PARK CITY COUNCIL WORK SESSION NOTES
SUMMIT COUNTY, UTAH
MAY 27, 2010

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

Tom Bakaly, City Manager, Mark Harrington, City Attorney; Max Paap, Special Events Manager; Bob Kollar, Joint Venture Manager; Jed Briggs, Budget Analyst; Nate Rockwood, Budget Analyst; Bret Howser, Budget Manager; Kent Cashel, Transportation Manager; Jon Weidenhamer, Economic Development Manager; Ron Ivie, Chief Building Inspector; and Clint Dayley, Parks and Golf Course Manager

Carol Tesch, proponent of snow removal at Quinns fields

1. Council questions/comments. Candace Erickson discussed recruitment of the new Health Director and training for the board provided by the County Attorney. The Chamber presented its and the City's budget and explained the loss of transient room tax dollars this year, however future projections are favorable. Recycle Utah held a successful fund-raiser, purchased a shredder and is accepting bike tires. Alex Butwinski also noted that the Recycle Utah fund-raiser was a great event. He attended a HMBA meeting where the Arts Festival and RAP Tax renewal process were discussed. The Planning Commission is working on the General Plan and staff did a great job of polling members about their vision for the community. Liza Simpson also felt the meeting was productive and subsequent public input on the draft will be valuable. She also attended the joint transportation board meeting where progress with UTA on service to Salt Lake City was discussed. This will be presented to Council in July. Joe Kernan reported on the interagency task force meeting where the County proposed sharing the City's Emergency Operations Manager position. The Mayor acknowledged a number of emails received on the Racquet Club and the sports fields at Quinns and from students at Treasure Mountain Middle School charged with a civics project. He and Phyllis Robinson attended an Aspen Springs HOA meeting last night where off street parking was requested on Aspen Springs Road.

2. Tour of Utah. Max Paap referred to his staff report and asked members if there are any concerns with operations and the request for fee waivers. He discussed the criterion held last year held on Sunday in Salt Lake City with 8,000 in attendance; 12,000 patrons are expected in Park City on a Saturday. This event was presented to the HMBA in April and the organizer is working with restaurants for opportunities. Fee waivers in the amount of $8,000 include the festival facilitation fee, traffic control, police staffing and transit, and typically the City Manager waives up to half of the costs. Candace Erickson disclosed that her employer, Cole Sport, sponsors a team.

Bob Kollar discussed Main Street merchant support for the cycling event last year, and suggestions for a bigger event this summer. The goal is to supplement the sponsorship value with City services, a special event grant, or a combination of both. He indicated that there is some money in the joint venture fund. The direct and indirect benefits of the event were presented. Jon Weidenhamer added that the organizer is using the MFL umbrella to involve Main Street businesses. Past councils have indicated a willingness to waive fees up to half of the incremental sales tax gained, which is difficult to measure. Joe Kernan believed the exposure of the event will be valuable, as well as the direct sales benefits. Liza Simpson commented on the fun factor last year and felt that an all-day race will make it even more popular. It was pointed out that the joint venture fund has $20,000. Ms. Simpson stated that she has no problem waiving fees because of the quality of the event. Candace Erickson discussed the popularity of road bike racing and believed the community will support the event. Members agreed with the operational plan and committed to waiving all of the fees; $4,000 from the General Fund and $4,000 from the joint venture fund (Chamber contributing one-fourth).

3. Budget discussion. Alex Butwinski spoke about Park City's sense of community and is pleased with the level of feed-back he receives. He believes that everything should be on the table in context of the budget and he personally urged consideration of removing two tennis courts from the Recreation Center Project which may represent a substantial cost savings. Also, he proposed an interim modification to the pay plan. It is extremely likely that if the City does not implement a property tax increase this year, it will have to be considered in the future to better balance the City's revenue mix. He did not feel it wise to be borrowing money for any reason at this point in time and encouraged spending more time on budget planning throughout the year.

