PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
DECEMBER 15, 2005

PUBLIC NOTICE IS HEREBY GIVEN that the City Council of Park City, Utah will hold its regularly scheduled meeting at the Marsac Municipal Building, City Council Chambers, 445 Marsac Avenue, Park City, Utah for the purposes and at the times as described below on Thursday, December 15, 2005.

Closed Session – Executive Conference Room
3:30 p.m. Property and litigation
5:50 p.m. Break

Regular Meeting – City Council Chambers
6:00 p.m.

I ROLL CALL

II COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

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

IV WORK SESSION NOTES AND MINUTES OF MEETING OF DECEMBER 1, 2005

VII CONSENT AGENDA

1. Resolution authorizing the issuance and sale of up to $4,450,000 aggregate principal amount of water revenue bonds of the City; fixing certain maximum terms for the Bonds; and providing for related maters

2. Acceptance of 2005 audit report

IX ADJOURNMENT

A majority of City Council members may meet socially after the meeting. If so, the location will be announced by the Mayor. City business will not be conducted.

Posted: 12/12/05
See www.parkcity.org

Pursuant to the Americans with Disabilities Act, individuals needing special accommodations during the meeting should notify the City Recorder at 435-615-5007 at least 24 hours prior to the meeting.

Note: This future meeting schedule is TENTATIVE and subject to change.
PARK CITY COUNCIL TENTATIVE MEETING SCHEDULE

December 2005

14 *Christmas in the Park*
22 Closed session (1 hour)
Real estate purchase contracts
2006 insurance renewal
Ordinance - LMC – nightly rentals amendment
Arrowleaf Lodge B, The Village at Empire Pass condominium plat – Brooks
1335 Lowell Avenue, Marsac Mill amended Record of Survey – Brooks
147 Ridge Avenue plat amendment – Ray
Adoption of Sign Code – Ray – old business
29 **No meeting**

January 2006

5 **No meeting**
12 Letter of intent for regional transportation/transit – Kent
Resolution adopting housing plan – work (in-lieu fee) - public hearing and action
17 *Council Visioning Workshop*
18 *Day at Legislature*
19 **No meeting**
26

Pending Items:

Resolution forming a task force for development in Empire Pass
KPCW lease
General Plan update
Regional bus service SLC
Conveyance of easement from Iron Mountain & Associates
One year review of Ordinance No. 05-49, outdoor display of merchandise – August 2006
One year review of land use associated with purchase of Aerie Drive/Deer Valley Drive property – August 2006
Briefing on parking regulations and event parking permits for Sundance – Fall 2006

PARK CITY COUNCIL WORK SESSION NOTES
SUMMIT COUNTY, UTAH
DECEMBER 1, 2005

Present: **Mayor Dana Williams; Council members, Kay Calvert, Marianne Cone Candace Erickson; Jim Hier; and Joe Kernan**

Phyllis Robinson, Consultant; Stacey Noonan, Ice Arena Manager; Kent Cashel, Assistant Public Works Director; Eric Nesset, Transit Manager

1. Council questions and comments. Candace Erickson reported that the Historical Society selected its designer for the museum. Marianne Cone noted that the NoMel festival seemed to be a good first year event. Jim Hier reviewed topics covered at the inter-agency meeting, including the affordable housing plan, scheduled today for discussion in work session. The IHC task force reviewed the traffic analysis, more specifically cost-sharing on traffic impacts which is recommended to be conditioned as part of the MPD when details can be agreed upon. Joe Kernan thanked staff for working on a snow removal and storage plan to better accommodate pedestrian walkways for the Prospector commercial area. Kay Calvert also commented on the progress of the museum expansion. Dana Williams read a letter from Officer Chris Oles acknowledging fellow employee Jeff Lloyd's efforts in saving a young woman's life. Tom Bakaly added that Mr. Lloyd is being recognized by the City. Mayor Williams proudly reported that the City passed all water quality standards and he met with the Jazz Festival folks this week about the 2006 Festival. He was contacted this week about a number of ski resort employees, many from South America, who arrived in Park City without a place to live.

2. Affordable housing plan. Phyllis Robinson referred to the Executive Summary in the meeting packet which outlines the housing needs assessment and analysis for the next five years. Next week, Council will be reviewing the assisted living study, which will be incorporated in the housing needs assessment and consideration of a revised housing resolution is contemplated on December 15, 2005. Park City's population is about 8,000 and it is estimated to grow another 20% in the next five years, topping out at 9,750 by the year 2010. Incomes have not kept pace with the increase in housing prices and she explained that the prices in ownership housing increased 170%, while income increased about 67% over the past ten years. Renters are *stretching* to make rent payments with little money left over. She relayed that statistics show that people wanting home ownership are choosing to leave Park City and although there is a lot more income in town, it seems to be resulting in a bifurcated economy, inhibiting diversity. She continued to explain that the City has done a good job of creating affordable rental stock, but it may be time to focus on moderate income housing. There was discussion about the dramatic increase in the price of real estate over the past five years. Because affordable housing is often equity-restricted, Candace Erickson felt that most buyers would seek a normal return on their investments. Ms. Robinson felt there may be other alternatives like sharing equity appreciation with the jurisdiction and agreed that there should be a wide range of programs. In response to a question from Joe Kernan, Ms. Robinson explained that the 3% rate of appreciation represents the general CPI rate of adjustment and fluctuations are affected by the current market. Jim Hier commented that with the equity-sharing approach, more affordable housing would need to be created for buyers re-entering the market. She explained that the resources would be used in the form of a second mortgage to buy down the next unit which is basically working within the private real estate market.

Phyllis Robinson expressed that there are no surprises with regard to wages and housing prices, and the report is being framed with elements of economic growth rather than general measures of affordability. The assumption is that we need a work force in order to have a healthy economy and about 38% of our work force is in hospitality. Through illustration of graphs, she reviewed several statistics with regard to wages and local industries. Ms. Erickson asked about the information on how many people are employed, and she explained that there is data from the IHC annexation study, the Bureau of Labor Statistics, Bureau of Economic Analysis and the Census Bureau. Candace Erickson pointed out that many residents work a number of jobs and Ms. Robinson clarified that the base assumptions are 1.2 jobs per individual or 1.5 per jobs per household. Her information reflects jobs not people. She discussed price trends and the median for-sale price for a single family house is $400,000 and about $240,000 for a condominium. Findings show that most people are interested in single family housing, which may not be feasible for first-time purchasers.

