PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
NOVEMBER 14, 1996

PUBLIC NOTICE IS HEREBY GIVEN that the City Council of Park City, Utah will hold its regularly scheduled meeting at the Marsac Municipal Building, 445 Marsac Avenue, Park City, Utah for the purposes and at the times as described below on Thursday, November 14, 1996.

AGENDA

Closed Session - To be held in Work Session Room - Main Level

1:40 p.m. Personnel matter

Work Session - To be held in Work Session Room - Main Level

3:40 p.m. Council questions and comments
4:00 p.m. Traffic calming
4:40 p.m. Review of regular meeting
Fitness equipment
Non-resident library fee
Weber Basin reservation agreement

Regular Meeting - To be held in Council Chambers - Lower Level

6:00 p.m.

I ROLL CALL

II PUBLIC INPUT

Streets in Old Town - Steve Deckert and Craig Masters

III COMMUNICATIONS FROM COUNCIL AND STAFF

IV WORK SESSION NOTES AND MINUTES OF MEETING OF OCTOBER 24, 1996

V CONSENT AGENDA

1. Termination of lease at the Racquet Club - Fitness Loft

2. Authorization to staff to negotiate the acquisition of fitness equipment from U. S. Skiing

VI NEW BUSINESS

1. Amendment to Resolution 28-94, Leisure Services Fees, amending Section 4F, Non-resident fees

2. Consideration and approval of a Memorandum of Understanding and Agreement by and among Summit County, Atkinson Service District, Park City Municipal Corporation and

PARK CITY WORK SESSION NOTES
SUMMIT COUNTY, UTAH
NOVEMBER 14, 1996

Present: Mayor Brad Olch; Council members Hugh Daniels, Roger Harlan, Shauna Kerr, Chuck Klingenstein, and Paul Sincock

Toby Ross, City Manager; Jodi Hoffman, City Attorney; Frank Bell, Chief of Police; Jerry Gibbs, Public Works Director; Bob Johnston, Leisure Services Director; Kathy Kelly, Recreation Coordinator; Pat Montgomery, Library Director

Gordon Shaw, Leigh, Scott & Cleary, Inc.; Sheila Haloff-Barry, Main Street Merchants; Martin Alexander, Fitness Loft at Racquet Club

1. **Council questions and comments.** Paul Sincock reported that he received a copy of a letter from Alliance Engineering regarding Sandridge Heights, which is currently being reviewed by the Planning Commission. The applicants are requesting a work session to obtain Council direction on vacation of streets, on which the Planning Commission has no authority to render a decision. Review of the planning aspects are not being requested. Mayor Olch felt that the Planning Commission should complete its review. Ms. Kerr noted that if the Planning Commission was making the request, because it could not continue its efforts to plan the area without knowing the Council's direction on its policy for streets, she would be more receptive to the request. Everyone, except the Mayor received a letter from Alliance. In response to a question from Roger Harlan, it was explained that Sandridge is on the Planning Commission November 20 agenda. Hugh Daniels stated that he and Mr. Sincock met with the applicants and it seems that a Planning Commission decision will be rendered soon. He continued that the Planning Commission has sent a clear message to Council not to interfere with its process, and agreed that if the Planning Commission requests that Council make a determination on streets, that process would be more appropriate. Chuck Klingenstein stated that he spoke with Leslie Miller on September 23, 1996 about this matter and indicated at that time that he would not be involved until the project came before the City Council. Paul Sincock indicated that he will call Steve Deckert at Alliance Engineering.

Chuck Klingenstein reported that he received a complaint about the practices of booting cars at the Mercato lot. He recognized that this is a private lot and there is signage, but people are being treated badly. Chief Bell replied that his Department has received several complaints about this, but Mercato is not in violation of City ordinances and it isn't a public lot. He agreed that the image is horrible, and is hopeful that a meeting can be arranged with the Chamber to improve the situation. Chuck Klingenstein was pleased to see the ads for the community meetings and requested feedback for the format. Hugh Daniels felt that a survey is a good idea as is a review of the year, but it is more important to provide an opportunity for the public to comment. Ms. Kerr agreed that it would be better to have the meetings spontaneous. Bob Stephens indicated that the Council retreat may be on January 3 and 4.

Hugh Daniels pointed out that the memo from the Restaurant Committee recommends enforcement from 10 a.m. to 10 p.m., and Council previous discussed enforcement to 6 p.m. or 8 p.m. He felt that Mr. Brown's suggestions were beneficial.

2. **Traffic calming.** Jerry Gibbs introduced Gordon Shaw of Leigh, Scott & Cleary who performed the traffic calming study. Mr. Shaw explained that they were charged with examining Park Avenue and Heber Avenue north to Park Avenue and Deer Valley Drive and also Lucky John Drive and Little Kate up to American Saddler. One of the things the consultants looked at was the lower Park Avenue design study that suggested some of the traffic calming techniques. Mr. Shaw reported that a traffic count was conducted in August, revealing peak volumes of 1,300 cars a day on Park Avenue and 2,500 cars a day for Lucky John. One of the goals of traffic calming is to discourage traffic on roads and reduce volume. He explained that they actually recorded license plates for certain cars and mapped routes with a computer. It was found that about half of the traffic turning left from Park Avenue onto Heber Avenue are not headed for the Main Street area and there is an opportunity to reduce traffic. Speed counts were also conducted at 12th Street where the speed limit is 30 mph. At the 85th percentile, southbound traffic is 31 mph, but northbound the speed is 38 mph; averaging 32 mph. Mr. Shaw pointed out that only 2.3% of the traffic is construction vehicles. Mr. Sincock emphasized that the perception is very different. Buses were not included in the analysis.

Mr. Shaw explained that there is an opportunity to provide the same access into the Main Street area via Deer Valley Drive which is designed for higher volumes of traffic. He added that they didn't find problems on Lucky John Drive that would benefit from traffic calming solutions, and the "cure would be worse than the disease". He explained that the intersection of Deer Valley Drive and Park Avenue is the decision point to take Deer Valley Drive or go straight through onto Park Avenue. The street is a "straight shot" and the banner also leads people to believe that it is the main street. Also, there is no left turning arrow on the light so there are delays for people turning left onto Deer Valley Drive and there are rewards for people traveling straight onto Park Avenue. He warned that when the signal on Bonanza is installed, it will cause additional delays.

Mr. Shaw described techniques for slowing traffic including medians, displayed a rendering of a median in front of the Education Center, and compared it with a rendering of how Park Avenue is today. He estimated that medians slow people down about five mph. Another strategy is a chicane which contains alternating islands so that the travel path is more of a deflection. Mr. Shaw emphasized that the downside of these is the loss of parking. He described another physical control called bold-outs where the intersections are pulled out into the street, but this configuration may restrict vehicles like fire trucks and may cause drainage problems. The benefits of all three of these strategies is that they don't interfere with snowplowing like speed bumps. He discussed that many communities use round-abouts which may interfere with buses and trucks. Mr. Shaw also pointed out the effectiveness of speed humps, but presents some conflicts with snow removal. Roger Harlan commented on the drainage areas at intersections in Sandy slowing drivers and the Public Works Director pointed out that there needs to be a series to slow down traffic.

Mr. Shaw explained that passive techniques like signage works well for tourists, but not as well for locals who are familiar with the street system. Stop signs are only effective for a couple hundred of feet and may prompt a noise and air pollution source. Speed limits work to a certain extent, but people travel at a speed they perceptibly feel is appropriate; he explained that allowing parking on streets in essence acts as a chicane. Landscaping and street trees can really make a difference in making a roadway look like a slower street. Crosswalks can also slow cars down, particularly if they are installed with a different paving material and flashing warning beacons work as long as they are not flashing all of the time. Actual speed signs are effective in slowing drivers down, especially in residential areas and enforcement can be increased. Some communities use volunteers with speed guns. He discussed a chart which illustrates techniques and the positive and negative impacts. Mr. Shaw pointed out that chicanes, chokers and speed bumps have a negative impact on snow removal, and medians and chicanes have a negative impact on parking. He explained that once on Park Avenue, not the intersection, the medians, chicanes, speed humps and stop signs could result in in getting 1,200 of those vehicles to move over. Mr. Shaw described the calculation of the 1,200 cars for Council members Sincock.

