PARK CITY COUNCIL WORK SESSION NOTES
SUMMIT COUNTY, UTAH
JUNE 2, 2011

Present: **Mayor Dana Williams; Council members Alex Butwinski; Joe Kernan; Cindy Matsumoto; Dick Peek; and Liza Simpson**

Tom Bakaly, City Manager; Mark Harington, City Attorney; Janet Scott, City Recorder; Bret Howser, Budget Manager; Pace Erickson, Operations Manager; Nate Rockwood, Budget Analyst; Jed Briggs, Budget Analyst; and Ken Fisher, Recreation Manager

Stephanie Johnston, Summit Watch Marriott; Hans Fuegi, Grubsteak Restaurant; and Andy Beerman, HPCA

1. Long term funding and property tax policy discussion. The Mayor was not present for the entire discussion; all other members were present. Joe Kernan expressed that he supports voter-approved bonds and at least a 50% approval rate for necessary improvements in the community. He would like to see higher percentage voter approval rates for more discretionary things like a second ice sheet etc. before pursuing a bond issue and he is not in favor of a regular tax increase every other year. Targets for various revenue sources should be identified and then if needed, a tax increase could be considered. Sales tax revenues should be regularly analyzed against inflation levels. Liza Simpson stated that she doesn't feel a decision on a property tax strategy needs to be made today but there should be an automatic conversation about increasing property taxes so that all revenue sources are addressed. Cindy Matsumoto discussed the significant property tax assessments common in the east. Park City's taxes are manageable now but property taxes probably should be discussed every year to maintain that trend. Ms. Simpson referred to price sensitivity and associated impacts with lodging or sales tax increases.

Dick Peek stated that he is uncomfortable with automatic property tax increases, as he feels it is *passing the buck* to future councils. He suggested getting a handle on inflation and using a local index and not the national CPI for comparison purposes. Mr. Peek continued that he is leery of considering a property tax increase at this time. Alex Butwinski emphasized that if a property tax increase is contemplated, a truth and taxation hearing must be conducted which forces looking at revenues, expenses, inflation and projections. He feels this conversation is partly driven by concerns about staff's compensation but the continual increase in material costs needs to be recognized. The City Council already looks at projections and adjusts a revenue source or levels of service but public input is critical in making these types of decisions. *You can't have everything and not pay for it* and everything needs to be on the table with regard to property tax increases. He agreed that a regular conversation is needed and the revenues related to development will not continue. Liza Simpson felt that the conversation should be held early enough in the budget process, maybe February, so that the citizenry is engaged. The meeting should be publicly noticed. Cindy Matsumoto pointed out that operations seem to be covered but funding capital projects is becoming more challenging. On-line information and tools were discussed. Ms. Matsumoto invited public input.

Stephanie Johnston, Summit Watch Marriot, emphasized that most of the owners are second home owners who don't have a chance to attend Council members. She attends some meetings but asked for a way to get information to her owners. The reason for a proposed property tax increase should be detailed and communicated to the public. City Recorder Jan

Scott commented on the significant amount of information available on the City's website and encouraged her to sign up to be automatically e-notified about upcoming meetings.

Joe Kernan pointed out that the two year property tax strategy introduced a year ago prompted a lot of public concern. It seems like all Council members and the Mayor are not supportive of that concept and he would like to give staff direction to not include this as a tool to handle long-term revenue needs in the future. Instead, hold those discussions every year and consider other mechanisms and send a clear message to the public that the Council is not open to property taxes being discussed as the best option. He felt that giving clear direction would be good because staff believes property taxes are an effective, convenient and sensible approach but the community is not supportive. Ms. Matsumoto believes Mr. Kernan is referring to the meeting where the interactive graph was introduced in work session displaying a variety of budget approaches. Mr. Howser discussed removing the property tax levy line from the model and Ms. Simpson stated that she is not in favor of locking-in future councils but supportive of a yearly conversation about property taxes. To begin with the assumption that revenue growth is going to be half of what it was in the past ten years is unknown and this past year is not reflecting that that is the case. He pointed out that the City just weathered a recession and half of our $60 million is spent on operating and half on capital and debt service. There are large reserves and capital funds and he didn't believe the public should be told that a property tax increase is needed. Mr. Kernan commented that our revenue growth has been well over the CPI when looked at over long periods.