Ms. Robinson commented that the City has done a good job in promoting and facilitating rental housing and well as preserving rental housing. There are 344 units of deed restricted rental housing which is a good ratio for the size of Park City. Compared to ownership, there are 51 units, of which 22 are under construction. One measure of evaluating current housing needs is to examine the level of cost burden, which is defined as paying more than 30% of income for housing. Based on housing surveys there are approximately 484 existing households with incomes of $35,000 to $50,000. She encouraged attention to the 150 households who are paying more than 50% for housing. Some of the higher income households could be moved into home ownership, freeing up some units. Thirty-five percent of all jobs in Park City are held by locals, and she suggested maintaining this status. There are housing obligations through development agreements, and she estimated that there is a remaining housing need of about 200 units. There was discussion of Teton County's ambitious goal of housing 70% of its workers.

Kay Calvert commented on the positive impacts of regional transportation and Ms. Robinson agreed and added that the expansion of transit has opened the housing market. Marianne Cone asked about the poverty level, and Ms. Robinson relayed that a small percentage of our population is considered to be living under the poverty level here, which varies season to season. The job market generally drops by 15% between seasons, where in the past, there were dramatic fluctuations.

Ms. Robinson discussed bringing back a revised housing resolution to Council. Traditionally, data has been tied to area median income which is $83,400 in Summit County, which means that half make more and half make less and she believes that a more relevant benchmark should be used, i.e. the Department of Work Force Services. Additionally, the in-lieu fee has not been adjusted since 1999 and is established at $60,000, which is intended to reflect the cost of building an 800 square foot unit. She suggested using median housing costs. Jim Hier stated that median information is based on the project mix and is not representing an average price of units coming on board. A better statistic would be an annual comparison of a same unit sale than the Board of Realtors' numbers. He questioned the 800 square foot unit size as a practical size for households or shared living arrangements and again suggested using market information to assign a value. Joe Kernan discussed targeting a $35,000 to $50,000 income range, but emphasized the importance of diversity and Ms. Robinson explained a strategy of calculating the average core sector, so that the overall average sales price is affordable at an income of $40,000. This may insure a mix of income and renters and owners. Kay Calvert again commented on the accomplishments of the Teton County Housing Authority. The size of the units of the Mountainlands Community Housing Trust's project was discussed. Marianne Cone asked about the feasibility of using non-traditional construction methods, like pre-fabricated buildings. Ms. Robinson felt that pre-fabs may be problematic with bearing snow loads and Mayor Williams pointed out that they can be attractive. She encouraged that the City utilize green building practices, serving as a model for other developers.

Mayor Williams expressed concerns about the accuracy of the growth projections, but acknowledged that the state's numbers are also high. He is comfortable with the strategies and recommendations outlined in the staff report but emphasized that there is a responsibility for the major employers in town. For instance, The Canyons is selling 20 affordable housing units without replacing them. It is not the obligation of the government to take care of everyone's housing needs and this dialog needs to include others. In response to a question form Mr. Hier, it was clarified that the 109 units are housing obligations associated with Silver Star, Flagstaff, Deer Crest and Union Square. It is anticipated that the Deer Crest housing plan will be amended which will be much more effective.

Ms. Robinson pointed out that the LMC was amended and the definition of an MPD and the housing resolution is tied to large-scale MPDs, which technically no longer exists. This meant that the City was only capturing projects of 50 units plus. Jim Hier brought up the 150 unit obligation in Empire Pass and Brooks Robinson explained that 25% must be built on the mountain and the off-mountain housing is still up for discussion. Mr. Hier emphasized the lack of property available within the City limits. As a practical matter, there should be a larger area identified for housing and Ms. Robinson suggested using the transit boundaries. Mayor Williams warned against forming policies that go beyond our borders which may cause some consternation. Jim Hier felt that if construction complies with all applicable codes of the governing jurisdiction, there shouldn't be a problem and defining an area will help identify needed transit service. He suggested using in-lieu fees to assist in buying down prices, since development in Park

City is unlikely. Kay Calvert pointed out the supply of *tired* inventory in town; there may be opportunities for redevelopment. Jim Hier stated he views the City as a facilitator rather than a builder of affordable housing, especially in instances of property acquisitions. Mayor Williams agreed and added that subsidies may be more beneficial than building projects. In response to a question from Joe Kernan, Ms. Robinson reported that the fund for in-lieu fees totals $179,000 from April Mountain. He supported expanding the housing boundaries.

3. Ice Arena fees and programs. Stacey Noon referred her recommendation, based on research, and designed to establish a solid skating community *out of the gate*. The fee structure is relatively conservative with only a 53% cost recovery. Other revenue sources include advertising sales, party rentals, skate sharpening, programs, leagues, retail sales and concessions. She emphasized that the most important thing is to recruit skaters to fill programs and leagues and to sell available ice. More patrons contribute to a stronger the business and she suggested extending resident fees outside of Park City's tax base to Summit and Wasatch Counties. This open approach for new uses also creates good will. Also included in the staff report is a draft schedule which illustrates how much time one sheet of ice provides in one week. Ms. Noonan stated that in order to met revenue projections, there needs to be an average of 30 skaters per public session, six players for drop-in hockey, and sell about 25 hours of rental ice per month. She believes the proposed fee structure will meet revenue projections while promoting accessibility, affordability and good will.

At this point in time, Ms. Noonan explained the need to promote the facility by publishing fees on a website for the rink and urged Council to approve the schedule tonight. Jim Hier disclosed that he met with Ms. Noon who reviewed her budget and schedule of rink use and feels that a lot of thought has gone into her recommendation. His biggest issue was sharing the rink with Wasatch County at the same rate since it is a publicly financed facility. However, this approach is more consistent with operating like a business, which he supports. He requested that fee information be shared with the Snyderville Basin Special Recreation District. Stacey Noonan responded that the inter-local agreement addresses review of policies, not necessarily fees, but will present the fees at an upcoming meeting before they are advertised. Candace Erickson complimented Ms. Noonan on bringing a variety of stakeholder groups together to review fees and added that she also brings a huge amount of experience to the table and supports her recommendation. Stacey Noonan explained that speed skating, curling, and clubs are not established yet so there is a lot of available public skate time this year. Mr. Kernan expressed his support of offering the same fees to Wasatch residents.