The four options recommended for the Park Avenue and Deer Valley Drive intersection were discussed. Mr. Shaw suggested medians along Park Avenue, the signal timing change, and another island at the intersection which may eliminate the left hand turning lane. Mr. Shaw displayed different types of medians made from jersey barrier, sewer pipe, and railroad ties. There should be markers on the medians. It is his consulting firm's recommendation to move the median toward the intersection and change the turning signal timing and medians further down Park Avenue. Jerry Gibbs felt that the railroad tie median could be built and installed this winters season. The Public Works Director also discussed taking the banner down at its current location and relocating it at Iron Horse Drive and Park Avenue. The Mayor suggested that rather than providing banner space, to install an information sign, similar to the one on Heber Avenue and Deer Valley Drive. Paul Sincock suggested eliminating it entirely. Mr. Gibbs explained that his office has three months of reservations and Ms. Kerr suggested amortizing the banners for an interim time in consideration of the investment. Mr. Gibbs indicated that perhaps it could be done for local agencies and non-profits, but not necessarily commercial entities. He continued that he would like to inform people that as of April 30 or whatever date is selected, the City will no longer hang banners. Mr. Sincock suggested signage for the Historic District shopping district and hanging the banner over Heber Avenue and Deer Valley Drive.

Sheila Haloff-Barry asked if the impacts to Main Street Merchants have been analyzed. The Mayor felt that with appropriate signage, it will be easier for people to find Main Street. She suggested that the signal timing device be tested before the medians are installed. Ms. Kerr answered that the timing signal will have to be negotiated with UDOT and it is not a given.

Chuck Klingenstein discussed the Town Lift Project and the importance of diverting the traffic out of the residential area onto Deer Valley Drive which was the original intention. He strongly felt that decisions need to be made on lower Park Avenue regarding uses. If it is a commercial strip, it will directly compete with Main Street. Ms. Kerr felt that the same customers will be delivered to Main Street, but the route will be different. She didn't think that anyone will be lost in the transition and the goal is to get patrons to Main Street but not through a residential area. Ms. Haloff-Barry relayed that merchants are afraid of the unknown, and Mr. Sincock emphasized that the change will result in 15% of the traffic turning left at Deer Valley Drive, rather than proceeding straight onto Park Avenue, but all will end up in the Main Street area. Hugh Daniels suggested installing medians, signage, and working with UDOT on the traffic signal. He added that he would not want to lose a banner location. There was a discussion about how close signage is allowed by UDOT standards at the intersection and Jerry Gibbs again discussed the Iron Horse Drive location.

Toby Ross clarified that the City may or may not be successful in negotiating a median close to the intersection with UDOT this winter season; the others can be installed. Shauna Kerr noted that the one closest to the intersection has the most impact. Roger Harlan added that the signage should be installed in tandem with the medians. Toby Ross clarified that the banner decision may be months away. Sheila Haloff-Barry indicated that her question wasn't addressed adequately. Mr. Shaw pointed out that she needs to keep in mind the type of retail on Main Street. He explained that if there was a supermarket on Main Street which was competing with Albertson's and there was some travel disincentive to Old Town, the business on Main Street would be affected. Paul Sincock further commented that this is an experiment and the Mayor emphasized that people traveling as far as the intersection will continue onto Main Street. Chuck Klingenstein felt that the Deer Valley Drive access to Heber Avenue is less confusing than the other direction; he believed that traffic calming is crucial to the residential area.

For clarification to Jerry Gibbs, Ms. Kerr stated that she feels strongly that the dedicated northbound left turning lane on Park Avenue should be maintained for safety reasons.

3. Review of regular meeting.

Fitness equipment. Bob Johnston explained that staff is requesting authorization to terminate the lease with the Fitness Loft. Unfortunately, Bob Glaser, the business partner involved, could not attend. Roger Harlan reported that the Parks and Recreation Board supported this proposal. Kathy Kelly stated that the lease terminated in August 1995 and at that time Mr. Glaser indicated that he would like a month to month arrangement and requested that the City purchase his equipment. A letter was sent indicating that either party could terminate at any time with 30 days notice. With regard to the $27,000 operating expense, Kathy Kelly explained that it should be staffed when it is open for safety reasons. Sometimes it would be staffed with certified fitness instructors who would be conducting clinics, and sometimes it would be manned with people familiar enough with the equipment to make sure that people are using it correctly. Mr. Harlan relayed that the concern the Parks and Recreation Board had is the proviso of exclusive use; the Ski Team is required to contact the Racquet Club a quarter in advance to use the weight room and potentially the gymnasium. It was explained that the training could be accomplished in a couple of hours during the down-times in the afternoon and that the trainer will also assist patrons at the Racquet Club. After two years, Ms. Kelly explained that the City would have the option to purchase it or the Ski Team may prefer that the City house the equipment as a trade-off for using the Racquet Club.

Bob Johnston explained that the equipment ranges from one to three years old. In addition, the manufacturer of Camstar equipment is Hogan, located in Draper, who has offered to refurbish the equipment free of charge. Discussion ensued regarding exclusive demands, and Mr. Johnston assured Mr. Klingenstein that athlete use wouldn't impact patrons' use dramatically. Hugh Daniels stressed that the program is not identified to generate high revenues and it needs to be monitored.

Martin Alexander, co-partner of the Fitness Loft, distributed a letter he alleged he sent Bob Johnston on September 1, 1996. He noted that the business was an alternative to expensive fitness places and many exercised for free, including athletes and low income people. Mr. Alexander contended that he was mistreated, blackmailed, accused of theft, and forced out of business. When he opened his business, Prospector Athletic Club was used by the U. S. Ski Team which was perceived by the community as elite, exclusive and unfriendly. He encouraged Council to talk to his patrons if they have questions regarding his integrity. Chuck Klingenstein felt that the charges are pretty serious. The City Manager explained that staff has been dealing with his business partner and have not heard these allegations before. Mr. Ross continued that staff has been dealing with Mr. Glaser on a regular basis throughout the summer and suggested that Mr. Glaser has not been communicating with Mr. Alexander. Martin Alexander indicated that they have been talking and he understood that this was coming over the past 14 months, but he is not happy about having to leave by January 1. He reiterated his assistance to the local community. In response to a question from Paul Sincock, Ms. Kelly again explained the timing of the month-to-month arrangement. Mr. Martin indicated that they were relying on the City buying the business. Mr. Sincock felt that there are two issues. One includes the business practices he feels he was subjected to; it is something the Council would like to know more about and Mr. Martin should contact the City Manager. Mr. Sincock continued that the other is the business relationship, and the City has made a business decision to change the equipment. Mr. Martin stated that Mr. Glaser indicated that the City would consider buying-them out.