Jed Briggs discussed the methodology and data for adjusting planning, engineering and building fees and detailed proposed increases. Ms. Simpson asked the philosophy for cost recovery through fees and Mr. Bakaly explained that it is varied and pointed out that transit is supported by business license fees although the full cost is not recovered and the level of recovery is a policy decision by Council. Mr. Briggs explained that the planning, building and legal departments evaluated fees to ensure that costs or a portion of the costs be covered but not to the extent of overburdening the development community. Mr. Briggs addressed golf fees.

Nate Rockwood explained the 8% increase to water fees this year and 8% next year which will drop to 4% the following year. Joe Kernan asked for a graph showing our history and the future of water rates. Kent Cashel noted that the parking fees were adjusted recently but additional changes are proposed. Discussion ensued on confirming the policy for zero dollar first ticket warnings and going back no longer than three years of paid parking violations to determine if it should be waived. In-car hang tags are still $50 but the buyer will be credited with $50 worth of discounted time. Jed Briggs noted that a fee resolution will return to Council next week for formal adoption.

Nate Rockwood clarified that the City Manager recommended that staff conduct a fleet assessment study to explore efficiencies. Currently the rolling stock fund receives $550,000 a year to maintain the replacement of the current fleet. Based on the schedule and going out to the future, the transfer amount will need to increase if changes to the fleet are not made. Over the next ten years the annual allocation could increase to $1.5 million and with that information, staff explored reductions in the actual fleet. Of the 97 passenger fleet vehicles, 34% are considered underutilized (under 12,000 miles per year) and 22% severely underutilized (under 4,800 miles per year) which is problematic. Take home miles represent a large proportion of total fleet expenditures and 54% relates to Public Safety. He referred to the policy from station to destination and felt there are efficiencies to be gained but noted the pros and cons with Public Safety take home vehicles or using a pool fleet. Over the next year, staff will study a Public Safety pool in depth. The Marsac Building uses building inspection and other vehicles which have very low mileage although they are used and it is recommended to establish a Marsac Building vehicle pool, including three or possibly four vehicles to be shared by all of the departments. Joe Kernan asked that Council be updated as more information becomes available. Liza Simpson supported the Marsac plan but would like to have a conversation about take home police vehicles. The Mayor encouraged fuel efficient purchases in the future and members agreed with the fleet management strategy.

The capital improvement budget was addressed and Joe Kernan asked if the Sandridge parking lot and other street projects can be delayed and Bret Howser responded that Sandridge is identified in the 2011 budget. Staff is recommending rescheduling some capital projects to fund the Racquet Club remodel. Tom Bakaly explained that OTIS was originally contemplated to be funded with sales tax but staff is not recommending moving ahead with bond issues and there are funds available in the next phase. The City uses both cash and bond revenue to fund many capital projects based on policy and timing. Ms. Matsumoto asked if not bonding for the Racquet Club will prompt bonding for street improvements. The City Manager explained that it depends on the size of the issuance; a small amount is not worthwhile because of the costs associated with issuing bonds. The Mayor pointed out that some of the OTIS projects will be dramatically impacted by the Treasure Project and delaying current plans for reconstruction for a couple of years would probably be prudent. He encouraged Council review of the OTIS projects at some point to make sure that the proposed improvements are what neighborhoods want. Joe Kernan pointed out the favorable interest rates the City receives on bonds.

With regard to the Recreation Center Project, Bret Howser explained that the first recommended option is to identify project costs, subtract cash, grants and operating fees, and then bond for the $2.5 balance. Option B is the same, but to carve out and not bond for the contingency amount and if additional funds are needed, they would have to be found from other sources.