4. Quinns Junction transit service. Eric Nesset explained that transportation services to the City's new Sports and Recreation Complex which is currently under construction needs to be considered. The ice sheet building is scheduled to open in February 2006. During summer 2006, one artificial turf multipurpose field will be open for use with the remaining turf fields scheduled to open in fall 2006. Hours of operation for the facility will be 8 a.m. to 11 p.m. in the winter and 8 a.m. to 9 p.m. in the summer and off-season.

Mr. Nesset pointed out that he National Ability Center is also located at Quinn's Junction and other commercial and institutional developments are planned for the area. In order to develop and establish transit plans for Quinn's Junction, LSC Transportation Consultants, Inc. was asked to estimate the cost of various transit service alternatives using a cost model with estimated service hours, route miles and current operating costs. Alternatives include:

- 1-A. A new fixed schedule bus route to Quinn's Junction operating during the same hours as other city bus routes. Estimated annual cost approximately $282,000.

- 1-B. The same route and frequency as Alternative 1-A with a schedule limited to peak periods of demand for the recreation facility: Estimated annual cost approximately $120,000.

- 2. Extend Bonanza Express to Quinn's Junction year-round using a paired short and long route. Estimated annual cost approximately $220,000 (net increase over existing winter Bonanza Express service).

- 3. A bi-directional loop route connecting the Old Town Transit Center, Kimball Junction, Silver Creek Commerce Center, Quinn's Junction and Prospector. The estimated annual cost of approximately $296,000.

- 4. A new Old Town -- Quinn's Junction -- Silver Creek Commerce Center route, with a small extension of the existing Silver Summit / Highland Estates route to provide a connection. Estimated annual cost approximately $278,000.

- 5. The provision of a General Public Dial-a-Ride service along the SR 248/Kearns Blvd. between Old Town Transit Center and Quinn's Junction, operating from 8 a.m. to 11 p.m. during winter and 8 a.m. to 9:00 p.m. in summer and off-season. Estimated annual operating cost approximately $35,000.

He explained that the ridership for each service alternative and the estimated cost per passenger.

Alternative 1-A	$21.57
Alternative 1-B	$14.44
Alternative 2	$4.20
Alternative 3	$18.01
Alternative 4	$12.53
Alternative 5	$7.60
PCT – System-Wide (Benchmark)	$1.88

Given the uncertainty of the transportation demands at Quinns Junction, the Council supported staff's recommendation to implement a General Public Dial-a-Ride transit service upon the opening of the Quinn's Junction Sports Recreation Complex. Council member Hier felt it reasonable for the County t share costs.

Prepared by Janet M. Scott, City Recorder

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
DECEMBER 1, 2005

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, December 1, 2005. Members in attendance were Dana Williams, Kay Calvert, Marianne Cone, Candace Erickson, Jim Hier, and Joe Kernan. Staff present was Tom Bakaly, City Manager; Mark Harrington, City Attorney; Bret Howser, Analyst; Ray Milliner, Planner; and Patrick Putt, Planning Director.

II COMMUNICATIONS AND DISCLOSURES FROM COUNCIL AND STAFF

Mayor Williams read the Resolution proclaiming December 2 as Smoke-Free Day in Park City.

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

HMBA update – Mike Sweeney reported on the activities planned for the Holidays on Main event and remarked that the Town Lift will be begin operating this Saturday for the season, which is three weeks earlier than in previous years.

IV WORK SESSION NOTES AND MINUTES OF MEETING OF NOVEMBER 10, 2005

Katy Calvert, "I move approval of the work session notes and minutes of the meeting of November 10, 2005". Marianne Cone seconded. Motion unanimously carried.

V CONSENT AGENDA PUBLIC HEARING

1. Ordinance approving a plat amendment for The Public Works Building, located at 1630 Short Line Road, Park City, Utah **(motion to continue to December 8, 2005)** – Kay Calvert, "I move approval to continue the Ordinance approving a plat amendment for the Public Works Building to December 8, 2005". Candace Erickson seconded. Motion unanimously carried.

2. Real Estate Purchase Contract with Frontier Bank for the sale of a municipally-owned 0.46 acre parcel located on Short Line Drive, Park City, Utah **(motion to continue to December 8, 2005)** – The Mayor requested a motion continue. Jim Hier, "I so move". Kay Calvert seconded. Motion unanimously carried.

3. Community Development Block Grant application – Bret Howser referred to his staff report, recommending that CDBG funding is used to acquire a van for the Boys & Girls Club. The Mayor opened the public hearing and hearing no comments from the

audience, closed the hearing. The City Council unanimously concurred with staff's recommendation.

4. Ordinance approving an expandable condominium plat for The Lofts, located at 570 Deer Valley Drive, Park City, Utah – Ray Milliner explained that this is an eight-unit development. The Planning Commission approved a CUP in September and staff is recommending approval of the condominium plat. The Mayor asked if public input was rendered on this project and Mr. Milliner stated that three hearings have been held associated with various applications, and public input was minimal. The Mayor opened the hearing and with no public input, closed the hearing.

5. Resolution amending Fee Resolution No. 11-05 by adding a new Section 9, Park City Ice Arena, renumbering subsequent sections, and replacing and repealing Resolution No. 11-05 in its entirety – The Mayor opened the public hearing and hearing no comments, closed the hearing.

VI CONSENT AGENDA

Jim Hier, "I move approval of Consent Agenda Items 1, 2 and 3". Kay Calvert seconded. Motion unanimously carried.

1. Ordinance approving an expandable condominium plat for The Lofts, located at 570 Deer Valley Drive, Park City, Utah – See staff report and public hearing.

2. Resolution amending Fee Resolution No. 11-05 by adding a new Section 9, Park City Ice Arena, renumbering subsequent sections, and replacing and repealing Resolution No. 11-05 in its entirety – See staff report and public hearing.

3. Resolution proclaiming December 2, 2005 as Smoke-Free Day in Park City, Utah – Staff recommends approval.

VII OLD BUSINESS

Ordinance amending the Municipal Code, Title 12, Sign Code – Planner Ray Milliner referred to the previous meeting held on this issue where staff was directed to make modifications and return to Council will a clearer draft and as requested, there is information on the required setbacks for signs in all zones. He suggested reviewing temporary real estate signs first because of the level of interest in the audience and explained that the Planning Commission recommended that open house signs be prohibited and eliminated in the Code. Based on discussions with the real estate community, staff revised the recommendation to allow one for-sale sign and one open house sign on-premise, and three open house signs off-premise. Signs are allowed to be placed in the right-of-way, but not on streets or sidewalks. Mr. Milliner encouraged discussion of amendments tonight, and taking formal action on the ordinance at another date. In response to a question from the Mayor, Mr. Milliner explained that streamers and banners, etc. are prohibited from open house signs.