Bob Johnston explained that when staff heard from Mr. Glaser that he was interested in leaving, he asked if the City was interested in the equipment and staff responded that it would pursue this. This occurred before the U. S. Skiing opportunity. The equipment was inventoried and researched on its market value. Kathy Kelly added that it was determined that the equipment had almost no value and she informed Mr. Glaser that the City probably did not want the equipment. She didn't feel he was listening to what she was saying and asked Bob Johnston to meet with him on September 5 to reiterate her comments. Bob Johnston clarified, however, that there was some equipment the City was still interested in acquiring from the Fitness Loft. Also, Hogan will examine the equipment and make an offer to purchase it, refurbish it, and resell it. This has been relayed to Bob Glaser. Bob Johnston stressed that there is no question in his mind that Mr. Glaser was aware of the situation; Mr. Alexander disagreed. Roger Harlan stated that the awkward thing is that Mr. Glaser is not here and asked if he is blaming the Racquet Club for the declining profitability of the business. Martin Alexander responded that removing them from the magazine was harmful. Bob Johnston explained that appearing in the magazine is contingent on the contractor getting the information to staff. Mr. Harlan pointed out that feelings are one thing, and citing specific instances are another. If through neglect or mistake, the management techniques have caused the Fitness Loft financial harm, the Council needs to know that. Mr. Harlan emphasized that the letter is inflammatory and asked Mr. Alexander if he was holding the City responsible for his declining business. Mr. Alexander responded that he is upset about the manner in which he has been dealt with; Mr. Harlan felt that that is a different issue. Mr. Alexander indicated that he would have to research what losses they have incurred by not being advertised in Play Magazine. He found out yesterday that he had to be out by January 1 and he should be treated differently.

The Mayor asked about rent payments and notice of the termination of the lease. He added that he is at the Racquet Club only one day a week and has noticed that the business has appeared to increase at the Fitness Loft. Mr. Johnston explained that after the first year of the lease, it was discovered that their business was slower in the summertime and increased in the winter and they were having a hard time paying the lease payments in the summer. It was negotiated to double the rent in the winter and make half rent payments in the summer. After that concession, things improved, but rent payments were still late and it was emphasized that the City could not subsidize a private business. Ms. Johnston stressed that staff never directed them to give services away or run the business at a loss. Their generosity was a business decision, and Council at the time wanted a business to run the fitness center because it didn't want to be accused of competing with the private sector. Mr. Johnston further explained that the drop-in fees are paid at the front desk and when the City receives the rent payment, the Fitness Loft is reimbursed the money collected. This was another amendment to the lease, but even with that stipulation, they are currently four months behind. Finance Manager Tom Bakaly explained that they are $4,000 in arears in rent, and the Racquet Club is holding $2,500 in drop-in fees, resulting in a outstanding net amount of $1,500. Mr. Alexander noted that he did not want to make an issue out of this; and he has been notified yesterday that he has to be out. In response to a question from Mayor Olch, Kathy Kelly clarified that Bob Glaser was notified on September 5 about the lease termination and staff tried to reach him for several weeks after that regarding the U.S. Skiing equipment. Mr. Alexander stated that he feels rejected and taken advantage of, made to feel like a thief, and he has to take his feelings to the City Council. Hugh Daniels stressed that doesn't have an personal opinion about Mr. Alexander and his decision is a business decision for the citizens at large.

Mayor Olch asked him if the purchase of the equipment was the issue. Martin Alexander stated that he felt it was an issue for Bob Glaser, but his issues are different and explained his friendly business approach. In response to a question from Mayor Olch, Ms. Kelly indicated that staff was quite clear in explaining the U.S. Skiing proposal to Mr. Glaser who countered that his membership list was worth the same amount of money owed the City. Staff did not see a value to the membership list as it felt it could rely on its customers. Kathy Kelly stated that she talked to Mr. Glaser yesterday and relayed that Hogan was interested in the equipment and she would call him back on Friday with regard to Council's decision. She clarified that payment of the back-rent would have to be negotiated as would a plan for memberships that have been sold in the future.

The Mayor felt that the communication between the partners has been lacking. In response to a question from Shauna Kerr, Mr. Alexander indicted that Bob Glaser requsted that he attend the meeting. Martin Alexander added that Mr. Glaser has represented his interests for some time.

Non-resident library fee. The Library Director introduced Board Members Mark DelVecchio, David Chaplin, Mark Maziarz and Sally Roberts. Ms. Montgomery explained that this is a request to raise the non-resident fee from \$45 to \$75. Fifty dollars is calculated to offset capital operating costs and \$20 is for the bond issue, all of which are average costs to the taxpayers. Mr. DelVecchio clarified that this decision was not made lightly, although rates have not been increased for ten years. David Chaplin explained that the County has been contacted regarding City concerns, and there is an agreement for a shared non-resident student cards. The Board desired to broaden the County's support but that has not been accomplished. He discussed the organization cards which can be used by the facility of the schools. Ms. Montgomery explained that about 250 family memberships were sold this year. Hugh Daniels supported the increase and encouraged the Board to review fees on a regular basis and not to wait so long for adjustments. Roger Harlan, liaison to the Library Board, pointed out that the delay is partially due to a sensitivity to the staff who receives complaints from non-residents. Paul Sincock added that the non-resident fee only covers checking out books, and non-residents can still use the library facility for research, etc. free of charge. Chuck Klingenstein agreed with Hugh Daniels and felt that a bi-annual review of fees would be appropriate. Paul Sincock suggested an informational card urging non-residents to contact their County Commissioners to participate in the funding of library services. Roger Harlan reported that the Friends of the Library have raised over \$8,000 for the library.

Weber Basin reservation agreement. There was a brief discussion regarding this item dealing mainly with clarification of language.

Prepared by Janet M. Scott

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
NOVEMBER 14, 1996

I ROLL CALL

Mayor Brad Olch called the regular meeting of the City Council to order at approximately 6 p.m. at the Marsac Municipal Building on Thursday, November 14, 1996. Members in attendance were Brad Olch, Hugh Daniels, Roger Harlan, Shauna Kerr, Chuck Klingenstein, and Paul Sincock. Staff present were Toby Ross, City Manager; Kathy Kelly, Recreation Director; Bob Johnston, Leisure Services Director; and Jodi Hoffman, City Attorney.

II PUBLIC INPUT

The Mayor invited the public to comment on any matter not scheduled on the agenda.

Streets in Old Town - See work session notes. Steve Deckert of Alliance Engineering representing seven property owners in the Sandridge Heights Subdivision, read a letter requesting a work session with Council and property owners regarding new street improvements within the Historic District. It is hoped that the meeting would provide a clear understanding of the Council's priorities and policies regarding unusable right-of-way and street abandonments. Mr. Deckert felt it would be beneficial for the Council to become familiar with the implications of major public improvements paid for by private citizens within the Historic District. Mr. Deckert pointed out the distinction between the Planning Commission process and what he is asking the Council to review. He emphasized that they don't want the Council to "tread into Planning Commission waters", but want to discuss the road only. Mr. Deckert understood that this request was discussed during work session, but if the project goes through the full Planning Commission process, their only recourse is to come to Council with an appeal which can be very narrow. He added that if the Council determines that the roadway improvement can be beneficial, the property owners may be willing to modify the plan further to accommodate the wishes of the Planning Commission.

Shauna Kerr responded that if this request was coming from the Planning Commission, it would be more appropriate. Since Council has delegated planning authority to it, without a request from the Planning Commission that it needs guidance from Council with regard to vacations at this stage of the process, she would not support going forward. Mr. Deckert felt that that was possible and would make the request to the Planning Commission. Ms. Kerr also relayed the position of the Planning Commission of not circumventing the process, and Mr. Deckert added that the property owners need some level of comfort that the two stage process is achievable. Paul Sincock felt that it would be beneficial for annexation applicants to get a read from the Council before a proposal is reviewed by the Planning Commission. He supported Shauna Kerr's suggestion. There was discussion about the subdivision process and appeals. Mr. Deckert relayed that the latest staff report is now suggesting that the application only addresses sketch plat, and the Planning Commission will rule denial on the subdivision; the only avenue is to appeal the denial. Jodi Hoffman agreed that the application was not for a subdivision and Paul Sincock stated that projects take too long to process which is unacceptable.