Option C is to use unreserved monies in the CIP. About $2 million accumulated through interest earnings over time but $1 million was used for the CIP balance for The Boyer land purchase and $4.5 million from other CIP projects. It is recommended that the balance be no less than $250,000. Approximately $375,000 remains from the Marsac Remodel Project. The asset management fund was created for larger expenses associated with buildings and $500,000 could be allocated to the project. In response to a question from Joe Kernan, Mr. Howser explained the analysis of the City's building stock which included the Marsac Remodel and Recreation Center. Pace Erickson pointed out that the City maintains a variety of facilities, not just our core buildings like the barn, restrooms, etc. which totals about 200,000 square feet. The risk of new buildings needing repair was discussed as well as warranties. Option D is significantly cutting the CIP but any combination of the options presented could be used. He referred to a matrix listing capital projects that could be cut as a part of Option C, pointing out that this is not the staff recommended option. In response to a comment from Joe Kernan, it was explained that the use of walkability funds are dedicated to certain types of projects as opposed to recreational trails and that bonding for $2.5 million is probably not worthwhile. Tom Bakaly explained a strategy of short-tem borrowing, which was done to begin construction on the transit center because grant monies were delayed.

Jon Weidenhamer stated that soft costs for the Recreation Center total about $550,000. The new building is estimated to save the City about $30,000 annually because of energy efficient systems and it is anticipated that recreation fees will increase. He discussed the option of cutting the essential building standard at a cost of $375,000 but pointed out the importance of having an emergency facility which can not be retrofitted. Ron Ivie advised that the building frame must be strengthened to survive high winds and earthquakes and a generator would be installed. The Racquet Club is centrally located with little environmental exposure and there is nothing large enough in town to house people in a significant event. He emphasized that after an earthquake, Park City will be isolated and other essential buildings like the police facility and hospital will be dedicated to their services. Mr. Ivie stressed that this is an opportunity for little money. Discussion ensued on the probability of an earthquake on the Wasatch Front and Hugh Daniels described scope of damage and what to expect in an emergency.

The Mayor felt approving an essential building is a "*no-brainer*" and Candace Erickson agreed but stated that she was willing to make this cut to help make sure the project happens. Alex Butwinski expressed that if the Recreation Center and essential standard can be built with cash, he supports it, however he is not comfortable cutting the asset management fund. Members supported the essential building upgrade. With regard to solar, the Mayor suggested developing a RFP to lease a solar array from a vendor who sells power to the City and receives tax credits. Candace Erickson envisioned additional grants that the City can continue to apply for over the years. Mr. Weidenhamer added that the building will still meet the Silver Leed standards. The Mayor felt that this alternative is a good way to cut $250,000 from the project and is worth looking at.

Jon Weidenhamer stated that constructing the essential building with all green elements would cost $10.3 million with a debt service of $2.6 million or $250,000 a year for 15 years. The second option is to include the essential building at $10 million and the third option is no add alternates, no essential building, and no green elements at $9.6 million. The fourth is taking away the track, bouldering, green, and essential at $9.4 million.

Options 5, 6 and 7 relate to removing tennis court(s) and range from $9 million with a debt service of about $125,000 a year to $8.1 million. Options 5, 6 and 7 have not been presented to the user groups.

Liza Simpson supported using the $750,000 cash from the CIP fund balance, the remaining Marsac seismic renovation contingency fund in the amount of $300,000, $500,000 from the asset management fund, plus $48,000 allocated for Quinns public improvements, $85,000 for the salt cover at public works (may be committed to project), $46,000 for the Phase 2 Racquet Club program equipment replacement, and what can be taken from the energy efficiency study for facilities which is $138,000 less $75,000 which should get us close to $2 million. Alex Butwinski stated that he does not totally agree with using the asset management fund. The Mayor confirmed that the Council is unanimous in its support to finance the project in cash and to complete the building, minus the green.

The City Manager asked for clarification on the allocation from the asset management fund and OTIS monies. Discussion ensued on the asset management fund and the plan for maintenance of facilities for the upcoming year. Bret Howser explained that a ten year plan was formulated several years ago which is being updated. The City Manager acknowledged Mr. Butwinski's concern that maintenance of assets are covered in the future. Candace Erickson asked Ms. Simpson if she included OTIS as a funding source in her earlier comments. Liza Simpson stated she didn't; she cited some projects from the CIP list and the fund balance, the $300,000 from the Marsac Remodel, green elements, and the asset management fund and came up with a total of $1.825 million. Cindy Matsumoto cautioned spending OTIS monies until Council members know what the neighborhoods want. The Mayor felt that if the outstanding amount is a couple of hundred thousands dollars that the project should move ahead and Tom Bakaly stated that staff will return next week with funding options.