Kay Calvert personally feels that the number of open house signs should not be regulated, but understood that her colleagues prefer to set a number. She felt that four is a more reasonable number, or a total of five signs including the for-sale sign. Marianne Cone supported staff's recommendation and it was explained that the Sign Code will not go back to the Planning Commission unless specifically remanded by the City Council. Candace Erickson suggested installing signs only at intersections when there is a change in direction; she described way-finding scenario, concluding that a total of six signs is appropriate. Jim Hier supported Ms. Erickson's proposal and Ms. Erickson clarified that the signs can not be lined up, but placed where there is a change in direction. The Mayor invited the public to comment on real estate signs.

Nancy Ernie, President of the Park City Board of Realtors (BOR), stated that she appreciates Council's comments but there is a problem for open houses in Round Valley, where eight to ten open house signs would be required to adequately direct people. Mayor Williams interjected that as a practical matter; no one has been cited although a reasonable number should be established in the Code. She urged the City Council to consider ten signs. After examining a map distributed by Ms. Ernie, Candace Erickson commented that she calculates a maximum of five signs to reach Round Valley. Ms. Ernie emphasized the importance that the number of real estate signs is compliant.

Frank Lee, new realtor and resident, expressed the difficulty in finding places in Park City and real estate signs are essential. He calculated that seven to nine signs are needed to direct individuals to The Cove, Eagle Pointe, or Ridgeview and newcomers may need even more signs.

Dave Weismann, general counsel for BOR, emphasized that he is speaking as a new member in the community and relayed that many buyers prefer to look for homes independently and without a realtor. He encouraged Council to provide an adequate number of open house signs for the public's benefit.

Seton Prince, Director of BOR, agreed with the draft which reflects that flags and banners are prohibited and the membership is concerned about the look of the town. As written, the on-premise sign must be perpendicular to the street. It has been the practice of the BOR to place signs parallel to the street, which he urged Council to support. The placement of open house signs at directional points is reasonable. He felt realtors can live with five or six signs, but this is the minimum they can accept and still serve the community.

Kaz Burns, Cornerstone Mountain Realty, stated that because the industry is dependent on cooperative relationships with each other, realtors self-regulate. She felt that they are conscious of maintaining a good reputation in the community and no one wants to overstep their bounds.

With no further comments on real estate signs, Mayor Williams closed the public hearing on this topic. He agreed that on-site signs should be placed parallel to the street and Planner Milliner agreed to make the modification. There was discussion about the appropriate number of signs among Council members. Tom Bakaly suggested adding language, "*directional or change of direction*". Candace Erickson recommended "*a minimum number of signs reasonably necessary with a maximum of five to be used at intersections to direct potential buyers to an open property*". Council member Calvert questioned whether a maximum number needs to be set if there is directional language. She felt six is not adequate. Ms. Cone agreed with staff's recommendation (one on-site and three off-site) and emphasized that Park City is not a big city. Council members Kernan, Hier and Erickson favored one and five while Ms. Calvert preferred one on-site and nine off-premise signs.

Planner Ray Milliner explained that Council directed an amendment to the Code, allowing free-standing portable signs year-round. There is a request to remove some design requirements, specifically only permitting a-frames, and staff is open to Council's input. Marianne Cone discussed the stability of a-frame signs and Joe Kernan supported allowing other designs, unless a problem arises. The Mayor opened the public hearing on the remainder of the Sign Code issues.

Mike Sweeney, business owner, referred to the limitation of the color ivory for internally illuminated signs and indicated that members of the HMBA prefer to have more than one choice. Ray Milliner explained that a few years ago, the Planning Commission was reluctant to allow these signs at all, and the compromise was to create conformity. Staff does not recommend any change. Mike Sweeney pointed out that a master sign plan is required for commercial areas and different colors may be an enhancement. Candace Erickson noted that this would apply to any internally illuminated sign not just signs within a master plan where there is control to create the overall look. It was the unanimous feeling of Council to maintain the Code as written.

DeVaughn Standfield, gallery operator, explained the importance of promoting special traveling art exhibits. He suggested allowing a six square foot banner outdoors because of the design limitations for indoor banners. He stated that he will be exhibiting a Rembrandt collection which is well worth promoting. Mike Sweeney read the definition of a banner in the Code and reiterated the request. Mr. Milliner explained that most banners are associated with special events. Joe Kernan felt it would be difficult to limit outdoor banners to art galleries and not offering it to all businesses. There was discussion about additional signs for sidewalk sales and special outdoor sales. Marianne Cone didn't support an amendment. Candace Erickson indicated that she would like to think about this further because banners are effective in attracting patrons. Mayor Williams concurred with Joe Kernan's comments. Ray Milliner explained that the main reason that banners are prohibited is because they often look worn and tattered but perhaps there is an option. Joe Kernan asked if the City could selectively allow banners for an art exhibit, for example, but not for hot dogs. Mark Harrington explained that temporary tenants can only switch out the main outdoor premise sign, and if there is an interest in reconsidering banners, he recommended that this item go back to

Planning Commission. Mr. Harrington emphasized that the City was sued over a banner issue and the best way to contain them is limiting them to special events and indoor display. Kay Calvert pointed out the difference between an *event* and an *exhibit* and she felt traveling art exhibits may be overlooked without some advertising. Mr. Standfield stated that he would like to host more quality art shows in Park City, but many curators are offended and reluctant because there seems to be little accommodation in promoting the show. Mark Harrington stated that if there is support, the definition of special event may be tweaked to include art exhibits that are open to the public. Jim Hier was supportive of this approach. Marianne Cone interjected that if the banner is required to be inside the window, vertical lettering is legible. It was agreed to further explore allowing outdoor banners for exhibits.

Mike Sweeney continued to request that balloons, two feet in diameter or less, be allowed to attract patrons. He distributed pictures taken on the 4th of July where balloons were displayed at storefronts in town. Candace Erickson expressed that balloons are okay for special events, but not every day. Joe Kernan stated that he is not supportive, and there was discussion that balloons may be allowed as part of a MFL.