Craig Masters stated that he is a property owner representing approximately eight other owners. He encouraged the Council to hold a work session on these issues, including encroachments and access problems. He is concerned about mixed messages from staff. These are issues that are beyond planning issues. He is not in the process yet but will be and a meeting with

Council would be very beneficial. Roger Harlan felt that all property owners in the Rossi Hill area should be contacted for a meeting. City Engineer Eric DeHaan relayed that there are probably 40 to 50 property owners in Old Town with access problems and urged Council to proceed cautiously. Paul Sincock supported holding a work session. Craig Masters indicated that some properties have complicated issues and issues that only the City Council can render guidance on.

III COMMUNICATIONS FROM COUNCIL AND STAFF

None.

IV WORK SESSION NOTES AND MINUTES OF MEETING OF OCTOBER 24, 1996

Roger Harlan, "I move approval of the Work Session Notes and Minutes of the Meeting of October 24, 1996". Chuck Klingenstein seconded. Motion carried unanimously.

V CONSENT AGENDA

The Mayor recommended that Items 1 and 2 be removed from the Consent Agenda and placed under New Business as Items 3 and 4. Chuck Klingenstein, "I so move". Paul Sincock seconded. Motion carried unanimously.

VI NEW BUSINESS

1. Amendment to Resolution 28-94, Leisure Services Fees, amending Section 4F, Non-resident fees - See staff report and work session notes. Roger Harlan, "I move that we amend Resolution No. 28-94, Leisure Services Fees, amending Section 4F regarding non-resident fees from the current fee structure of $45 annually to $75 annually". Shauna Kerr seconded. Motion carried unanimously. Chuck Klingenstein thanked staff for its work on this. Paul Sincock added that this increase doesn't begin to cover the impacts of the use of the library by County residents and only addresses the checking-out of books, not the resources of the library. This is only a portion of the cost. Shauna Kerr stressed that this is the first increase in ten years. Roger Harlan added that the Library Board has discussed this increase in excess of a year and the decision was not casual.

2. Consideration and approval of a Memorandum of Understanding and Agreement by and among Summit County, Atkinson Service District, Park City Municipal Corporation and Weber Basin Water Conservancy District, pertaining to the reservation of a water supply to be allocated for use within Summit County and Park City, and related matters - Roger Harlan pointed out that the County Commission did not act on this at its meeting this week, and asked if Council action at this time is appropriate. The City Manager explained that before this Memorandum of Understanding is effective, all three parties must approve, and the final party is scheduled to take action on November 27. Shauna Kerr, "I move that we approve this Memorandum of Understanding between Atkinson, Weber Basin Water Conservancy District, Park City Municipal Corporation, and Summit County". Roger Harlan seconded. Motion unanimously carried.

3. Termination of lease at the Racquet Club - Fitness Loft - See work session notes. The Mayor invited additional questions and comments. Shauna Kerr stated that after the discussion in work session, she is satisfied that the staff has dealt with the current tenant in a fair and reasonable

manner, and there has been adequate notice to terminate the lease, "I move that we terminate the lease for the Fitness Loft effective December 31, 1996". Paul Sincock seconded.

Mr. Harlan stated that in a matter of this magnitude, having Mr. Glaser absent is awkward for Mr. Alexander, Council, and staff. Hugh Daniels agreed with Ms. Kerr's comments and Mr. Harlan's concerns about the impacts on the Fitness Loft. However, it is the Council's responsibility to make good decisions for the community, which is the City's business. He continued that the rent is in arrears and believed the Council needs to move forward. The current owners have done some good things for the community, but it is not the City's responsibility to run their business or make it profitable, and supported the motion. The Mayor called for a vote. Motion carried unanimously.

2. Authorization to staff to negotiate the acquisition of fitness equipment from U. S. Skiing - The Mayor pointed out that this relates to Item 3, and this has been discussed in work session. The Mayor requested a motion for approval. Hugh Daniels, "I so move". Chuck Klingenstein seconded.

Roger Harlan asked the status of the agreements with U.S. Skiing. Kathy Kelly, Recreation Coordinator, replied that staff has started working on the documents with them and plan on bringing the contracts back to Council for approval. This action is authorization to proceed. Roger Harlan suggested that the Parks and Recreation Board also review the documents. Martin Alexander, co-owner, reiterated that the Fitness Loft was established four years ago as an alternative to the Prospector Athletic Club which at the time which was perceived as elite, exclusive and unfriendly. He added that he would like to open another fitness center and be involved with the Racquet Club in some capacity, because he "has grown" there in four years. He felt that the primary duty for their fitness center was community service and not gain of business. Mr. Alexander understood that the Council has to make business decisions but hoped that the people who have gained from the fitness center as it is, are not going to suffer from the change. There are about 50 to 100 people who have enjoyed free memberships including athletes and low income people. Mr. Alexander asked staff if it is considering continuing the benefits. He alleged that over the past four years, he has been subjected to mistreatment including numerous false accusations and blackmail. Again, he would like to be involved in the Racquet Club and continue working with the kids; he felt that the issues could be resolved.

Chuck Klingenstein encouraged Mr. Alexander to contact the City Manager as soon as possible as the issues need to be resolved. The Council is making a business decision and he believed that the City has a hardship policy for participation in recreation programs. Mr. Harlan asked Mr. Alexander for clarification on his statement regarding blackmail, and another comment that he would like a continued relationship at the Racquet Club. Mr. Alexander clarified that the association is with patrons at the Racquet Club. Paul Sincock stated that Mr. Alexander has made serious charges and invited him to follow-up with the City Manager. This deserves some attention, and the truth needs to be discovered.

John Gage, owner of Prospector Athletic Club, realized the natural progression of publicly managing a fitness center and the opportunity with the Ski Team. His concern is the expansion of the Racquet Club which competes with private enterprise. He suggested a user fee as opposed to memberships which is in direct competition with the Prospector Athletic Club and other private facilities. The General Manager of Prospector Athletic Club asked how the 38 pieces of equipment will fit in an area now housing 15. Kathy Kelly explained that several pieces are part of one machine so there won't be 38 free standing machines. Bob Johnston continued that the City may not accept all of the equipment and the Ski Team has expressed an interest in having some of the equipment in its offices. Faye Ivory added that the Ski Team will approve the set-up of the equipment in the fitness area. With no further comments or questions, the Mayor requested a vote.

Motion carried unanimously.

VII ADJOURNMENT

With no further business, the meeting of the City Council was adjourned.

MEMORANDUM OF CLOSED SESSION

The City Council met in closed session at approximately 1:40 p.m. Members in attendance were Mayor Brad Olch, Hugh Daniels, Roger Harlan, Shauna Kerr, Chuck Klingenstein, and Paul Sincock. Shauna Kerr, "I move to close the meeting to discuss a personnel matter". Paul Sincock seconded. Motion carried unanimously.

The meeting opened at approximately 3:40 p.m.

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The meeting for which these minutes were prepared was noticed by posting 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
Janet M. Scott, Deputy City Recorder

STATE OF UTAH)
ss.
COUNTY OF SUMMIT)

CERTIFICATE OF CLOSED SESSION
CITY COUNCIL OF PARK CITY, UTAH

As presiding officer of the City Council of Park City, Utah, I hereby certify that the closed session meeting held by the City Council on November 14, 1996, was held pursuant to Section 52-4-5(1)(a)(I) to discuss the character, professional competence, or physical or mental health of an individual.

DATED this 13 day of December, 1996.

Mayor Bradley A. Olch

Subscribed and sworn before me this 13 day of December, 1996.