Jed Briggs referred to a request from Carol Tesch for additional snow removal service for the fields at the Quinns Recreation Center. The Mayor understood that the amount was first estimated at $140,000 and is now down to $20,080 and acknowledged Ms. Tesch's hard work on her proposal. She thanked several staff members and others for their assistance and explained that $8,000 is identified as a capital expense for the purchase of two specialized buckets dedicated to removing snow from Quinns fields. Clearing snow earlier in the season would provide athletes with eight weeks of snow free fields. She spoke about the need to drive Park City kids to other communities to practice. The Mayor pointed out the importance of knowing the breakdown of participants by City and County which can not be accomplished before adoption of the budget. He encouraged Ms. Tesch to approach the Snyderville Basin Special Recreation District and the School District to financially participate and to work with the teams to further offset costs. Carol Tesch referred the $20,080 cost described as Option 4 in the staff report and explained capital, energy and labor costs. She suggested a volunteer program through the City for kids and parents to remove snow with retro-fitted snow blowers which would save labor costs. Another idea is to have volunteers dismantle the tennis bubble at the Racquet Club representing a savings of $16,000.

Tom Bakaly suggested that if the Council is so inclined, to allocate $10,000 toward the project with the balance to be covered by the School District and/or SBSRD. Liza Simpson agreed with the approach and recommended that the City cover only the $8,000 capital investment. Carol Tesch asked what their motivation would be to share costs and the Mayor explained that the majority of the kids using the fields do not live in the City. Candace Erickson stated that she can support $8,000 for the purchase of the buckets but not the rest of the costs. Ms. Tesch suggested delaying the capital purchase and allocating the City's portion to operations and Liza Simpson emphasized that the point is gaining support from the other users groups who don't pay property taxes funding City facilities.

Kathy Kahn, Recreation Advisory Board member, expressed that this proposal should have been presented to the Board first to discuss. She felt that playing on frozen ground and in cold temperatures could be dangerous. In response to a question from Carol Tesch, Council members indicated that they are not interested in using volunteers.

Prepared by Janet M. Scott, City Recorder

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
MAY 27, 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, May 27, 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; Mark Harrington, City Attorney; Kirsten Whetstone, Planner; Kathy Lundborg, Water Manager; Matt Twombly, Project Manager; Ken Fisher, Recreation Manager; Tommy Youngblood Special Events Analyst; Brooke Moss, Human Resources Analyst; and Bret Howser, Budget Manager.

II COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

None.

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

The Mayor invited the public to comment on the Racquet Club Remodel or any other matter not scheduled on the agenda.

Warren Pretorius, tennis professional and resident, referred to the proposal to cut the number of tennis courts and emphasized that a tennis tournament can not be held with only two courts. It is almost better not to have any courts than only two.

Gene Hammel agreed with Mr. Pretorius and urged Council to consider adding more courts as the existing number is not enough. The Mayor clarified that members are not intending to remove courts from the design.

Steve Swenson, resident, expressed his appreciation of Council's efforts to meet the needs and desires of the community. It is unfortunate that the project surfaced during these tough economic times because it is something that should be done. He pointed out the variety of patrons using the facility, including world-class athletes. Mr. Swenson encouraged not considering privatization because that approach may be contrary to the goals of a public facility including affordability and accessibility. The sports programs for kids are wonderful outlets and should continue to grow. Providing a recreation facility offers health benefits to the community.

Sebastian, resident, felt the Racquet Club is a great place to take his young family. The location is convenient and he suggested surveying the community for ideas on what it should have. It was explained that a survey has been distributed, evaluated and considered in the design of the building. He stated that he is personally willing to pay higher property taxes to secure the project.

Peter Yotman encouraged providing a restaurant space and public space for parties and barbecues.