Mr. Sweeney requested that awnings (with lettering) be permitted for businesses above the ground floor. As the Code is currently written, the Planning Director has the discretion to grant an exception, however, merchants on the second floor should have the same rights as street level businesses. Ray Milliner explained that the reason the Planning Commission limited signs to 20 feet was to preserve the pedestrian feel of the street. The compromise was to grant an exception based on criteria, i.e., location, orientation and compatibility. Staff recommends that the language remain as is; Mike Sweeney countered that since that time, the economy has changed and second floor businesses are being developed. Joe Kernan stated that he is comfortable with the exception clause with criteria. It was pointed out that there is an opportunity for the applicant to appeal the decision of the Planning Director to the Planning Commission. Candace Erickson expressed concerns about the potential clutter of advertising on awnings. Ray Milliner explained that awnings without lettering are allowed on any level. Jim Hier stated that he is comfortable with the Code as written which was the consensus of other Council members, except Kay Calvert, who expressed no opinion.

Mr. Sweeney argued that internally illuminated signs should be allowed for free-standing signs, because in his opinion, it is less intrusive than directing a spotlight on a free-standing sign. He suggested allowing both options. Planner Milliner explained that internally illuminated free-standing signs are allowed, i.e., Centura Commons.

Mike Sweeney stated that the height limit for luminous tube (neon) signs should be reconsidered so that businesses on the second floor have the same rights. Again, the Planning Director has the discretion to make an exception if criteria is met. He discussed the Town Lift Plaza area, where his commercial area on the plaza is considered to be the second floor from Park Avenue. He feels he should have the same rights as first floor owners by hanging an *open* neon sign in the window.

Marianne Cone supported the Code as written because there is an opportunity for the applicant to seek an exception from the Planning Director; situations vary wildly. She again expressed concerns about the visual impacts of neon in adjacent residential neighborhoods. There was discussion of the appearance of Main Street if neon was allowed on second floors. Council members did not support an amendment.

Mr. Sweeney relayed that the old Code provided for calculation of total square footage for a business, rather than number or types of signs. Luminous tube signs up to six square feet were permitted under the prior provisions. Candace Erickson stated that she feels neon is garish and unattractive. There was discussion about existing neon on Main Street. Mike Sweeney emphasized that he has an advantage of having his non-conforming signs grand-fathered; however, everyone should be on the same playing field. The City Attorney clarified that non-conforming signs are grandfathered with the business, not the property. Non-conforming signs can not be replaced with other non-conforming signs. Council did not support amending the ordinance.

He requested that the neon sign setback be decreased from ten feet to five feet and Ray Milliner explained that the Planning Commission felt that neon is very visible and placing them ten feet from the window is less intrusive. The Council unanimously supported ten feet.

Mr. Sweeney pointed out that for-profit groups should be allowed to acquire special purpose signs if sponsoring a charitable event like non-profits. Patrick Putt interjected that advertising the event is not the same as marketing the sponsoring business and he would not consider the banner as advertising for the for-profit. It was concluded that Mr. Sweeney's intent can be accomplished now and Mr. Putt suggested adding language *and for-profit if sponsoring a charitable event*. Jim Hier asked where the special purpose signs would be displayed and why this language needs to be included. Mark Harrington agreed that the language could be construed. Mr. Hier asked Mr. Sweeney for an example of a charitable event he couldn't market, and he again read the current language limiting special purpose signs to education, civic and non-profit groups. As a matter of clarification, Mr. Hier suggested changing "*sponsored by"* to "*Signs promoting events for the benefit of charitable, educational or other non-profit organizations may be erected*" which was supported by everyone.

Mike Sweeney acknowledged that fluorescent colors aren't appropriate but felt reflective finishes should be allowed to create a more festive look. Currently only matte or flat finishes are allowed. Ray Milliner explained that there are about 90 banners on Main Street and if they were designed with reflective finishes, it could be visually overwhelming. Pat Putt explained that the concern was that shiny materials may include poor quality choices. Mr. Sweeney then requested that regular finishes be allowed as well as flat finishes.

Joe Kernan referred to the issue of setbacks and asked members if three feet is too close for the electronic display terminals. He also observed that setting back election signs 20 feet back from the edge of the curb is often unachievable. Signs should be allowed to be installed closer to the curb. Jim Hier agreed and staff suggested reducing political signs to ten feet.

Ray Milliner stated that he will return with a redlined ordinance reflecting Council's direction for amendments. With no further comments from the audience, the public hearing was closed.

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 3 p.m. Members in attendance were Mayor Dana Williams, Kay Calvert, Marianne Cone, Candace Erickson, Jim Hier, and Joe Kernan. Staff present were Tom Bakaly, City Manager and Mark Harrington, City Attorney. Jim Hier, "I move to close the meeting to discuss litigation". Kay Calvert seconded. Motion carried unanimously.

The meeting opened at approximately 3:30 p.m.

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

Budget, Debt, and Grants

City Council
Staff Report

Author: Gary Hill
Subject: Bond Parameters Resolution – Water Revenue Bond, 2006 Series
Date: December 15, 2005
Type of Item: Legislative

Summary Recommendations: The City Council should:

Consider and approve the attached Parameters and Reimbursement Resolution relating to the issuance of $4,450,000 in Water Revenue Bonds, Series 2006. These bonds will be used to finance (1) Park Meadows Treatment Facility; (2) Boothill Storage Tank; and (3) Boothill Pump Station.

Description:

Topic:
Consideration and adoption of a resolution that does the following: 1) Preliminary authorization for the issuance of Water Revenue Bonds, Series 2006: 2) Sets maximum parameters relating to the issuance size, length to maturity, interest rates, and discount of the bonds: 3) Authorizes the publication of a Notice of Bonds to be Issued: 4) Authorizes the preparation and distribution of documents pertaining to the issuance of the bonds.

Background:
Last spring, staff completed an updated Water Master Plan which identified the capital projects necessary to ensure the City's water system can service current and future water demands. The capital projects identified in the report create the need for $10-$20 million dollars in additional debt financing over the next five years.

The Utah Community Impact Fund Board (CIB) is a program of the State of Utah which provides low interest loans and or grant to cities and counties which are or may be impacted (directly or indirectly) by mineral resource development on federal lands. Public facilities such as water infrastructure are eligible for CIB funding.

Occasionally jurisdictions outside the CIB boundaries are eligible to apply for loans. Last spring, funds were available for which Park City was eligible to apply. On August 11, 2005, the CIB approved a 20 year loan for approximately $4,450,000 to Park City. These funds will be used to construct the Park Meadows treatment facility, and the Boothill pump station and storage tank. The mechanism for lending the funds is essentially a negotiated bond issuance; Park City and the CIB agree to an interest rate and then the CIB purchases water revenue bonds issued by the City.