Janet M. Scott, Notary Public

STATE OF UTAH

PARK CITY
1884

DATE: November 14, 1996
DEPARTMENT: Public Works
AUTHOR: Jerry Gibbs
TITLE: Traffic Calming
TYPE OF ITEM: General

SUMMARY RECOMMENDATIONS: Authorize staff to begin installation of traffic calming strategies on Park Avenue.

DESCRIPTION:

A. Topic. Park City Traffic Calming Study

B. Background. The City Council approved a contract with Leigh, Scott & Cleary, Inc (LSC) in August 96 to explore traffic calming solutions on Park Avenue and a short section of Lucky John between American Saddler and Little Kate Road. Existing traffic conditions and street geometrics were quantified.

The "Lower Park Avenue Urban Design Study" (July 93) identified traffic calming as one of the primary goals. The implementation of traffic calming techniques can create sensitive issue. A successful program will change how Park Avenue is used. The Main Street Merchants have expressed concern that the program will discourage people from coming to Main Street.

C. Analysis. The report evaluated four general areas of traffic calming, positive physical controls; passive controls; driver perceptions/psychology; and increased enforcement. Traffic calming strategies in each area were reviewed to determine the viability to our application. Page 22 of the report outlines advantages and disadvantages of each. LSC outlined four options (pg 21 to 25) to consider.

Staff recommends Option 1 as a first step. This option would require building two median islands approximately 200 feet south of the Deer Valley intersection and removing the banner from its present location. The estimated cost of Option 1 is less than $5,000. Discussion with UDOT would begin immediately to modify the signal timing. Options 2 & 3 would be implemented if the discussions were successful. Staff would monitor the effectiveness of the prrograms. If the program reduces the number of vehicles and gains support from the local residents, the Council may want staff to develop policies for traffic calming applications city wide.

An example of a traffic calming request is the letter from Risner Ridge requesting stop signs at every intersection on American Saddler from Meadows Drive to Ashley Avenue to slow traffic down. In general, traffic studies have shown that stop signs should not be installed as a speed reduction technique. The improper use of stop signs can result in unsafe intersections, higher traffic noise, more pollution and increase in mid-block speeds. A typical policy statement would say "Stop signs will not be considered for speed control."

Before broadly implementing traffic calming techniques, criteria should be developed and adopted.
Salt Lake City developed criteria for use of speed bumps and similar devices. Portland Oregon has a comprehensive traffic calming program with procedures for establishing priorities and criteria for implementing traffic calming techniques.

Gordon Shaw of LSC will present to discuss and answer any questions. Funds for this project are available in the Lower Park Avenue RDA.

D. Departmental Review.

This proposal has been reviewed by the Engineering, Executive, Police, Public Affairs, and Public Works Departments.

ALTERNATIVES:

A. Direct staff to implement traffic calming recommendations on Park Avenue.
This alternative would be the most effective, thorough, and timely means to test traffic calming strategies.

B. Direct staff to implement traffic calming recommendations on Park Avenue and develop general traffic calming policies.

C. Direct staff to implement traffic calming recommendations on Park Avenue next spring. Delaying implementation would allow observation of the techniques during less crowded periods before trying them during the peak season. However, we would not be able to observe winter operation for a full year.

D. Do Nothing.
Selection of this alternative will result in perpetuation of complaints with respect to high volumes of traffic and neighborhood speeding.

SIGNIFICANT IMPACTS:

The Park Avenue traffic calming options can be constructed in a short period of time, reduce the number of vehicle and improve pedestrian crossing. The techniques may deter travel to lower Main Street.

CONSEQUENCES OF NOT TAKING THE RECOMMENDED ACTION:
Complaints from the targeted areas will persist and will not be addressed in the near future.

RECOMMENDATION:
Authorize staff to install traffic calming Options 1, 2 & 3 on Park Avenue and develop traffic calming policies.

PARK CITY WORK SESSION NOTES
SUMMIT COUNTY, UTAH
OCTOBER 24, 1996

Present: Mayor Brad Olch; Council members Hugh Daniels, Roger Harlan, Shauna Kerr, Chuck Klingenstein, and Paul Sincock

Toby Ross, City Manager; Jodi Hoffman, City Attorney; Rick Lewis, Community Development Director; and Eric DeHaan, City Engineer

1. **Council questions and comments.** Mr. Lewis discussed a joint meeting with the City and County planning commissions scheduled the beginning of December. Because of a conflict with neighborhood meetings, the Council could not make the meeting. Ms. Kerr submitted posters made by her junior girl scout troop to encourage people to vote. Mr. Klingenstein appreciated the memo from the Finance Manager on investments and asked the status of the Town Run appeal. Toby Ross explained that it is scheduled for November 7 and the appellants are aware of that date.

Paul Sincock stated that he and Council member Klingenstein attended a meeting with police officers and DEA officials in Salt Lake. The DEA was impressed with the efforts of the Park City Police Department, including cooperating with federal and state agencies. He reported that the problem in Summit County is no greater than any other area in the state and less than some. Mr. Sincock explained that every time someone uses drugs, a demand is created on the system. This is called demand control and demand reduction. Demand reduction can be addressed by education in the schools and a drug-free workplace program, which involves educating employees and employers and a number of mitigation steps. The last of these steps is random drug testing and he understood that both ski areas have been conducting tests. There are incentives from insurance companies for drug-testing in consideration of workman's compensation claims. Mr. Sincock pointed out that a program for businesses must be city-wide or employees would seek employment at businesses not conducting random testing. He added that there the lab cost averages about $40 to $50 per test and it would be probably total $50,000 to $100,000 every couple of months. He suggested talking with the Restaurant Tax Committee about returning some of the money into a fund to assist in program as he felt that this is visitor related. Mr. Sincock suggested that drug-testing be a requirement of a City business license and asked that staff look into the suggestions in his report.

With respect to the Town Run project, Mr. Sincock felt it important to relay to the appellants and the public that a reconsideration is also a new process for the Council in that there is no clear law. He explained that the City Attorney offered to obtain an impartial judgment at the Council's last meeting, although there was some public doubt that even that opinion would be impartial. Because of this sentiment, Mr. Sincock called Ms. Hoffman and suggested that it may be more prudent for her to render her opinion and once reviewed by the Council, to decide if there should be an outside opinion. He felt that this would shorten the process and he also asked her to check with other Council members. Ms. Hoffman did that and there was a general concurrence to not pursue an impartial opinion at the direction of Council. He stated that it is "our" error that the appellants were not contacted and he apologized for that. It was scheduled for closed session today only because there was an implied threat of litigation. After Jo Scott's statement on the radio it was clear that litigation was not intended, and it became evident that a closed session was not appropriate. This matter is scheduled on November 7 and the meeting will be open.

In response to a question from Roger Harlan, the City Manager explained that parking training will occur next week. He explained that the City has contracted parking services, which the City will supervise. Roger Harlan suggested using the site south of the old Recycling Center for snow storage, but it was explained that the area was unavailable.

2. Review of the regular meeting. Eric DeHaan explained that the contract with MK Centennial is for the improvements to the intersection of Kearns, Monitor and Bonanza as the roads are not aligned and there needs to be a turning lane. The Police Department strongly feels that there is a safety issue at hand given the accident history and the gridlock which occurs in the area. He explained that $190,000 is budgeted in the capital improvements budget and that MK Centennial is the consulting engineer finalizing the design for Deer Valley Drive and Bonanza. The two contracts will be merged. He described the required replacement of equipment. Mr. Harlan asked what is wrong with people waiting resulting in a slower pace. Mr. DeHaan responded that if it were just a slower pace, there wouldn't be a problem. The problem is that with the misalignment of the lanes, there is confusion with who has the right-of-way and this becomes a safety issue. Mr. DeHaan explained that the major widening would occur on the cemetery and Circle K side and the curb turn will be redesigned. Mr. Ross added that it is important not to create undue delays at intersections because it encourages people to take alternate routes. In a response to Chuck Klingenstein, Mr. DeHaan explained that the sidewalk will remain in tact but would not be widened. It was the City Engineer's understanding that only one name can be posted on the signal, but he would request that both street names be indicated.