John Halsey, RAB member and resident, spoke about the amount of hard work invested to evaluate the project by a variety of groups. He encouraged Council to proceed and approve the construction contract for $8.3 million tonight.

Jennifer Franklin, RAB member and resident, invited the public to contact RAB members with suggestions. People in attendance in support of the Racquet Club Remodel stood up so their numbers could be acknowledged.

Mikey Collins, Coaches Sports Bar and Grill, stated that over the past two years he has worked extremely hard trying to operate a restaurant which has been a good thing for the Racquet Club. He had hoped to operate in the new facility but this is not the case which is very unfortunate for him as an independent business man.

Howard Shots, frequent user of the Racquet Club, pointed out the importance of preventative health care in the future and this facility is the cornerstone of this effort in our town.

Michelle Diederich, Racquet Club Condominiums, emphasized that the current design does not allow for expansion. She encouraged considering building the facility at Quinns Junction and is concerned about the City's ability to cover the cost of operations of an expanded facility.

With no further comments, the public input session was closed.

IV RESIGNATIONS AND APPOINTMENTS

Consideration of two new appointments and one alternative to the Board of Adjustment and confirmation of existing members' terms as follows:

Mary Wintzer to a term expiring June 1, 2010
Rod Ludlow for a term expiring June 1, 2011
Richard Miller for a term expiring June 1, 2012
Hans Fuegi for a term expiring June 1, 2013
Ruth Gezelius for a term expiring June 1, 2014
Stewart Gross for a term expiring June 1, 2014

Liza Simpson, "I move approval of the two new appointments and one alternative to the Board of Adjustment and confirmation of existing members' terms, as outlined in the staff report". Joe Kernan seconded. Motion unanimously carried.

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")***

1. Consideration of a service agreement with Questar Gas for design and construction services for the SR-248 and Comstock Pedestrian Tunnel Project in the amount of $40,130, in a form approved by the City Attorney - and

2. Consideration of a construction agreement in the amount of $39,100, in a form approved by the City Attorney, with Extreme Excavating & Landscaping Inc. for the meter vault repair

project - Joe Kernan, "I move we approve Items 1 and 2 on the Consent Agenda". Cindy Matsumoto seconded. Motion unanimously carried.

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

1. Consideration of an Ordinance approving the 1110 Woodside Avenue plat amendment combining Lots 29 and 30, Block 5 of the Snyder's Addition to the Park City Survey, located at 1110 Woodside Avenue – Kirsten Whetstone explained that an historic structure sits on Lots 29 and 30 and the owner is requesting to remove the lot line by combining the two lots. The Planning Commission forwarded a positive recommendation. Liza Simpson pointed out that the retaining wall either needs to be moved out of the public right-of-way or an encroachment permit offered by the City. She felt that encroachments in the City right-of-way is a needed policy discussion. Cindy Matsumoto indicated that confusion on improvements in the City's rights-of-way occurs on a City-wide basis. Joe Kernan believed there is a benefit with improvements in the City right-of-way in Old Town because they narrow the streets and provide traffic calming. Alex Butwinski agreed that landscaping and improvements appear in the City's right-of-way all over town and it may be a good issue to review. The Mayor opened the public hearing; there were no comments from the audience. Liza Simpson, "I move we approve the 1110 Woodside Avenue plat amendment, based on the findings of fact, conclusions of law, and conditions of approval found in the draft Ordinance". Candace Erickson seconded. Motion unanimously carried.

2. Consideration of construction agreement, in a form approved by the City Attorney, with Alder Construction Company, for the construction of the Quinns Junction Water Treatment Plant in the amount of $13,336,000 – Kathy Lundborg acknowledged that this is a big number but it is a critical facility which should cover the City's needs well into the future. This is a project that has been planned for a very long time and completion is anticipated in the fall of 2011. Staff is anxious to proceed to get the plant on line and discussion on expansion ensued. The project is being funded with water revenue bonds, impact fees and water service fees. The Mayor invited public input; there was none. Joe Kernan, "I move we approve New Business Item 2". Liza Simpson seconded. Motion carried unanimously.