Analysis:

The Water Mater Plan identified $10 to $12 million dollars in projects the City would need to bond for over the next several years. By working with the CIB, Park City will be able to bond for a portion of those costs at an interest rate (3.5%) that is substantially lower than market rates. Staff estimates that this will save the City approximately $500,000 in interest payments over the life of the bonds.

Table 1 (below) lists the projects to be funded by the bonds with their respective costs.

Table 1 - Projects and Costs	
Project	Amount
Park Meadows Treatment Facility	$740,625
Boothill Water Storage Tank	$1,796,523
Boothill Pump Station	$1,912,852
Total	**$4,450,000**

The parameters and reimbursement resolution that Council is being asked to adopt will enable staff to start the process of issuing water revenue debt on behalf of the City. The resolution establishes broad parameters within which Staff, Bond Counsel, and the Financial Advisor can structure the debt. The attached resolution also grants preliminary authorization to issue the bonds. Before bonds are issued, the City Council needs to formally approve the “Final Bond Resolution.” Staff will return to Council with the “Final Bond Resolution” in March or April once the City is able to. The Parameters resolution gives advance notice that the City intends to issue these bonds and starts an appeals period.

The resolution sets the following general parameters for the Bond issue:

1) Size: The resolution sets the maximum amount of the bonds at $4,450,000. This is the amount staff estimates the City will need to complete the projects listed above.

2) Length to Maturity: The resolution states that the maximum length to maturity will not exceed 21 years. The actual anticipated length of the bonds is 20 years. 21 years provides flexibility in the case it is in the City’s best interest to delay payment of the first note for six months.

3) Interest Rates: The interest rate for this issuance is fixed at 3.5%. This is the rate at which the CIB was willing to loan funds to Park City. This rate is approximately .5% below the market rate that the City would likely achieve if this were a market sale. Staff estimates that this lower rate will save the City approximately $500,000.

4) Financing Team: The City is using Zions Bank Public Finance as the Financial Advisor and Chapman & Cutler as Bond Counsel for this issuance. In March, 2003, the

City conducted a competitive RFP process for the selection of Financial Advisors and Bond Counsel. The financing ream for this issuance was selected through that process. Fees for all of these services are based on industry standards, which are typically driven off of the value of the issuance and the scope of work provided.

5) Notice of Bonds: The Notice of Bonds to be issued will be published in the Park Record and will inform the public of the proposed bond sale. It establishes a 30-day protest period in which any person may file a legal challenge to the issuance of the proposed bonds. After the 30-day protest period has ended, no more legal challenges are allowed. It essentially establishes a short statute of limitations with respect to this bond issue.

6) Public Hearing: City staff is currently in the process of designing and engineering the Park Meadows Well and Boothill Pump and Tank projects. According to CIB regulations, the bonds cannot be issued until the City has received and accepted bids on the projects. Once bids have been accepted in March or April, the City will hold a public hearing to adopt a Final Bond Resolution and receive input from the public with respect to the issuance of the bonds (pursuant to the Utah Municipal Bond Act).

Department Review:
Budget, Debt, and Grants; City Manager; Finance; Public Works.

Alternatives:

A. Approve the Request:
Adopting the Parameters and Reimbursement Resolution will allow the City to proceed with the bond issue and incur capital expenditures that can be reimbursed prior to the issuance of bonds. It also signals the City's intent to issue a "Notice to Issue Bonds" which starts the mandatory 30 day protest period.

B. Deny the Request:
A Parameters Resolution is not required to issue bonds, but is generally recommended to reduce the City's legal exposure. Staff will need direction from the City Council as to how they would like to proceed if the Parameters Resolution is not approved.

C. Continue the Item:
Council could continue the item to another date.

D. Do Nothing:
This would have the same impact as denying the request.

Significant Impacts:
Adoption of this resolution will allow the City to proceed with the issuance of the bonds in a timely and efficient manner. Perhaps more importantly, adoption of the resolution will allow the City to begin meaningful design and construction of the projects in the

event issuance of the bonds is delayed due to waiting to receive bids on all three projects.

Consequences of not taking the recommended action:
Not adopting the resolution will impact the City's ability to fund critical water infrastructure projects. Although Council can adopt a Final Resolution authorizing the issuance of this debt without a parameters resolution, Bond Counsel and Staff do not recommend this action.

Recommendation:
Approve the Parameters and Reimbursement Resolution relating to the issuance of $4,450,000 in Water Revenue Bonds, Series 2006 for the Park Meadows Well, Boothill Water Storage Tank and Boothill Pump Station.

Attachment: Draft Parameters and Reimbursement Resolution

RESOLUTION

A RESOLUTION PROVIDING FOR THE ACQUISITION, CONSTRUCTION AND COMPLETION OF IMPROVEMENTS TO THE WATER SYSTEM OF PARK CITY, SUMMIT COUNTY, UTAH; DECLARING THE INTENTION TO ISSUE THE CITY'S WATER REVENUE BONDS IN ONE OR MORE SERIES IN A TOTAL PRINCIPAL AMOUNT NOT EXCEEDING $4,450,000 FOR THE PURPOSE OF DEFRAYING THE COST OF SUCH IMPROVEMENTS; DIRECTING THE PUBLICATION OF A NOTICE OF BONDS TO BE ISSUED; EXPRESSING OFFICIAL INTENT REGARDING CERTAIN CAPITAL EXPENDITURES TO BE REIMBURSED FROM THE PROCEEDS OF SUCH REVENUE BONDS; FIXING THE MAXIMUM AGGREGATE PRINCIPAL AMOUNT OF THE BONDS, THE MAXIMUM NUMBER OF YEARS OVER WHICH THE BONDS MAY MATURE, THE MAXIMUM INTEREST RATE THAT THE BONDS MAY BEAR AND THE MAXIMUM DISCOUNT FROM PAR AT WHICH THE BONDS MAY BE SOLD; AND RELATED MATTERS.