Mr. Harlan understood that the Main Street Merchants Association was receiving a donation from the movie company and suggested that the Association use the money for flower beautification. Mr. Klingenstein expressed his concern about noise on Main Street and the impacts to residents in the area. Mr. Ross didn't anticipate that it would be very noisy and this has been discussed with the production company.

Prepared by Janet M. Scott

PARK CITY COUNCIL MEETING
SUMMIT COUNTY, UTAH
OCTOBER 24, 1996

I ROLL CALL

Mayor Brad Olch called the regular meeting of the City Council to order at approximately 6 p.m. at the Marsac Municipal Building on Thursday, October 24, 1996. Members in attendance were Brad Olch, Hugh Daniels, Roger Harlan, Shauna Kerr, Chuck Klingenstein, and Paul Sincock. Staff present were Toby Ross, City Manager; Eric DeHaan, City Engineer; Meg Ryan, Planner; Mark Harrington, Assistant City Attorney; and Jodi Hoffman, City Attorney.

II PUBLIC INPUT

The Mayor invited the public to comment on any matter of City business not scheduled on the agenda. Hearing none, the public input session was closed.

III COMMUNICATIONS FROM COUNCIL AND STAFF

I-80 road work - Eric DeHaan pointed out that the contractor has not placed the final seal coat which provides friction, and there may be more accidents on that portion of I-80 in inclement weather.

IV WORK SESSION NOTES AND MINUTES OF MEETING OF OCTOBER 10, 1996

The Mayor asked if there are any omission, additions or corrections. Hearing none, he requested a motion to approve. Roger Harlan, "I so move". Paul Sincock seconded. Motion carried unanimously.

V PUBLIC HEARING

An Ordinance approving an amendment to Lot 20 and one half of Lot 19, Block 6 of the Snyders Addition known as 1277 Park Avenue, Park City, Utah - See staff report. Meg Ryan relayed that adjacent property owners have granted their consent. In response to a question from Hugh Daniels regarding the other half of Lot 19, Ms. Ryan explained that the reason there is a public hearing and this two lot amendment and it is not being handled administratively, is because the neighbor owns the other half and doesn't want to go through the process. Mark Harrington clarified that whenever there is remnant property, the administrative process cannot be used. With no additional questions or comments from the Council, the public hearing was closed.

VI CONSENT AGENDA

Chuck Klingenstein, "I move approval of the Consent Agenda, as outlined as Items 1, 2 and 3". Shauna Kerr seconded. Motion carried unanimously. With regard to the street closure, Hugh Daniels asked if Roger Harlan's suggestion during work session about the movie company's donation to the Main Street Merchants Association being allocated to the flower basket project be included in the motion. The City Manager didn't feel it would be necessary and the Mayor's Office will draft a letter.

1. An Ordinance approving an amendment to Lot 20 and one half of Lot 19, Block 6 of the Snyders Addition known as 1277 Park Avenue, Park City, Utah - See public hearing and staff report.

2. Agreement with MK Centennial for design of roadway improvements at the intersection of Bonanza drive and Kearns Boulevard - See staff report.

3. Street closure of Main Street on November 4 and 5, 1996 from 9 p.m. to 3 a.m. - See staff report.

VII ADJOURNMENT

With no further business, the 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 Brad Olch, Hugh Daniels, Roger Harlan, Shauna Kerr, Chuck Klingenstein, and Paul Sincock. Toby Ross, City Manager, and Mark Harrington, Assistant City Attorney were present for the property acquisition discussion. Shauna Kerr, "I move to close the meeting to discuss a personnel issue and property acquisition". Hugh Daniels seconded. Motion carried unanimously.

The meeting opened at approximately 5:15 p.m.

* * * * * * * * * * *

The meeting for which these minutes were prepared was noticed by posting 24 hours in advance and by delivery to the news media two days prior to the meeting.

Prepared by Janet M. Scott

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Janet M. Scott, Deputy City Recorder

STATE OF UTAH)
ss.
COUNTY OF SUMMIT)

CERTIFICATE OF CLOSED SESSION
CITY COUNCIL OF PARK CITY, UTAH

As presiding officer of the City Council of Park City, Utah, I hereby certify that the closed session meeting held by the City Council on October 24, 1996, was held pursuant to Section

52-4-5(1)(a)(I) to discuss the character, professional competence, or physical or mental health of an individual.

DATED this ____ day of ______________, 1996.

____
Mayor Bradley A. Olch

Subscribed and sworn before me this ___ day of _________, 1996.

____
Janet M. Scott, Notary Public

PARK CITY 1884

Staff Report

DATE:	November 11, 1996
DEPARTMENT:	Recreation Services
AUTHOR:	Kathy Kelly, Recreation Services Manager
TITLE:	**Cross-Training Facility**
TYPE OF ITEM:	Request to proceed with negotiations

SUMMARY RECOMMENDATIONS:

Authorize: 1) the termination of the current lease with the "Fitness Loft"; and 2) the Recreation Services Department to enter into negotiations with U.S. Skiing. The Racquet Club would become the Official Training Facility for U.S. Skiing in return for use of fitness equipment.

DESCRIPTION:

A. Topic:

Consideration of the operation by Recreation Services of a cross-training facility in the space that the Fitness Loft now occupies.

B. Background:

Several months ago, U.S. Skiing approached the Racquet Club to discuss the possibility of using the Racquet Club as its official training facility until IHC completes new headquarters for them sometime in 1998-99. The club which had been serving as their training facility has terminated their relationship with U.S. Skiing. U.S. Skiing not only needs a place for its athletes to train, but also wishes to become more connected to the Park City community, and sees the Racquet Club as an avenue to meet these aims.

At about the same time, the United States Olympic Committee announced that they had a variety of fitness equipment available for donation to a "National Governing Board", such as U.S. Skiing. The donation was contingent on an appropriate space for the equipment, and the ability of U.S. Skiing to create an "elite athlete" training facility.

During some exploratory meetings, the USOC approved the Racquet Club's loft as an acceptable space for the equipment, and on November 4th, officially donated the equipment to U.S. Skiing.

The USOC equipment includes about 38 pieces of strength building equipment (please see attached list) worth about $200,000. This equipment has been used for a little over a year by the USOC Training Facility in Colorado Springs. The Racquet Club would supplement this equipment with some cardiovascular pieces such as treadmills and bicycles.

The proposal is for the Racquet Club to house the equipment and offer the public access to it as a cross-training center. This would replace the equipment owned by a lessee. The Racquet Club would run the cross-training center as a part of its facilities and programs. U.S. Skiing would have access to the facility.

Before U.S. Skiing approached us, we had already been considering the operation of a cross-training center. There have been several issues with the current lessee: cash flow has been a problem, and subsequently rental payments have not always been on time; customer service is not always up to Racquet Club standards; and the relationship is confusing to customers who have to pay two fees to use the Fitness Center and the Racquet Club facilities. The current lessee had told us about a year ago that he is interested in terminating the lease, and was hopeful that we would buy his equipment. We are not interested in buying his equipment.

The goal is to create a high level fitness facility with a 2002 Olympic flavor, that the general public and U.S. Skiing affiliates will enjoy and from which they will obtain significant benefits. Following are the key provisions:

1. Provide a cross training center for the public. The Racquet Club would open the center to the public, via passes and drop-in fees. The Racquet Club would offer classes, clinics, cross-training, and drop-in times to the public. Classes would include ski conditioning, lunchtime "executive" workouts, add-ons to aerobics classes, cross-training for tennis players, circuit training classes and more. U.S. Skiing has offered to assist in training staff and designing programs.