Alex Butwinski felt it is better to relay that a property tax increase is a possibility. It is pretty easy to direct staff to change the language about the two year property tax strategy and hold a regular discussion on our revenue stream as suggested by Ms. Simpson. He never assumed it would be locked in. Joe Kernan objected to a property tax increase continuing to come up and Liza Simpson stated that the word *automatic* needs to be omitted. She believed staff was showing the impacts to property owners of a one-time property increase compared to smaller ones on a regular basis which have less financial impact.

Mr. Kernan argued that if the City receives one large property tax revenue amount, it will be spent. Alex Butwinski expressed that he doesn't understand Mr. Kernan's concern. Joe Kernan referred to references to regular property tax increases in the budget document and spoke about growth in the second home and commercial markets. This is an assumption staff has been making since 1998 and we've been lucky enough to avoid it and the change in the budget narrative recently has been dramatic. Mr. Butwinski stated that he has a different take as talking about it puts everyone on notice that it is a possibility. Mr. Kernan stated that he would like language stating that the Council is not interested in a property tax increase. Tom Bakaly interjected that the intent of recommending a property tax strategy is to consider a balanced approach moving into the future. The City is probably okay for the next couple of years but in the five year range and if projections are correct, there will be an operating deficit. He added that cuts have been recommended and made, but at some point, there needs to be a revenue piece. This could be studied during the Visioning Session and he encouraged still considering a property tax increase as a tool. At this point, the Mayor joined the meeting.

Hans Fuegi, resident and business owner, stated that most people are looking for reassurances that an increase in property taxes is the last option. His tenants are already struggling.

Andy Beerman, HPCA, felt that the property tax discussion has focused more on process than need. When the property tax increase was introduced last year, the need was not detailed. He believes that we live in a reasonable community and a compelling reason should be delivered to the public.

Mayor Williams expressed his appreciation of these comments. Joe Kernan agreed with the City Manager about reviewing this matter during Visioning and with Mr. Fuegi that property taxes should be considered last. He added that fee increases should track with expenses which have been growing at 7% per year. Mr. Bakaly cautioned funding long-term operations with volatile sources like sales tax and fees. Ms. Simpson stated that the property tax discussion may need to be a stand-alone public meeting, separate from Visioning, and held maybe in the fall. She is uncertain if she could commit to saying that property tax is the last resort as revenue sources should be considered holistically. She recognized the impacts on all segments of the community and is not sure she is willing to drop this to the bottom. Bret Howser advised looking at a ten year timeframe, rather than year to year. Mr. Kernan stated he wants a balanced discussion including the viewpoints of Council members and the community. The Mayor pointed out existing infrastructure and environmental needs. Ms. Simpson stated that she disagrees with Mr. Kernan's comment that if we have more money, we will just spend it which is not the practice of the City. Money saved has been allocated to capital projects and Park City has not traditionally spent surpluses. Mr. Kernan expressed that he is more comfortable with raising taxes for a specific project or bonding for projects rather than raising taxes every other year. Ms. Simpson pointed out that property taxes did not cover the costs of the streets and police budgets last year and the City needs to do a better job of getting out its message. If people do not want their property taxes to increase, then they have to decide what services to cut.

Tom Bakaly felt that adequate projections will be available in the late fall and public meetings could be held at that time. Bret Howser discussed working with Phyllis Robinson on publicizing meetings and conducting polls. He also suggested looking at forming a citizen group, like CTAC. The Mayor recommended publishing a supplement in the *Park Record*.