*** *** ***

WHEREAS, Park City, Summit County, Utah (the *"City"*) desires to undertake the design, acquisition, construction and financing of culinary water system improvements, including a water treatment plant for the City's Park Meadows well, a 2 million gallon storage tank and a 2200 gpm pump station, and related facilities (collectively, the *"Project"*); and

WHEREAS, the City has determined that it would be in furtherance of its public purposes to issue not more than $4,450,000 of water revenue bonds (the *"Bonds"*) to (i) finance the cost of the Project and (ii) pay certain costs associated with the issuance of the Bonds; and

WHEREAS, Section 11-14-316, Utah Code Annotated 1953, as amended, provides for the publication of a Notice of Bonds to be Issued and the City Council of the City (the *"City Council"*) desires to publish such a Notice of Bonds to be Issued at this time in compliance with said section with respect to said Bonds;

WHEREAS the expenditures relating to the Project (the *"Expenditures"*) (i) have been paid from the City's Water Fund (the *"Fund"*) within sixty days prior to the passage of this Resolution or (ii) will be paid from the Fund on or after the passage of this Resolution;

NOW, THEREFORE, be it and it is hereby resolved by the City Council of Park City, Summit County, Utah, as follows:

Section 1. The Board hereby finds and determines that it is in the best interests of the residents of the City for the City to issue not more than $4,450,000 aggregate principal amount of its water revenue bonds (the *"Bonds"*), to bear interest at a rate or rates of not to exceed three and one-half percent (3.5%) per annum, to mature in not more than twenty-one (21) years from their date or dates, and to be sold at par, pursuant to the provisions of (1) a General Trust Indenture (the *"General Indenture"*), as amended and supplemented, between the City and Zions First National Bank (the *"Trustee"*), a copy of which is attached as *Exhibit A,* (2) a Supplemental Trust Indenture, between the City and the Trustee, supplementing the General Indenture (the *"Supplemental Indenture"*), a draft of which is attached as *Exhibit B*, and (3) a bond resolution (the *"Bond Resolution"*) to be adopted by the City Council at a future date, a draft of which is attached as *Exhibit C*, and the City Council hereby declares its intention to issue the Bonds according to the provisions of this Section. The Bonds are to be issued for the purpose of (a) financing the cost of the Project and (b) paying certain costs relating to the issuance of the Bonds.

Section 2. The City Council hereby authorizes and approves the issuance and sale of the Bonds pursuant to the provisions of this Resolution, the General Indenture, the Supplemental Indenture and the Bond Resolution; *provided* that the principal amount, interest rate or rates, maturity or maturities, and discount shall not exceed the maximums set forth in Section 1 hereof.

Section 3. The Supplemental Indenture and the Bond Resolution in substantially the forms presented at this meeting and attached hereto as *Exhibits B* and *C*, respectively, with such changes, omissions, insertions and revisions as the Mayor shall deem advisable, are hereby authorized and approved.

Section 4. In accordance with the provisions of Section 11-14-316, Utah Code Annotated 1953, as amended, the City Recorder shall cause the following *"Notice of Bonds to be Issued"* to be published one time in *The Park Record*, a newspaper of general circulation in the City, and shall cause a copy of this Resolution, together with the exhibits thereto, to be kept on file in her office for public examination during the regular business hours of the City Recorder for at least thirty days after the date of such publication. The *"Notice of Bonds to be Issued"* shall be in substantially the following form:

NOTICE OF BONDS TO BE ISSUED

NOTICE IS HEREBY GIVEN pursuant to the provisions of Section 11-14-316, Utah Code Annotated 1953, as amended, that on December 15, 2005, the City Council of Park City, Summit County, Utah (the *"City"*), adopted a resolution (the *"Resolution"*) in which it authorized and approved the issuance of the City's Water Revenue Bonds, Series 2005 (the *"Bonds"*) in an aggregate principal amount of not to exceed $4,450,000, to mature in not more than twenty-one years from their date or dates, to bear interest at a rate or rates not to exceed three and one-half percent per annum, and to be sold at par.

The Bonds are to be issued and sold by the City pursuant to (1) the Resolution, (2) a resolution to be adopted at a future date (the *"Bond Resolution"*), (3) a General Trust Indenture between the City and Zions First National Bank (the *"Trustee"*), and (4) a Supplemental Trust Indenture between the City and the Trustee, supplementing the General Trust Indenture. The Supplemental Trust Indenture will be executed and delivered and the Bond Resolution will be adopted by the City Council at a future date prior to the issuance of the Bonds in substantially the form attached to the Resolution, with such changes thereto as shall be approved by the City Council, *provided* that the principal amount, interest rate or rates, maturity or maturities and discount will not exceed the maximums set forth above.

The Bonds are to be issued for the purpose of (a) financing the costs of culinary water system improvements, including a water treatment plant for the City's Park Meadows well, a 2 million gallon storage tank and a 2200 gpm pump station, and related facilities and (b) paying certain costs relating to the issuance of the Bonds, all as set forth in the Resolution, the Bond Resolution, the General Trust Indenture and the Supplemental Trust Indenture.

A copy of the Resolution (including a copy of the General Trust Indenture and drafts of the Supplemental Trust Indenture and the Bond Resolution) is on file in the office of the City Recorder, located at 445 Marsac Avenue, in Park City, Utah, where it may be examined during regular business hours of the City Recorder from 8:00 A.M. to 5:00 P.M. Said Resolution (including a copy of the General Trust Indenture and drafts of the Supplemental Trust Indenture and the Bond Resolution) shall be so available for inspection for a period of at least thirty (30) days from and after the date of the publication of this notice.

NOTICE IS FURTHER GIVEN that pursuant to law for a period of thirty days from and after the date of the publication of this notice, any person in interest shall have the right to contest the legality of the above-described Resolution (including the Bond Resolution, the General Trust Indenture and the Supplemental Trust Indenture) of the City Council of Park City, Summit County, Utah, or the Bonds or any provisions made for the security and payment of the Bonds, and that after such time, no one shall have any cause of action to contest the regularity, formality or legality thereof for any cause.

DATED this 15th day of December, 2005.

PARK CITY, SUMMIT COUNTY, UTAH

By ______________________________
City Recorder

Section 5. For the purpose of satisfying certain requirements under the Internal Revenue Code of 1986, the City reasonably expects to reimburse the Expenditures with the proceeds of the Bonds to be issued in the maximum principal amount of $4,450,000.

Section 6. All proceedings, resolutions and actions of the City and its officers taken in connection with the sale and issuance of the Bonds are hereby ratified, confirmed and approved.

Section 7. It is hereby declared that all parts of this Resolution are severable, and if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of any such section, paragraph, clause or provision shall not affect the remaining provisions, paragraphs, clauses or provisions of this Resolution.

Section 8. All resolutions, orders and regulations or parts thereof heretofore adopted or passed that are in conflict with any of the provisions of this Resolution are, to the extent of such conflict, hereby repealed.

Section 9. This Resolution shall be in full force and effect immediately upon its adoption.

