase of walkability projects. Dave Miner, financial advisor, explained that eight bids were received for the competitive sale and the lowest interest rate bid was a 3.319% from Zions Bank and the high bid was a 3.71%. He pointed out that there were over 30 deals priced today through the competitive market and only two received more bids than Park City so there was a good level of favorable attention. These are excellent rates and locked for 15 years and about $126,000 over a six year period will be saved with the refunding component. The bonds will close a week from Tuesday. The Mayor invited public input; there was none. Jim Hier, "I move we approve the final bond resolution related to the Series 2009 GO Bond issuance". Roger Harlan seconded. Motion unanimously carried,

2. Consideration of a Resolution adopting a tentative revised budget for fiscal year 2009 and the budget for fiscal year 2010 for Park City Municipal Corporation and its related agencies - The Mayor referred to the discussion about the Racquet Club during work session and opened the public hearing on the budget.

Paula Hurd, Thaynes Canyon resident, stated that the City owning and operating a health club is in direct competition with the private businesses which have to pay taxes. She understood that City employees and Planning Commission members receive a membership to the Racquet Club and suggested that employees and officials receive the cash it takes to purchase a membership anywhere they would like to do so. That would save us all a lot of money. She suggested selling the Racquet Club to an honorable business person at a decent price so it can be a private operation and the City would not have to keep funding operations.

Steve Swanson, Lucky John Drive resident, pointed out the nationwide trend in privatization of public facilities and space. There is nothing wrong with private enterprise, but public recreation serves a variety of people, some of which are not able to afford a private facility which is profit motivated. The project relates to recreation which is at the core of Park City's values and he reminded Council of the good decision not to sell the Marsac Building to private interests, because it will remain a community benefit for all. Many ski team athletes trained at the Racquet Club and at the same time, the facility serves our children and families. He understood that on average during the summer, 1,000 patrons walk through the doors and he encouraged Council not to divert from what has been set in place. Recreation studies show that it is the number one facility used by the public but understood that certain citizens may not view it as a direct benefit to them. Mr. Swanson pointed out that different populations are served at the Racquet Club because it is affordable. The current facility is falling apart and is an embarrassment and should not remain as it is.

Tom Hurd understood that Phase 1 is $6.3 million and Phase 2 is $4.7 million for a total of $11 million and at 3.5% per annum equals $385,000 that the taxpayer is being deprived of. The annual operating losses of the Racquet Club total about $500,000 for a total of $885,000 per year and at a population of 8,066 equals $110 per capita in Park City. The $11 million based on the same figure comes to a one-time expense of $1,364 per citizen. He stated that this is really a bad way to spend the public's money when the infrastructure is in such a sorry state. The Mayor invited Mr. Hurd to meet with him because his numbers are inaccurate.

Charlie Johnson, frequent Racquet Club user, didn't feel privatization is a feasible option. Regardless of the numbers, recreation is important to provide to all segments of the community and is not designed to make money. He also believed that competition is a good thing.

Jennifer Franklin, RAB member, thanked the Council for its commitment to recreation services and pointed out that public recreation provides a service that the private sector will not or can not provide.

John Halsay, RAB member, referred to the comment that the Racquet Club loses $500,000 a year but noted that some of that amount represents functions like the scholarship program or running all sport leagues. Kids are not turned away if they don't have the money and if all economic levels are not supported, Park City would be missing out.

Stanton Jones, Park Meadows resident and owner of Silver Mountain Sports Clubs, stated that he feels the needs assessment was biased with leading questions to meet the agenda of RAB. He is surprised that staff says we should spend $10.5 now to save money. Government is the only entity that can spend and save at the same time. The name of the facility should be changed; it is not a club and should not try to be a club. The City should not be in the club business and should be in the recreation center business. It seems ridiculous and unfair that the local tax-exempt government competes with private taxpaying businesses located within the City limits putting them out of business. Healthy competition can not occur with a tax-exempt entity competing with a tax paying entity. Mr. Jones stated that his business employs over 80 people and is the last private industry club in town. No bank would give the Racquet Club $10 million during these hard economic times, so why should our local government do so. He asked if there aren't other urgent needs. The Racquet Club still operates at a huge deficit without the burden of capital expenditures carrying costs. He stated that he supports tennis, basketball courts, parks, trails, open space and recreation programs. The City should focus on these activities and not those provided by private clubs. He asked how the City can work with private businesses and not against them.

Mayor Williams referred to Mr. Jones' editorial in the *Park Record* which he felt was completely irresponsible. The idea that the project is being *back-doored* is absolutely inaccurate; this is the fourth public meeting on the project. He doesn't know of any city recreation department that makes a profit and pointed out other false statements. The $500,000 loss includes the cemetery, the Quinns Junction Sports Complex and library. The Mayor noted that our facility is open to everyone and agreed that the name should be changed so it doesn't sound exclusive. If the fitness and weight equipment is the issue, he suggested working together on this issue. Mayor Williams stated that Mr.

Jones' editorial was over the top in terms of trying to scare people. Stanton Jones felt his comments were taken out of context and clarified that he is not in favor of expanding weights, cardio and group exercises that directly compete with him. He reiterated his concerns with competing with tax-exempt organizations and hoped he and the City can work together.

