PARK CITY COUNCIL WORK SESSION NOTES
SUMMIT COUNTY, UTAH
MAY 28, 2009

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

Tom Bakaly, City Manager; Tom Daley, Deputy City Attorney; Nate Rockwood, Budget Analyst; Jed Briggs, Budget Analyst; Bret Howser, Budget Manager; Wade Carpenter, Chief of Police; Kathy Lundborg, Water Manager; Ken Fisher, Recreation Manager; and Brooke Moss, Human Resources Analyst

Absent: **Council member Candace Erickson**

1. Council questions/comments. Jim Hier reported on the inter-agency meeting, specifically trails and sustainability projects. The Chamber's final budget was adopted by the Board which is down $3,956,000 from last year's $5,223,000 primarily because of reductions in transient room tax and the potential on the collectability of somewhere between $500,000 to $600,000 of TRT taxes paid by property management companies. The Restaurant Tax Committee generously allocated an additional $100,000 to the Chamber, which was not requested. He added that the Wikstrom Group was hired to update the 1996 Tourism Study which will provide helpful information for the City. Mr. Hier stated that he and other Council members have received calls from Dr. Winn at Park City Family Clinic asking for more information about the Bonanza Drive reconstruction project; staff will follow-up.

Mayor Williams reported on the Library reading program and participating on a panel on climate change held at University of Utah. He discussed activities planned for Air Force Week.

2. Budget Review. Bret Howser reported on sales tax collections, noting that March is the highest month of the year and represents monthly and quarterly filers for the first quarter of the year. Park City is 33% below the previous fiscal year for March and for the quarter, down 28% which was projected to be down by 34% for the quarter.

Nate Rockwood explained that the terms for special service contracts are two years to coincide with the budget cycle for services not provided by the City. The special service contract fund is up to 1% of the total budget, excluding capital projects. This year, the current budgeted amount was $768,000 for two years and he discussed the RFP, application and selection process. Two City Council members sit on the selection committee as well as two high school students and selection criteria is outlined in the policy. Because of the economy, it was decided not to fund any organizations beyond the amount awarded last year but needs were evaluated. He relayed that the Boys & Girls Club received a special service contract for $40,000 two years ago but no rent contribution was given. The recommendation this year is to grant the rent contribution because the Boys & Girls Club will receive a reciprocal contribution based on the City's award and $20,000 for the special service contract. This will allow them to open and obtain the $25,000 donation.

Joe Kernan commented on the benefits of the program to the community and hoped the recommendation is adequate so that the Boys & Girls Club can offer the same level of service in the future. Roger Harlan agreed.

Mr. Rockwood stated that KPCW requested a special service contract for public service announcements; it did not receive an award last year but did in previous years. The lease agreement includes a description of services to the City and the outstanding purchase agreement will address services, removing KPCW from the special service process. It is also recommended that the Summit Land Conservancy enter into a contract with the City for its services and not use the special services process; a RFP is being prepared and will be released on those services. He continued to explain that the Boys & Girls Club and the Park City Community Outreach Center submitted their applications late which were not received until after the committee made its recommendations. Bret Howser acknowledged that the policy outlines a deadline but Council has the discretion to consider these.

Liza Simpson understood the precedent to be from Council member Candace Erickson that late applications were never considered. As a committee member, Jim Hier relayed that if the group had the applications in time, they probably would have been approved. He could not recall what organization was turned away because of its timing. Chief Wade Carpenter explained that the Police Department uses Shelley Weiss from the Outreach Center a lot. She is used as a liaison for labor disputes to obtaining information for investigations and is very helpful. Joe Kernan believed that these organizations provide a benefit and is willing to support them even though the applications were late. Liza Simpson stated that it is her recommendation to include them and to provide an opportunity for the programs that did not get as much funding to apply toward the balance left in the fund. Jim Hier advised that just because 1% is set aside, it doesn't all need to be spent and maintaining a balance may be advantageous for unanticipated requests or circumstances. Joe Kernan and Roger Harlan agreed.

Bret Howser discussed the high level of attention the Water Fund received last year because of the supply and demand analysis and an extensive plan for improvements and infrastructure projects to address deficiencies and redundancies in the water system. The financial model covers costs with user fees and impact fees, and identifies bonding needs and any possible rate increases required to handle debt service expenses. He discussed the timing of rate increase percentages and obtaining a zero interest loan from the state which will be used to buy down the interest rate on market bonds intended to be issued. Proceeds will fund needed infrastructure improvements over the next couple of years.