3. Recreation Center Project:

(a) Consideration of award of construction agreement with Okland Construction Company, Inc. for the Recreation Center Remodel Project in the amount of $8,563,000, in a form approved by the City Attorney – and

(b) Consideration of waiver of fees for the Recreation Center Project in the amount of $143,651 - and

(c) Consideration of direction to exercise a lease option with Wintzer-Crippen for property located at 1255 Iron Horse Drive, Park City, Utah – Matt Twombly understood from the work session discussion that members are in agreement to proceed with the award of contact for the project with the two alternatives, 6(a) and 6(b) for the essential building as indicated in the staff report. The Mayor asked if staff approached Silver Mountain Spa about providing interim services and Ken Fisher responded no. Candace Erickson stated that the Recreation Advisory

Board discussed this and the decision was made that to provide a temporary work-out facility on Iron Horse to retain customers, staff and revenue. The Mayor invited public input.

Eileen Kintner, resident, expressed her support of the remodel of the Racquet Club, even though she will be impacted by the construction because she lives across the street. She believes the new design is adequate, not too fancy, and is just right for our community. The facility will improve home values and has come in under budget.

Michelle Stucker explained an informational piece that will be mailed to residents about the remodel project, interim recreation services and private facilities in the surrounding area. Bret Howser assured Alex Butwinski that staff will identify cuts and is confident that there is adequate cash. Joe Kernan, "I move we approve New Business Item 3 and complete almost all of the Recreation Center Project as read into the record by staff". Cindy Matsumoto seconded. Motion unanimously carried.

4. Consideration of Park Silly Sunday Market Supplemental Plan to the Master Festival License and City Services Agreement – Tommy Youngblood explained that this license and agreement relate to the 2010 event and is consistent with direction given by members on February 25, 2010. The market footprint is exactly the same as last year and he described the location and activities in four hub areas. A jury process was implemented to achieve a balanced vendor mix. 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 Park Silly Sunday Market Supplemental Plan to the Master Festival License and City Services Agreement". Joe Kernan seconded. Motion unanimously carried.

5. Consideration of a Resolution adopting a tentative revised budget for fiscal year 2010 and the budget for fiscal year 2011 for Park City Municipal Corporation and its related agencies – This item was moved last on the agenda, but appears here for reference purposes. Tom Bakaly explained that based on Council's direction, the budget is balanced without a property tax increase with identified reductions. Staff still recommends a fundamental look at services, efficiencies and pay plan for the upcoming year. The Mayor reopened the public hearing; there were no comments but an email was read by Bret Howser from Ian Smith opposed to the proposed property tax increase.

Tom Bakaly advised that the Council must adopt a tentative budget on June 3, making the budget available for the public to review for ten days prior to the final adoption on June 17, 2010 if no property tax is contemplated. If a property tax increase is supported a provisional budget would be adopted on June 17, 2010 and then truth in taxation hearings would need to be conducted in August. Joe Kernan expressed his interest in placing the pay plan and bonuses in a holding pattern until they can be discussed. The City Manager indicated that it is possible, but the savings need to be identified and allocated. Currently the budget is balanced. Cindy Matsumoto recommended funding the asset management fund and Tom Bakaly stated that the monies can be moved to capital but emphasized that the pay plan was deferred last year and the bonus cap has been reduced from 6% to 4%. Mr. Kernan suggested amending the budget after the pay plan discussion but the City Manager recommended funding the pay plan and reducing it later, if needed. Council can direct staff not to implement the pay plan until all issues are resolved. Candace Erickson explained the substantial amount of pressure the public is placing on Council members about bonuses and raises because of their business and personal experiences.