PASSED and APPROVED by the City Council and the Mayor of Park City, Summit County, Utah, this 15th day of December, 2005.

PARK CITY, SUMMIT COUNTY, UTAH

By____________________________________
Mayor

[SEAL]

ATTEST AND COUNTERSIGN:

By____________________________________
City Recorder

APPROVED AS TO FORM:

By ____________________________________
City Attorney

EXHIBIT A

[ATTACH GENERAL INDENTURE]

EXHIBIT B

[ATTACH FORM OF SUPPLEMENTAL INDENTURE]

EXHIBIT C

[ATTACH FORM OF BOND RESOLUTION]

City Council
Staff Report

FINANCE DEPARTMENT

Author:	**Lori W. Collett, Finance Manager**
Subject:	**FY 2005 Audit Report**
Date:	**December 15, 2005**
Type of Item:	**Administrative**

Summary Recommendations:
Accept the audit. No other action is required.

Description:
Topic: Audit report for the Fiscal Year Ended June 30, 2005.

Background: City of Park City Comprehensive Annual Financial Report (CAFR) and Independent Auditor's Report

The CAFR includes all funds of the City of Park City (City) and is presented in four sections:

- Introductory;
- Financial;
- Statistical; and
- Single Audit, Internal Control and Compliance Reports.

The Introductory Section contains a letter of transmittal, a directory of principal officials and an organizational chart of the City. The Financial Section contains management's discussion and analysis (MD&A), the basic financial statements, notes to the financial statements, individual fund statements for which data are not provided separately within the basic financial statements, as well as the independent auditor's report on these financial statements and schedules. The Statistical Section includes selected financial and demographic information, generally presented on a multi-year basis. The Single Audit, Internal Control and Compliance Reports include the independent auditors' reports on internal control and compliance as required by *Government Auditing Standards*, Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and state compliance as required by the *State of Utah Legal Compliance Audit Guide*.

The CAFR is the major document used to communicate the City's financial condition. It is distributed to various bond-rating agencies, investors in City debt and the State Auditor for use in evaluating City finances. This is the third year the CAFR has been prepared using the new financial reporting requirements as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments*. The first two basic financial statements, the Statement of Net Assets (Page 23-24) and the Statement of Activities (Page 25-26), now present information on a government-wide, full-accrual accounting basis which reflect the overall financial position of the City and its various funds, not just the amounts available for budgetary purposes. Fiscal operations in the government-wide statements are organized into two major activities: governmental and business-type.

Fund information is also presented for major funds individually and nonmajor funds combined in a single column in the basic financial statement (Pages 29 through 41). Because the focus is so different between fund statements and government-wide statements, a reconciliation between the two types of statements is necessary to understand how the numbers differ. Such reconciliations are provided on pages 30 and 32. Comparisons of “budget-to-actual” results for the General Fund are presented on Page 33.

Staff suggests attention be focused on the MD&A (Pages 4 through 20) and the notes to the basic financial statements (Pages 43 through 68). The notes to the basic financial statements in the Financial Section provide required detailed disclosures and a description of the financial statements.

The Statement of Net Assets (Page 23-24) may serve as a useful indicator of a government’s financial position. The City had positive net assets of $177.9 million at fiscal year end. The largest portion of the net assets, $115.6 million, represents the investment in capital assets. Restricted net assets of $28.3 million are resources that are subject to external restrictions on how they may be used. The remaining $34.0 million in net assets are unrestricted and may be used to meet the City’s ongoing obligations. Again, this is an overall financial position indicator and is not the amount of current resources available for budgetary purposes.

Looking at results on a fund basis (Page 29), the City’s governmental funds reported combined ending fund balance of $68.3 million, an increase of $25.5 million compared to the beginning of year fund balance amount. Of the combined total fund balance, $13.0 million is available for spending at the discretion of the City (unreserved and undesignated fund balance). The remainder of the fund balance is either reserved or designated and is not available for new spending because it has already been committed to the following: $1.5 million for debt service on the City’s outstanding bonds and $53.8 million for capital improvements.

Utah State code establishes a 5.0 percent minimum ($965,142) and an 18.0 percent maximum ($3,474,512) limit to the amount that may be accumulated as the fund balance in the General Fund. As of June 30, 2005 the unreserved, undesignated fund balance of the General Fund was $3,216,779 and was $257,733 below the 18.0 percent limit. The unreserved, undesignated fund balance increased by $224,715 in 2005 as compared to an increase of $245,886 in fiscal year 2004.

General Obligation Bonds - Audit of Bond Expenditures

Resolution No.16-98, *Resolution to Appoint a Citizens Committee to Advise the City Council on Community Priorities for Open Space Acquisition, Methods to Permanently Preserve Open Space, and to Account for Expenditure of Open Space Bond Proceeds should Voters Approve a General Obligation Bond to Preserve Open Space*, requires the City to annually audit bond expenditures and report the results of such audit to the public. On July 22, 2004 the City issued General Obligation Bonds, Series 2004 in the amount of $9,000,000. Approximately $5.0 million is to be used to acquire open space land, $2.5 million for the construction of the ice and fields facility and $1.5 million for park improvements. During the year ended June 30, 2005, bond proceeds were used to purchase two parcels of open space land for a total of $1.4 million. Approximately $0.1 million was spent on park improvements and $0.5 million on the ice and fields facility.

Single Audit Report

As a recipient of Federal and State funds, the City it responsible for ensuring that an adequate internal control structure is in place in order to maintain compliance with applicable laws and regulations related to the purpose of the funds.

As a part of the City's single audit, tests were made to determine the adequacy of the internal control structure, including that portion of the structure related to Federal financial assistance programs, as well as to determine that the City complied with all applicable laws and regulations. The results of the City's single audit for fiscal year 2004-05 indicated no instances of material weaknesses in the internal control structure or violation of applicable laws and regulations.

Comments from the City's Audit Firm of Wisan, Smith, Racker & Prescott LLP

The auditors identified no major improvement areas or areas involving material weakness in the operations or internal control structure of the City.

The auditors identified one State Compliance issue. The City incurred expenditures in excess of the budget in the Public Safety Department by $57,996. The actual expenditures were $3,219,448 and the budget was $3,161,452. The budget overage was primarily caused by expenditures exceeding budget for overtime, department supplies and uniforms. The Public Safety Department has developed controls to prevent overspending the budget in the future and through November 2005 is within budget targets.

Review of This Report

This report and the CAFR were reviewed by the Citizens Technical Advisory Committee.