Kathy Lundborg explained that this summer five pipeline projects, a water treatment plant and a new meter reading system will be built or implemented, totaling $20 million worth of projects. Projects for next summer are being designed, including the Judge Tunnel pipeline project.

Bret Howser pointed out that an amended fee resolution will be presented to Council on June 4. Business license regulations are found in the Municipal Code and the administrative fee, intended to cover costs, has been studied by staff. Jed Briggs explained that a study was conducted in 1998 when the number of licenses and administration costs were a lot less. Administrative costs are based mainly on personnel costs, including counter assistance, code enforcement, and inspections. He explained that the administrative fee was set at $46, regardless of type of business, and new businesses were assessed a $15 inspection fee. It was determined that nightly rentals and for hire vehicles are more staff-intensive to license than other businesses, renewals require less time to process than new businesses, and the new proposed fees reflect this. Applying the current rate for business license renewals results in a loss of $11,000 but charging $46 for renewals creates a $120,000 gain. When charging $17 for nightly rentals and $22 for all other businesses, the City recoups all of its costs. Assessing $46 plus $15 for inspections, the City loses around $100,000 and recuperating 100% of costs results in assessing $218 for lodging and nightly rentals and $238 for all other businesses. Mr. Briggs discussed presenting the proposal to the Lodging Association. Bret Howser spoke about arriving at an appropriate level of cost recovery which is recommended at 40%, meeting again with the lodging group, and returning to Council for a final decision. Joe Kernan felt that the proposal is headed in the right direction. There was discussion about business license fees funding transit. Mr. Kernan added that increased fees should not hinder new businesses as they are still very reasonable. Roger Harlan felt that the public should be aware of the fact that other resort cities' fees are typically much higher and comparing how other cities license businesses was discussed.

Jim Hier commended the hard work on this project but pointed out that if licensing nightly rentals becomes too punitive, owners will avoid the process. The cost of enforcement then becomes an issue. Liza Simpson understood that the increases will only affect new businesses and Jim Hier pointed out the potential for newly organized property management companies. She added that she is comfortable with the 40% recommendation but if business licenses are set at a level that doesn't recoup the cost of issuance; incremental fee increases should be planned. Joe Kernan agreed that it makes sense unless there is interest in subsidizing new businesses from an economic development standpoint. Ms. Simpson suggested allocating a portion of business license revenues to economic development but Jim Hier argued the logic of recovering costs from businesses benefitting from the transit system. Joe Kernan noted that he prefers total cost recovery but will support incremental increases. Mayor Williams agreed with other comments that our fees are incredibly affordable and the goal over time would be to get the subsidy to zero. Jed Briggs added that exceptions will be provided for in the ordinance.

Mr. Howser indicated that recreation fees have not been amended since 2001 and are proposed to be updated this year. Ice arena fees are also recommended to be increased along with other miscellaneous fees. Contracting with the Police Department for security services will be added to the fee schedule and in the future, staff will be looking at special events and impact fees to better recover costs. In response to a question from Joe Kernan, Ken Fisher explained that adjustments are based on increased personnel costs over the years. Joe Kernan expressed that 100% cost recovery should be the goal in formulating a rate for police services. Chief Carpenter explained a method of arriving at an average cost of $45 per hour which will cover costs. He described the benefit of maintaining local control at events, and avoiding overtime by managing a program within the Department.

Bret Howser described the pay plan process of comparing positions against the market and reclassifying, if appropriate. In the second year of the budget cycle, a 2% increase is applied across-the-board to keep current with the market. Brooke Moss explained the membership on the technical and pay plan committees. The technical committee evaluates positions and compares them to benchmarks available through the Wasatch compensation group. The pay plan committee considers any positions that aren't able to be matched with comparison information and makes internal equity decisions; each team is represented. She described the level of time members have contributed, thanked them for their participation, and added that the committee makes a recommendation on a pay plan that the City Manager then recommends to City Council.