Joe Kernan was concerned about employees moving a grade and realizing up to a 17% increase or jumping two blocks to be within 5% of market which could be another 9% or 10%. It doesn't seem like an exact system. Tom Bakaly felt that the pay plan can be deferred on a short term basis but over time, employees may leave which may result in recruiting and training costs. This is a discussion Council should have in the upcoming months in context of providing services and efficiencies. Joe Kernan felt that funding the pay plan in the tentative budget prompts an expectation among employees and he would rather not fund it until Council addresses the pay plan philosophy. Tom Bakaly advised that the cut must be allocated to something else; discussion ensued about placing the money in reserve.

Candace Erickson expressed that she does not have major issues with the pay plan and feels it has worked well through the years; her concern is more related to implementation not policy. Cindy Matsumoto believed that a 2% adjustment in salaries last year is not the same as not getting a raise and only 27% of US cities made an adjustment last year in a down economy, including Park City. She stated that she is willing to support the pay plan at a reduced level, perhaps looking at a 3% rather than 4% cap for bonuses, and not prompting unrealistic expectations among employees. Alex Butwinski pointed out that there is about a $1 million increase for the pay plan and at the same time a reduction of five FTEs. Bret Howser detailed components of the $1 million and discussed personnel numbers for 2010 and 2011 including the creation of the lump merit bonus pool. Liza Simpson pointed out that the 2% adjustments made last year was partially based on asking employees to contribute more to their health care plan which was a wash for many employees. She would prefer to make cuts in other areas because our employees are our greatest asset and she didn't feel that maintaining the pay plan fund would create unrealistic expectations. They know what's going on. She strongly feels Council should analyze the pay plan in the near future, but to fund it now and adjust it later.

Brooke Moss acknowledged that the pay plan is a little bit of art and science and staff works diligently to apply the pay plan policy consistently but there is no such thing as a perfect system. The market is very fluid and retirements, etc. can affect where the midpoint of the average of the highest and lowest salary for a position may fall. She described examples of outlier positions and the scope of the review process to evaluate comparisons. Bret Howser interjected that some positions have to move a grade because there is no other option because there can't be a pay grade for every position. Although this keeps positions moving, they aren't moving beyond market. Mr. Kernan felt that members understand the structure of the pay plan which should be discussed at a later date when there is more time. Tom Bakaly emphasized that there are restrictions about how quick an employee can move to working level, especially if there is more than a one grade bump. Increases are recommended to be capped at 10% and it can take some employees a year and a half to reach working level. Brooke Moss discussed moving some non-exempt positions to exempt.

Joe Kernan pointed out the jump in ranges. Many exempt pay grades represent an 18% increase which goes down to about 7% or less for lower blocks; in the non-exempt, it starts at 11% and goes down to 4%. Tom Bakaly described compression where pay grades are too close and from an internal equity standpoint, levels of responsibility should be differentiated. Joe Kernan brought up an example of a position moving more than one grade and discussed the salary with 10% pay increases every six months and Tom Bakaly explained that those are fairly rare. Candace Erickson brought up the scenario of someone moving up two grades for consistency with the benchmark but where working level is significantly beyond market pay.

Bret Howser pointed out that total compensation value is benchmarked and most positions, if within the 5% leeway, will keep us from jumping ahead of market. Mr. Kernan emphasized that if a position does meet the 5% at the first jump and is moved again, the increase can be significant and working level well beyond market for the position. Mayor Williams interjected that some two grade moves are justified in consideration of the increase in responsibilities in the context of reorganizations. Alex Butwinski understood that once entering a grade, it is fairly automatic to get to the top of the range even if it is beyond market pay. Liza Simpson added that it depends on performance. The City Manager clarified that five positions are recommended for a multiple grade jump. Mark Harrington pointed out that the way the City handles its finances and the pay plan are unique and different than most cities. It doesn't have traditional grade steps for longevity. There are many employees who haven't moved for years because the market hasn't moved which was the case when the overall Utah economy was flatter. The pay plan should be reviewed now because the context has changed. It is timely and employees agree but part of the problem is that employees are also very invested in the current evaluation process. Mr. Harrington discussed delaying the two year pay plan last year and changes to the pay plan should be made deliberately.