2. Council questions/comments. Mayor Williams reported on a productive meeting with Raleigh Studios, the County, and three members of the state legislature during the week about the potential of a movie studio at Quinns Junction. Alex Butwinski, also on the trip, explained that the project is more than a studio but an entertainment venue and the branding of each group needs to be compatible to be successful. It was a great experience. Liza Simpson spoke about attending the Lodging Association meeting and Cindy Matsumoto reported on Historical Society business. Joe Kernan noted that he has received requests from the public to hire a head tennis professional at the new Recreation Center and suggested that any related costs be covered with recreation fees. He has also received concerns from citizens about potential flooding.

Pace Erickson cautioned keeping kids and pets away from fast running streams but the cool weather has been helpful with regard to snowmelt. He does not perceive flooding problems in Park City and believes public infrastructure and sandbagging private property is sufficient to protect property.

3. Budget review. Jed Briggs pointed out changes in the tentative budget including an increase in service contracts which was an estimate because the committee had not met yet to make recommendations on awards. The Main Street rink option has been pulled and some inter-fund transfers were changed or corrected. Nate Rockwood explained that the Water Fund budget is in flux and numbers are tentative. A tentative budget must be approved tonight to provide enough time between adoption of the final budget according to state law. Bret Howser explained that OTIS was pulled with regard to future bonding and will be included again when these projects are better analyzed. In response to a question from Mayor Williams, Michael Kovacs clarified that the Empire/Lowell waterline has not yet been designed so it cannot be installed this year.

Alex Butwinski suggested that the $580,000 designated for the bonus pool be capped as the maximum and Tom Bakaly noted that this would be part of the tentative budget proposed for adoption tonight and would act as a cap. It represents 3.58% of total compensation. Joe Kernan recommended determining total compensation for full-time employees eligible for bonuses and keeping the percentage constant for future budgets. The City Manager pointed out that if the percentage set is not consistent with historical trends, pay for performance may be compromised and he suggested not changing the approach. Mr. Kernan disagreed and felt that performance will excel if bonus funds are rationed. Liza Simpson indicated that she is comfortable with the current funding practice. Mr. Howser explained that Mr. Kernan is describing a form of bonus called forced distribution which should be thoroughly understood before enacting. The Mayor referred to Joe Kernan's suggestion of setting a percentage cap on bonuses for every department. Mr. Kernan clarified that he is okay with the $580,000 number and recommends using the associated percentage as the level of funding for future years. Alex Butwinski stated that he is comfortable with the current practice and is uncertain if setting a percentage cap based on one year's history is prudent. Policy decisions deserve more discussion and this matter can be revisited. Liza Simpson agreed with Mr. Butwinski. Cindy Matsumoto spoke about the goal of controlling personnel costs and likes the idea of having *more at risk*. She reiterated that the pool is at risk and no employee should assume receiving a bonus. Tom Bakaly described the concept of exceeding expectations to be eligible for a bonus. Mr. Kernan reiterated his last suggestion and the Mayor requested information on the actual experience of how many employees received 7% bonuses. The City Manager stated that this data will be available in January or February.

Jed Briggs explained that planning fees are part of a three-year phased program adopted by Council in order to recover service level costs. Related information was presented in a study last year and this is the second year of fee increases.