Because of the recession, it is recommended to basically flip the two year pay plan by providing a 2% across-the-board increase the first year and addressing the market fluctuations the second year. A new pay plan amounts to about $1 million. The market moves this year were estimated significantly less than previous budgets, requiring a transfer of about $500,000 from the General Fund and $700,000 City-wide. However, it still presents challenges in balancing next year's budget in consideration of current revenue projections. Two percent represents about $230,000 in the General Fund. He explained the recommendation to provide a 2% across-the-board increase in the first year and implementing market moves in the second year in the hopes of an improved economy. The situation will be monitored and revisited during next year's budget process. Jim Hier understood the rationale to be that the economy will be healthier in two years and in response to a question from him, Mr. Howser explained that $3.5 million is recommended be transferred from the General Fund to fund capital projects in 2009 and $2.8 transferred in 2010.

Mr. Hier explained that he has supported the practice of transferring surpluses from the General Fund to capital over the years, but suggested making a smaller transfer to capital and funding the pay plan so it is applied consistently year to year. Bret Howser explained that the transfers are actually associated with specific projects, like OTIS, and he felt that the recommended budget demonstrates the proper balance between operations and capital. He detailed unidentified surpluses and Mr. Hier recommended assigning $500,000 so that the pay plan is applied consistently and both policy approaches were debated. The City Manager explained that the plan is to make employees whole this year by an across-the-board increase rather than having some positions receive increases or reclassifications and others not. Joe Kernan felt the flipped pay plan sends a good message to the community and Liza Simpson suggested continuing to operate on the flipped cycle but Tom Bakaly indicated that employees would lose a year. Dana Williams felt the recommendation is appropriate including the offset for health insurance and Roger Harlan, Liza Simpson and Joe Kernan also indicated their support. Members were comfortable with the benefit plan and had no questions or comments.

Bret Howser explained the vacancy factor which budgets for positions at maximum pay. Due to either vacancies or positions paid below the maximum, about 7% less is spent in personnel budgets in each department. It is recommended that the 7% be realized collectively in a non-departmental fund rather than departmental budgets. This is zero sum but personnel will appear to increase while contingency decreases. Jim Hier believed that budgeting to the full amount will result in a budget surplus which seems flawed. Bret Howser explained the importance of reviewing the personnel portion separately from the total departmental budget and Tom Bakaly expressed that training is anticipated to help departments better manage their budgets. Personnel surpluses can not be spent on materials, supplies, etc. Mr. Hier stated that he prefers dealing with actual numbers and avoiding transfers. The City Manager suggested giving this approach a try and working toward actual budgeting in the future.

In response to a question from Joe Kernan, Mr. Howser detailed the shortfall plan, specifically lump merit bonuses for executive level employees. The City Manager explained that the recommendation for next year is the same by not awarding bonuses to Exempt Grade Level 7 positions and up until the economy recovers.

Prepared by Janet M. Scott, City Recorder

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
MAY 28, 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, May 28, 2009. Members in attendance were Dana Williams, Roger Harlan, Jim Hier, Joe Kernan, and Liza Simpson. Candace Erickson was excused. Staff present was Tom Bakaly, City Manager; Tom Daley, Deputy City Attorney; Brooks Robinson, Planner; Francisco Astorga, Planner; Tamara Lindsay, Project Manager; Todd Touchard, Project Manager; and Bret Howser, Budget Manager.

II COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

Joe Kernan disclosed that he is a member of the Prospector Owners Association.

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

None.

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

1. Consideration of an Ordinance approving the hotel and residences at Empire Canyon Resort Record of Survey Plat, located at 9100 Marsac Avenue, Park City, Utah - Brooks Robinson requested a continuance since the Planning Commission has not yet rendered a recommendation. The Mayor opened the public hearing; there were no comments. Joe Kernan, "I move to continue Item 1 under New Business to June 18th." Roger Harlan seconded. Motion carried.

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

2. Public hearing on the issuance of general obligation bonds and the potential economic impact that the improvement, facility, or property for which the bonds pay all or part of the cost will have on the private sector, pursuant to Section 11-14-318 of the Utah Code Annotated 1953, as amended – Bret Howser explained that the Council recently adopted the parameters resolution. The issuance is for $12 million for open space and walkability projects and the final bond resolution is scheduled next week. The Mayor opened the public hearing; there were no comments from the audience.

3. 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 opened the public hearing.

Mike Sweeney, HMBA, suggested that business license fees be prorated, that the City consider offering temporary business licenses, and charging higher fees for special businesses during Sundance.