Mr. Butwinski noted that although our plan may be unique, it compares Park City positions with other cities; you can't have it both ways. The Council is very cognizant of citizen perception and Candace Erickson agreed that members are trying to balance capital projects and the pay plan without a property tax increase. She suggested maintaining the funding for the pay plan while its philosophy and implementation are being reviewed hoping that it can be resolved by July 1. Joe Kernan stated that he would rather budget the fund at zero to eliminate unrealistic expectations while the pay plan approach is being addressed. He suggested providing the City Manager with a $100,000 pool for distribution of appropriate bonuses in the meantime. Council members unanimously decided not to adjust their salaries this year. Candace Erickson explained that she has no problem with the philosophy of the pay plan but rather the scope of implementation this year.

Tom Bakaly understood that Council will adopt a tentative budget next week with a reduction in debt service, reduction in the bonus plan but leaving the pay plan in place with direction that it not be implemented until direction from members.

VI OLD BUSINESS *(Continued items)*

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) – This item was heard before Item 5 under New Business but remains in this order for reference purposes. Planner Kirsten Whetstone stated that about 600 courtesy notices were mailed to adjacent property owners. The recommended CT Zoning is consistent with the area; it is currently zoned Rural Residential and Mountain Remote in Summit County. The property is located within the Park City Annexation Policy Boundary and The Boyer Company is the petitioner and the City is a co-owner of some of the parcels and outright owner of others. She pointed out the approximate 239 acres to be developed as part of a Master Planned Development, if the annexation is approved. The annexation petition was accepted and certified on April 8, 2005 and a task force was created on May 4, 2006. The task force rendered a recommendation to the Planning

Commission on July 10, 2007 and the Planning Commission forwarded a positive recommendation to the City Council on April 9, 2008. She explained that the Council has been reviewing this since that time while issues were being worked out, but in the meantime, the City became co-owner of a portion of the land.

Ms. Whetstone pointed out that the Park City Heights concept plan includes 160 market rate units and 79 affordable units for a total of 239 dwelling units consistent with the zoning. The project provides 73% or 168 acres of open space and the final site plan requires Planning Commission approval. The annexation agreement addresses zoning, density, affordable housing, trails and bike lanes, transportation mitigation, sustainable development, water agreement, and other regulations. The water agreement primarily addresses phasing of development, Phase 1 is identified for 90 UEs and Phase 2 is dependent on the availability of the Quinns Water Treatment Plant and market demand. She referred to the staff report relating to Options A and B for construction of water lines for Phase 1 and future phases. The preferred option is B which is described in the water agreement.

The Mayor confirmed that there will never be access to The Oaks area and Ms. Whetstone noted that this is addressed in the agreement. The Mayor opened the public hearing; there was none. Kirsten Whetstone stated that she received an email from Cathy Lanning, resident on Snow Cloud Circle, concerned about water, traffic, trash, loss of open space and impacts on wildlife. Ms. Whetstone indicated that all of these issues will be addressed in the MPD process specific to an annexation. The Mayor closed the public hearing. The Mayor commented on the benefit of the affordable housing product which will be available at a price point that doesn't currently exist in the community. Liza Simpson commented on the integrity of The Boyer Company and felt the project will be something all of us will be proud of. Liza Simpson, "<u>I move we approve the Park City Heights Annexation Ordinance, approve the amendment to the zoning map to Community Transition, approve the Annexation Agreement and the Water Agreement as outlined in the staff report</u>". Joe Kernan seconded. <u>Motion unanimously carried</u>.

VII ADDITIONAL DISCUSSION – AGENDA ITEMS

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, Alex Butwinski, Candace Erickson, Joe Kernan, Cindy Matsumoto, and Liza Simpson. Staff present was Tom Bakaly, City Manager; Jason Christensen, Legal Intern; Diane Foster, Sustainability Manager; Michael Kovacs, Assistant City Manager; Jon Weidenhamer, Economic Development Manager; Tom Daley, Deputy City Attorney; and Mark Harrington, City Attorney. Candace Erickson, "<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. Alex Butwinski, "<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

Janet M. Scott, City Recorder