In response to a question from the Mayor, Ken Fisher described the savings of purchasing a punch pass for classes as opposed to paying drop-in fees. Joe Kernan believed tennis fees should be increased and Mr. Fisher detailed the method for determining tennis and court fees. Recreation fees were increased last year but before that, it was about ten years. Dick Peek believed that tennis fees should equitably reflect the increases shared by other users of the new facility. He questioned the highest increase being the resident child under 16 years and asked about hiring a tennis pro. Mr. Fisher replied that a national recruitment of a new head tennis pro is underway. Tennis pros are paid at about $22 to $30 an hour and lessons are set at $61/hour. He explained that tennis has a separate budget covering its direct operations. The recreation budget covers the Recreation Center front desk, staff, programs and other facilities. Mr. Fisher explained that the recreation budget recovers about 50% of its costs and tennis is helping to bring the percentage up in the 70% range. Dick Peek expressed the importance of analyzing programs individually to determine recovery levels. Mr. Fisher emphasized that every single program is tracked with associated direct revenues and expenses without the overhead element. Once a patron is in the facility it is difficult to track every activity. Mr. Peek again suggested that tennis fees reflect an equitable increase with other program fee increases. In response to a question from Cindy Matsumoto, Ken Fisher stated that all recreation fees were increased across-the-board last year. She questioned raising recreation fees two years in a row. Liza Simpson pointed out increased operational costs associated with the new Recreation Center and Mr. Fisher believed the other component is eliminating the City and County recreation cards. Joe Kernan suggested raising tennis lessons and other fees by 10% to make them more in line with other increases. Ken Fisher pointed out that if tennis passes are too high, players will not buy them. Private lesson charges are similar to Salt Lake prices. Mr. Kernan believed more revenue can be raised in lessons and court time. Ms. Simpson believed private lessons should be raised and felt the increase for resident children is too high at 37.5%; it should be a $2 spread. Alex Butwinski pointed out that the new center will be a world class facility and a hundred times better than the Racquet Club. Resident indoor court fees and passes should be increased in tandem. At a minimum, the passes should go up 10% and if that does not work, raise the hourly court fee. The tennis community was very vocal about building a quality facility and should pay for direct improvements.

Mr. Butwinski spoke about the 80% cost recovery level dropping to 70% and Mr. Fisher clarified that this percentage includes tennis and recreation. Utilities are paid from a public works facilities budget. Ken Fisher explained that it was set at 70% for four or five years but was overlooked and not amended in the fee resolution.

With no further time available, the discussion on the budget was continued to the regular meeting.

4. Planning Commission interviews. Council interviewed Chuck Kingenstein, Douglas Stephens, Elizabeth Shaffer, Jack Thomas, Leslie Moss and Nan Worel for two vacancies on the Planning Commission.

Prepared by Janet M. Scott, City Recorder

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
JUNE 2, 2011

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, June 2, 2011. Members in attendance were Dana Williams, Alex Butwinski, Joe Kernan, Cindy Matsumoto, Dick Peek, and Liza Simpson. Staff present was Tom Bakaly, City Manager; Tommy Youngblood, Special Events Coordinator; Ken Fisher, Recreation Manager; Heinrich Deters, Trails Coordinator; Hugh Daniels, Emergency Management Manager; and Mark Harrington, City Attorney.

II COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

None.

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

None.

IV RESIGNATIONS AND APPOINTMENTS

Consideration of three appointments to the Historic Preservation Board for terms expiring May 1, 2014 – Liza Simpson, "I move that we appoint Katherine Matsumoto-Gray, Judy McKie and Puggy Holmgren". Joe Kernan seconded. Motion carried. The Mayor indicated that Roger Durst was asked to remain involved on the HPB as an advisor which would be a non-voting position.

Alex Butwinski	Aye
Joe Kernan	Aye
Cindy Matsumoto	Aye; Abstention on appointment of daughter
Dick Peek	Aye
Liza Simpson	Aye

V 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 the Consent Agenda". Joe Kernan seconded. Motion unanimously carried.

1. Consideration of a Resolution proclaiming June 2011 as World Refugee Month in Park City, Utah and encouraging participation in the Around the World in Seven Days Event – Staff recommends approval.

2. Consideration of approval three individual Quit Claim Deeds for three City-owned remnant parcels adjacent to Claimjumper Court, Park City, Utah, in forms approved by the City Attorney – See staff report in meeting packet.

3. Consideration of a Construction Agreement Amendment for Change Order 4 in a form approved by the City Attorney, with JB Gordon Construction, Inc. for the construction of the Rail Trail Water Lines for a lump sum amount of $192,390 – See staff report in meeting packet.

4. Consideration of award of construction contract to Miller Paving in the amount of $613,449 for the Comstock/Sidewinder Walkability Project, in a form approved by the City Attorney – See staff report in meeting packet.