Kathy Kahn, RAB member and resident of Thaynes Canyon, stated that she has been a member of the Silver Mountain Sports Club since the year it was built in 1979 and is also a member of the Racquet Club. She doesn't view the two operations in competition. The proposed cardio center will only give people on machines more personal space and does not increase competition. Each entity provides a niche in the market and the expansion is not an attempt to compete with Silver Mountain Sports Club.

Tom Bakaly explained that the budget must be adopted by June 21 and state law requires the adoption of a tentative budget providing a ten day review period to the public before final adoption on June 18.

Joe Kernan expressed his appreciation of public input and the importance that both the Silver Mountain Sports Club and Racquet Club survive. He suggested setting a policy associated with competition to ensure everyone's success. Candace Erickson stated that she has been in favor of the remodel since her first term in office. As an employee there in 1978, she pointed out that the tennis courts were a mess then together with many mechanical problems. Having the weight room and cardio machines together will create a needed flow and the Racquet Club building needs to be replaced now. Liza Simpson agreed that the project is overdue and encouraged changing the name. The City has been prudent with the taxpayers' money and it is wise to move forward with design and engineering with the intent to build next spring. At that time, it could be revisited. She expressed that the healthier community we have the better off we are. Roger Harlan stated that the City has the responsibility and the right to provide levels of recreation for its broad constituency. He admitted that the City may be able to do a better job in working with the private sector but the building needs to be addressed and it is not the intent of the project to compete with services provided by private clubs.

Joe Kernan added that spending $10.5 million to replace the building appears to be necessary to accomplish what the public expects. He stated that the public is not suggesting cheaper options and he is prepared to support the project because it is consistent with what the community wants.

Jim Hier, "I move that we adopt the tentative budget (along with the fee resolution and the CEMP resolution) with the following direction that with regard to the Racquet Club, we approve the design and bid authorization and delay authorization of construction pending a review of the economic conditions at the time we're ready to do that compared to the forecasted economic conditions that we have in the existing budget". Liza Simpson seconded. Motion unanimously carried.

3. Consideration of a Resolution amending Section 2, Water; Section 5, Miscellaneous Law Enforcement; Section 6, GRAMMA; Section 8, Recreation, and Section 9, Ice Arena of the City's fee schedule; and replacing and repealing Resolution No. 16-08 in its entirety – The Mayor opened the public hearing; there were no comments from the audience and the hearing was closed. Candace Erickson, "I move we approve a Resolution amending Section 2, Water; Section 5, Miscellaneous Law Enforcement; Section 6, GRAMMA; Section 8, Recreation, and Section 9, Ice Arena of the City's fee schedule; and replacing and repealing Resolution No. 16-08 in its entirety". Joe Kernan seconded. Motion unanimously carried.

4. Consideration of a Resolution adopting a Comprehensive Emergency Management Plan for Park City, Utah and replacing and repealing Resolution No. 15-08 in its entirety - The Mayor opened the public hearing; there were no comments from the audience and the hearing was closed. Liza Simpson, "I move we approve the Resolution adopting a Comprehensive Emergency Management Plan for Park City, Utah and replacing and repealing Resolution No. 15-08 in its entirety". Jim Hier seconded. Motion unanimously carried,

5. Consideration of a Third Addendum to the Park City Municipal Corporation and Park City Community Wireless Sublease Agreement, in a form approved by the City Attorney – Jon Weidenhamer explained that the term is proposed to be revised from June 30 to September 30, 2009. Jim Hier, "I move we approve the third addendum to the KPCW lease extending the date to September 30, 2009 and continue the monthly carrying costs of $1,237 which will modify with the purchase price". Roger Harlan seconded. Motion unanimously carried.

VI OLD BUSINESS

Consideration of an Ordinance annexing approximately 286.64 acres of property located at the southwest corner of the SR248 and US40 interchange in the Quinn's Junction area, known as the Park City Heights Annexation, into the corporate limits of Park City, Utah, and approving a Water Agreement, and amending the Official Zoning Map of Park city to zone the property in the Community Transition Zoning District (CT) – The Mayor opened the public hearing and there were no comments. Roger Harlan, "I move that we move this consideration of an Ordinance for annexation to June 11, 2009". Jim Hier seconded. Motion unanimously carried.

VII ADDITIONAL DISCUSSION – AGENDA ITEMS

Jim Hier discussed meeting with the budget staff to create a schedule that lists all of the capital improvement projects identified by fund source, cash, or bonding which could be helpful for future budget reviews. Tom Bakaly suggested that both Council liaisons participate.

VIII 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, Candace Erickson, Roger Harlan, Jim Hier, Joe Kernan, and Liza Simpson. Staff present was Tom Bakaly, City Manager; Kathy Lundborg, Water Manager; Tom Daley, Deputy City Attorney; Ron Ivie, Chief Building Official; Diane Foster; Environmental Manager; and Mark Harrington, City Attorney. Roger Harlan, "I move to close the meeting to discuss property and litigation". Joe Kernan seconded. Motion carried unanimously. The meeting opened at approximately 3 p.m. Jim Hier, "I move to open the meeting". Joe Kernan seconded. Motion unanimously carried.

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

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Janet M. Scott, City Recorder