2. Provide a new link between the Park City community and U.S. Skiing. The Ski Team is eager to become more integrated into the community. Joint programming and social events would be planned at the Racquet Club. U.S. Skiing would provide training, consulting and educational materials to the Racquet Club. The Racquet Club would host events for the Ski Team and the community, such as evenings of volleyball, basketball, and social get togethers. When the Ski Team runs special clinics for their team members, the trainer might stay on to do a clinic for the community.

3. Provide a training facility for the U.S. Ski Team athletes, coaches, and staff. In return for use of the fitness equipment, the members of the U.S. Ski Team would occasionally (no more than twice a month) require exclusive use of the center and/or the gymnasium. These times would be scheduled with the Racquet Club around other programs. Athletes would be allowed a free membership to the Racquet Club's fitness center, gym, pools and aerobics classes. Coaches and U.S. Skiing staff would pay a nominal yearly fee for access to these same activities.

4. Provide a tie-in with the Winter Sports youth development teams. These young athletes would be provided with an opportunity to use the fitness equipment, and more importantly, mix with the older athletes. Members of these teams would purchase a yearly membership to the Racquet Club (excluding tennis) and would also have some scheduled, supervised team use of the equipment. This use would be scheduled around other programs, and would occur primarily between September and November each year.

C. Analysis:

Although the equipment would be owned by U.S. Skiing, the Racquet Club would have full use of the equipment for cross-training programs. The equipment would be maintained by the Racquet Club, and the center would be staffed by the Racquet Club. We anticipate that when U.S. Skiing moves to its new location they will get new equipment and will not need this equipment. We may have to pay some fee or give some other consideration to keep the equipment. All exclusive use by U.S. Skiing would be scheduled quarterly, in advance, and have minimal impact on the Club.

Financial impact:

The current Fitness Center has approximately 120 members who pay a monthly membership fee. We would expect more customers, but to be conservative, have calculated revenues for the remainder of FY 97 on 80 monthly passes costing an average of $38.00. In addition, we anticipate at least 10 "drop-ins" per day, at $5.00, and additional revenue from classes . This proojection is based upon a history of drop-in experience.

The center would be staffed during all business hours. Staffing would be a combination of certified instructors who would run the clinics and classes; and non-certified, but well trained staff who would oversee the drop-in hours. The average hourly wage would be $10.

FY 97: January 1997 through June 1997

I. Revenue Projections:

Revenue from passes:	$18,240
Revenue from drop-ins:	8,400
Revenue from clinics:	6,000
Total Revenue:	$32,640

II. Expenses:

A. Start-up costs:

Transportation of equipment from Colorado Springs:	$ 1,500
New carpet and paint:	1,000
Treadmill and bicycle (used)	2,000
Total start-up costs:	$ 4,500

B. Operating expenses

Labor:	$27,500
Maintenance contract for equipment	500
Total Expenses:	$28,000

III. Summary for FY 97

Revenue	$32,640
Start up	4,500
Operating expenses	28,000
Net operating income	$ 140

FY 1998

Using the same assumptions, but with a growth in the number of passes sold:

Revenue	$87,900
Expenses	56,000
Net operating income	$31,900

The existing lease agreement currently generates $12,000 per year. While we expect the proposed operation to have a positive cash flow, it probably would not be profitable if new equipment had to be purchased. More accurate projections could be produced before the next budget cycle, after we have three months of actual data.

Part of the net operating income would be used each year to acquire additional equipment as needed. U.S. Skiing has confirmed that the Racquet Club would not be required to replace any of their equipment should it become non-functional.

The USOC has informed us that the equipment is in excellent condition, but staff would check the equipment before the agreement is finalized.

D. Department Review:

This proposal and staff report have been reviewed by the City Manager, the Leisure Services Director, the Assistant City Attorney and the Finance Manager. The proposal was also presented to the Parks, Recreation, and Beautification Advisory Board which recommended approval.

ALTERNATIVES:

A. Approve the Proposal: Authorize: 1) the termination of the current lease with the "Fitness Loft"; and 2) the Recreation Services Department to enter into negotiations with U.S. Skiing. The Racquet Club would become the Official Training Facility for U.S. Skiing in return for use of fitness equipment.

B. Deny the Request: The current lessee has given notification that he wishes to terminate the relationship. Customers have not been pleased with his equipment, and we would not want to buy the equipment and use it to operate a center. If a new lessee is sought, image, customer service standards and a desire to blend programs will be key issues in the selection process.

C. Continue the Item: A timely decision is desirable for all parties. The USOC has the equipment boxed and ready to go. The Ski Teams need a place to work-out. The Racquet Club and the lessee would like to finalize the termination of the lease.

D. Do Nothing: Same as B.

SIGNIFICANT IMPACTS:

The City's start up costs are relatively low and our risks are low since the operation can be taylored to the demand. We expect no increase in insurance costs because of our operation of a cross-training center.

There are two fitness centers in Park City: Prospector Athletic Club and Jayman's. Jayman's is going out business. Since our facility would be focused on a cross-training center, we believe we will be primarily serving our current customers, and those customers of the fitness center here at the Club. Park City would not seek to match the range of training facilities and equipment offered by Prospector Athletic Club.

CONSEQUENCES OF NOT TAKING THE RECOMMENDED ACTION:

This is a unique opportunity to integrate a key component of fitness programs into the Racquet Club. At the same time, it would help create an opportunity to get the community more connected to our world class athletes, as well to the Olympic development teams. If the recommended action is not taken, this opportunity will be lost.

RECOMMENDATION:

Authorize the termination of the current Fitness Center lease and the negotiations between the Recreation Services Department and U.S. Skiing.

PARK CITY
1884

DATE: November 4, 1996
DEPARTMENT: Library
AUTHOR: Pat Montgomery
TITLE: Non-Resident Library Card Fee
TYPE OF ITEM: Legislative

SUMMARY RECOMMENDATIONS: Adopt the recommendation of the Park City Library Board to increase the cost of a non-resident library card from $45.00 to $75.00 per year. This action revises the Library Fees Section, 4-F, of Resolution No. 28-94, which is the master fee schedule for all Leisure Services divisions.

DESCRIPTION:

A. Topic: The fee for purchasing a non-resident library card needs to be increased to more accurately reflect the amount of taxes paid by an average Park City household for the operation and maintenance of the Library.

B. Background: Park City Library is a municipal department funded by the General Fund through property taxes collected from the taxpayers of Park City. Since relocation to the Miners Hospital in 1982, the Library has always charged a non-resident fee for library card check out privileges. The Library Board periodically reviews this fee and revises it to reflect current circumstances. The present rate of $45.00 was established in 1986, ten years ago. Subsequent to the Library's move to the new Education Center and faced with increased patronage from individuals outside of our service area, the Board recognized that the non-resident fee needed to be raised. It was hoped that some degree of interlocal cooperation with the County and the School District could be achieved to help mitigate the effect of an increased fee on County residents. We have been successful, thus far, in establishing a County subsidy program for County students only.

Park City Library Board's recommendation is to proceed at this time to raise the basic non-resident fee to $75.00 per year. This fee is based on the average cost to Park City households for library operations ($55.00) and the average cost per household for debt service for the renovation of the Carl Winters School ($20.00). In addition to this base rate, the Board has developed a number of options to address special needs: Student Card; Organizational Card; and Temporary Card.