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

1. Consideration of a Master Festival License for the Wasatch Back Relay – Ragnar Events LLC – Tommy Youngblood reported that Ragnar will be the same size as last year with 12,500 racers and up to 7,000 spectators expected. Last year the finish was staged at the Canyons which created traffic problems. This year, the finish line will be at Dozier Field and he detailed a number of parking lots within and outside Park City, including the Park and Ride Lot. Staff feels that Ragnar has worked hard over the past four months to solve identified problems. UDOT, UHP and others feel the traffic and parking plan will work well. Mr. Youngblood described the route in detail and stated that a debrief will be conducted within a week of the event. Staff recommends approval as conditioned. Liza Simpson suggested that Quinns be staffed so parking is not taken away from the lacrosse tournament by Ragnar patrons searching for parking and the organizers appreciated her comments. Mr. Butwinski believed the event is good for economic development and he complimented staff and the organizers for managing potential impacts. Water stations will not be located in residential neighborhoods. The Mayor opened the public hearing; there were no comments and the public hearing was closed.

Mayor Williams also thanked the organizers for being diligent in finding solutions. Liza Simpson, "I move we approve the Master Festival License for the Wasatch Back Relay". Alex Butwinski seconded. Motion unanimously carried.

2. Consideration of a Resolution establishing a memorial and community project donations policy for Park City, Utah – Heinrich Deters explained that this item was before Council on January 27 and February 17, 2011. The City currently does not have a policy dealing with memorial donations on public property and this proposed policy will provide a process, including reviewing and tracking donations. In February, Council provided some direction specifically regarding the review and notification processes and a tier system was created to guide the location by type of donation. Historically, trees and benches have been donated but the policy includes a donation wish list which includes unbudgeted items that provide a benefit to the community. He explained that Tier 1 considers typical donations in urban green spaces received in the past or items on the donations list. Tier 2 includes donations in green spaces which would be addressed by the City Council in a work session where direction would be given on an application with some notification to the public and Tier 3 relates to bonded open space which would require formal action by the City Council at a regular meeting with public notice.

Mr. Peek asked about the process for residents in a cul-de-sac desiring to make landscaping improvements on adjacent City property, for instance. Heinrich Deters recognized these certain situations and felt the City has worked well with residents on a case-by-case basis. The Mayor opened the public hearing; there were no comments and the public hearing was closed.

Liza Simpson, "I move we approve a Resolution establishing a memorial and community project donations policy". Dick Peek seconded. Motion unanimously carried.

3. Consideration of an Ordinance establishing compensation for the Mayor, City Council and Statutory Officers for Fiscal Year 2011-2012 for Park City, Utah – Mark Harrington encouraged acknowledgement of the iPad stipend if a motion is made and explained that the taxable value of the device will be shown as compensation for each member and to achieve a net effect in compensation levels, an increase would need to be made. Cindy Matsumoto believed direction was that the City was covering all costs.

Alex Butwinski indicated he has additional thoughts on compensation and noted that Council did not accept the proposed 2% raise last year and he asked if members want to consider a pay raise now. Bret Howser discussed flipping the pay plan years where the 2% was given in 2010 and the market increase scheduled in 2011 appeared in the recommended budget. Last year Council decided not to take the market increase and instead to transfer the funds in the travel budget. The market adjustment would have increased compensation from $11,405 to $14,588 a year for Council members and $22,556 to $23,090 a year for the Mayor. In response to a question from Ms. Matsumoto, Mr. Howser verified that these figures were consistently based on comparisons with other cities.

Cindy Matsumoto, "I move to continue this until next week". Dick Peek seconded. Motion unanimously carried.

4. Consideration of a Resolution adopting a Comprehensive Emergency Management Plan for Park City, Utah – Hugh Daniels explained that every year, the CEMP is adopted which outlines emergency planning and a response plan for the City. An adopted plan is needed to meet the National Incident Management System requirements which affect eligibility for federal funding. NIMS compliance is required for FEMA assistance, mitigation funds and for a number of federal grants. It is a living document and changes are made as needed which are ratified annually. The Mayor invited public input; there was none.