Jim Hier stated that the fees are designed for cost recovery, which is why licenses aren't prorated, and a change in fees would first require a change in policy. Tom Bakaly advised that everyone can charge an administrative fee and if there is a demonstrated benefit from transit, an enhanced fee can be imposed. He explained that Mr. Sweeney is describing a *disproportionate* fee which is something that also needs to be supported with a study. Members agreed to discuss the business license policy in late summer.

With no further input, the Mayor requested a motion to continue to June 4th. Roger Harlan, "I so move". Liza Simpson seconded. Motion carried.

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

4. Consideration of an Ordinance approving the First Amended Treasure Hill Subdivision Phase 3, located at 445 King Road, Park City, Utah – Planner Brooks Robinson explained that this is a one-lot subdivision containing around 12 acres. The request from owner Pat Sweeney is to shift the location of the building pad; the square footage and restrictions will remain the same. The Mayor opened the public hearing; there were no comments from the audience. Roger Harlan, "I move approval of an Ordinance approving the First Amended Treasure Hill Subdivision Phase 3, located at 445 King Road". Jim Hier seconded. Motion carried.

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

5. Consideration of an Ordinance approving the Lot G Prospector Square plat amendment, located at 1775 Prospector Avenue, Park City, Utah – Planner Francisco Astorga explained that the application is to reconfigure five lots into three and to modify Parking Lot G. He explained that the actual building area will be reduced but not the parking. Joe Kernan disclosed a conversation with resident Reed Kimball, concerned about losing parking. The Mayor opened the public hearing; there were no comments.

Liza Simpson, "I move we approve the Lot G Prospector Square plat amendment based on the findings of fact, conclusions of law, and conditions of approval as found in the draft ordinance". Jim Hier seconded. Motion carried.

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

6. Consideration of a Professional Services Agreement in an amount not to exceed $80,000, in a form approved by the City Attorney, with Meter Maintenance Inc for meter testing and repair work – Tamara Lindsay explained the scope of the project and noted that Meter Maintenance is very well qualified. Joe Kernan felt that accurate meter readings will result in a fairer program for the public. The Mayor invited input.

Mary Cook, Homestake Condominiums, supported the project.

Roger Harlan, "I move approval of a professional services agreement in an amount not to exceed $80,000, in a form approved by the City Attorney, with Meter Maintenance Inc". Liza Simpson seconded. Motion carried.

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

7. Consideration of a Construction Agreement, in a form approved by the City Attorney, with Counterpoint Construction for the construction of the Promontory Raw Waterline for a lump sum amount of $1,147,569 – Todd Touchard explained that this contract represents the first stretch of the pipe line and the bids were very favorable. He detailed the location by the equestrian center in Promontory and the Mayor invited public input. There was none. Jim Hier, "I move we authorize the City Manager to execute a construction agreement, in a form approved by the City Attorney, with Counterpoint Construction for the construction of the Promontory raw water line for an amount of $1,147,569". Liza Simpson seconded. Motion carried.

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

8. Consideration of a Settlement Agreement between HPC Development and Hotel Park City Condominium Association regarding the purchase of the Park City Golf Course Pro Shop and the incorporated Cross-Easement Agreement – Tom Daley explained that the settlement agreement in the amount of $1.1 million is for the City to obtain fee title to the pro shop unit in Hotel Park City. The figure represents payments paid by the current commercial developer and charges $1,000 per month rent to the City for the use of the unit over the last 29 months. The agreement provides six months to obtain plat amendment approval and this item will return to Council for final review. The Mayor invited public input; there was none. Joe Kernan, "I move we approve the settlement agreement between HPC Development and Hotel Park City Condominium Association regarding the purchase of the Park City Golf Course Pro Shop and incorporating the cross-easement agreement". Jim Hier seconded. Motion carried.

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

V ADDITIONAL DISCUSSION – AGENDA ITEMS

VI 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, Roger Harlan, Jim Hier, Joe Kernan, and Liza Simpson. Candace Erickson was excused. Staff present was Tom Bakaly, City Manager; Jeff Schoenbacher, Environmental Specialist, Kyle McArthur, Water Analyst; Kathy Lundborg, Water Manager; and Tom Daley, Deputy City Attorney. Roger Harlan, "I move to close the meeting to discuss property and litigation". Joe Kernan seconded. Motion carried. The meeting opened at approximately 4 p.m. Jim Hier, "I move to open the meeting". Joe Kernan seconded. Motion unanimously.

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

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

Janet M. Scott, City Recorder