Liza Simpson, "I move we approve Resolution adopting a Comprehensive Emergency Management Plan". Cindy Matsumoto seconded. Motion unanimously carried.

5. Consideration of a Resolution adopting a tentative revised budget for fiscal year 2011 and the budget for fiscal year 2012 for Park City Municipal Corporation and its related agencies – The Mayor opened the public hearing; there were no comments from the audience and the public hearing was closed.

The work session discussion on the budget, specifically recreation fees, continued. Ken Fisher relayed comparables for hourly court fees in three Salt Lake facilities which range from $14 to $21. The City is currently at $22 and proposing $24. Private lessons range from $55 to $70 an hour and Park City is at the average at $61. He suggested that when the head tennis pro comes on board, a higher rate be charged which is common in the industry. Discussion ensued on locals using SLC facilities during the remodel and again attracting these players to the new recreation center. Joe Kernan suggested offering specials to bring people back rather than offering reduced fees. Liza Simpson explained that philosophically she has a problem with other recreation rates going up while the price of hourly lessons remains the same. Cindy Matsumoto encouraged pricing within the market as we want players to be there although there should be a higher rate for the head professional, perhaps $70. She can support an increase for lessons but not court time and passes. Joe Kernan stated he is okay increasing either or both.

Mr. Butwinski relayed that he is in favor of a 10% increase for tennis passes and suggested offering an early sign-up special for users. The hourly court fee should be analyzed to make the formula work for passes. Ms. Simpson supported an increase but felt staff should determine the appropriate percentage and was most interested in raising private lesson prices and lowering the resident child drop-in fee. Ken Fisher indicated that a 10% increase would raise an individual tennis pass to $1,100, a couple to $1,950 and a family to $2,160 (for three people with an additional fee for more members). Members agreed with the proposed fee. Members suggested private tennis lessons to be priced at $70 with the head pro and $64 with a pro.

Mr. Fisher explained that the theory behind establishing fees is to set the window pricing the highest and the reason for this is that it takes more front desk time to check-in users while punch cards and passes can be processed electronically and there is no exchange of money. With regard to the increase in resident children's drop-in rates, he reiterated that it is much quicker if kids scan a pass rather than staff checking them at the front desk. Liza Simpson suggested adjusting the drop-in rate to $3 and the punch card to $25. Members agreed.

Alex Butwinski requested more information on the costs of running the new Recreation Center, specifically as it relates to establishing a cost recovery level, acknowledged that this is a future policy discussion. Mr. Howser stated that indirect and utility costs will be provided for that analysis. The Contingency Fund policy was explained. Mr. Howser confirmed for Ms. Simpson that local contractors can match the low bid to be selected and Mark Harrington advised that state law requires that bids be awarded to the lowest qualified bidder. RFPs have more flexible criteria. Bret Howser added that there will be a couple more changes to the purchasing policy and budget policies will be considered for adoption next week.

Liza Simpson, "I move we approve a Resolution adopting a tentative revised budget for fiscal year 2011 and the budget for fiscal year 2012 for Park City Municipal Corporation and its related agencies." Joe Kernan seconded. Motion unanimously carried.

VII ADDITIONAL DISCUSSION – AGENDA ITEMS

None.

VIII ADJOURNMENT

With no further business, the regular meeting of the City Council was adjourned and a closed session convened.

MEMORANDUM OF CLOSED SESSION

The City Council met in closed session at approximately 7:15 p.m. Members in attendance were Mayor Dana Williams, Alex Butwinski, Joe Kernan, Cindy Matsumoto, Dick Peek, and Liza Simpson. Staff present was Tom Bakaly, City Manager; Tom Daley, Deputy City Attorney; Diane Foster, Sustainability Manager; Jon Weidenhamer, Economic Development Manager; Thomas Eddington, Planning Manager and Mark Harrington, City Attorney. Alex Butwinski, "I move to close the meeting to discuss ". Liza Simpson seconded. Motion carried unanimously.

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, City Recorder