C. **Analysis:** There are several reasons why the Library Board is recommending a fee increase: 1) It is fair and equitable to charge a fee to library users who do not pay for this service through their taxes; 2) It is needed to avoid an undue strain on current library resources and services through steadily increasing County patronage; 3) The fee has not been raised in ten years, in spite of a steady increase in the normal cost of doing business as well as the investment in a new facility; 4) The City should not be expected to serve County residents without adequate compensation; 5) New residents moving into the County need to work with County officials to achieve the "urban" services they desire and not be dependent upon the City to provide those services; 6) There have been disappointing efforts to have meaningful discussions with County offcials regarding cooperative library services; and 7) There is a great disparity in jurisdictional support for library service - Summit County is near the bottom in spending per capita for library service and Park City is near the top - which makes it diffcult to negotiate cooperative services.

D. **Department Review:** The fee increase recommendation is the result of several months' deliberation by the Library Board. It has been reviewed by Leisure Services Administration and the City Manager, who support the recommendation.

ALTERNATIVES:

A. **Approve the Request:** Approve the non-resident fee increase as recommended.

B. **Deny the Request:** The non-resident fee would remain at $45.00 per year.

C. **Continue the Item:** Council could suggest a preferred policy direction and/or request additional information.

D. **Do Nothing:** Same as alternative B.

SIGNIFICANT IMPACTS:

- Preserves the investment of Park City taxpayers.
- May result in some reduced patronage and some loss of revenue. However, non-resident fees are a very small portion of the Library budget and there is no shortage of City residents.
- More materials may be available for check out to resident card holders.
- The fee increase will be controversial as there is some public perception that libraries are "free".
- Library staff will experience considerable stress when faced with angry County residents.
- Maybe the Snyderville Basin will have its own library sooner rather than later.

CONSEQUENCES OF NOT TAKING THE RECOMMENDED ACTION: Non-residents will continue to be able to purchase a library card at a rate heavily subsidized by City taxpayers.

RECOMMENDATION: Approve the revised Library fee schedule for non-resident library cards. The fee increase would be effective January, 1997.

This documents contains only the pertinent pages of the lengthy Leisure Services Resolution relating to the proposed amendment. Excerpts include the recitals, library fees, and the effective date.

Resolution No. _____

RESOLUTION ESTABLISHING A REVISED FEE SCHEDULE FOR LIBRARY FEES, AMENDING SECTION 4F., AND REPEALING AND REPLACING, RESOLUTION NO. 5-96, LEISURE SERVICES FEES, IN ITS ENTIRETY

WHEREAS, it is necessary for the City Council to amend fee resolutions from time to time, to reflect current policies and philosophies regarding the increased costs of performing services and providing programs and other public benefits; and

WHEREAS, the City Council recognizes that non-resident library fees and organization rates have not been revised since 1986; and

WHEREAS, the Library Board thoroughly reviewed the average cost assessed a typical Park City taxpayer for library operations, including the cost for debt service on the renovation of the Library and Education Center building, and has determined the cost to be $75 per household; and

WHEREAS, there are increasing demands for library services from County residents and the City Council has determined that it is in the best interest of the public to charge equitable rates to users through Park City property taxes or non-resident library fees;

NOW, THEREFORE, BE IT RESOLVED by the City Council of Park City, Utah, as follows:

SECTION 1. PURPOSE AND PHILOSOPHY. Leisure Services Administration, the Park Department and the Library are divisions of Leisure Services supported primarily by tax dollars through the City's General Fund. The Recreation Department, Racquet Club and Golf Course have been established as enterprise funds and should be primarily supported by revenues other than taxes. This policy applies to Recreation/Racquet Club and Golf Course Enterprise funds.

The purpose of this resolution is to establish a level of operations and maintenance cost recovery for programs, activities and facilities, and direction for establishing fees and charges for the use of and/or participation in the programs, activities and facilities offered by the Recreation Department, Racquet Club and Golf Course.

It is the intent of the City to offer its Leisure Services programs, activities and facilities to the entire community. To help offset the cost of providing these services, and since the primary beneficiaries of these services are users, it is appropriate to charge fees that are adequate to fund operation of the facility in line with other like programs.

18 Holes	
High Season	$ 29.00
Off Season	22.50
Resident Discount Rate (anytime)	17.00
9 Holes	
High Season	$ 14.50
Off Season	11.25
Resident Discount Rate (anytime)	8.50
Punch Pass	
10- 18 hole rounds	$225.00
Senior	215.00
Season Passes:	
Local	$ 504.00
Resident Junior	250.00
Resident Senior	250.00
Power Cart Fees:	
18 Holes	$ 22.50
9 Holes	13.50
Range Season Pass	$ 140.00

F. **Library Fees**:

~~The Park City Library Board routinely reviews fee options and recommends changes. Library services are free for residents and property owners. Persons staying in town for three months or less, may apply for a temporary card by rendering a $10 refundable deposit.~~

~~Year-round non-resident~~	~~$ 45.00 per family/per year~~
~~Temporary non-resident~~	~~$ 12.00 per individual plus $10 refundable deposit for three month card~~

The Park City Library Board routinely reviews non-resident fee options and recommends changes. Library services, which are funded by the General Fund, are provided without charge to property owners, residents, and renters within the City's boundaries. Non-resident card fees are charged to those who request borrowing privileges but live outside the City's taxing area.

Non-Resident Card Fees

Family membership	$ 75.00 per year
Temporary membership	20.00 plus $10.00 deposit for a period of 90 days

Student card (Grades 6 - 12)	25.00 per year ($15.00 from student and $10.00 from Summit County)
Student card - College enrolled	25.00 per year
Organization card - non-profit	50.00 per year
Organization card - for-profit	100.00 per year

G. **Cemetery Fees**:

Anyone owning property, currently residing, or having resided in Park City for a period of more than ten years consecutively, is eligible to purchase cemetery property or may be buried in the Park City Cemetery. There are a limited number of lots available for individuals not meeting the eligibility requirements set forth in Resolution No. 11-93. These will be sold on a first-come, first-served basis.

	Eligible Resident Fees	Non-Resident Fees
Single adult grave	$300	$600
Single infant grave	150	300
Opening and closing adult grave	270	370
Opening and closing infant grave	150	225
Removal of adult from one grave to another within cemetery	600	600
Removal of infant from one grave to another within cemetery	400	400
Removal of adult for interment outside cemetery	300	300
Removal of infant for interment outside cemetery	150	150
Schil for flower beds/grave	N/A	N/A
Additional charge for after hour burials including Saturdays, holidays, weekends	200	300
Interment of cremated remains	70	140
Monument grave marker maintenance	100	100

Cemetery Fee Waivers. Any or all of the fees associated with the operation of the Park City Cemetery may be waived by the Cemetery Sexton. Grave sites, located in the "veterans section" for Park City veterans, firemen and police officers will be provided free of charge, as well as fees for cemetery services. Family members wishing to be buried in this section of the cemetery will be charged for lots and services.

50 - 100	75	150	150
100 - 150	150	300	300
150 - 250	250	500	500
More than 250	500	1,000	1,000

Notes:

1. Advance reservations and standard lease agreement required, tenants included.
2. Events without admission or fee or non-profit groups are eligible for 50% rate reduction.
3. Tenants of the Park City Library and Education Center are eligible or a 50% rate reduction.
4. Multi-day events (more than three days) are eligible for a 20% rate reduction.
5. Special parking arrangements may be required for events for more than 250 participants and guests.
6. All rates are subject to change without notice.
7. All fees are to be paid in advance.
8. Only one rate reduction may apply to any group or user (the largest allowable reduction will apply).
9. City reserves the right to change fees, especially in the case of commercial enterprises.
10. These rates apply to Auditorium rental only, rental rates for film equipment are calculated separately.

SECTION 5. REPEALER. This Resolution setting forth fees, replaces and repeals any previous resolution with regard to Leisure Services or Recreation Fees, inconsistent herewith.

SECTION 6. EFFECTIVE DATE. This Resolution becomes effective January 1, 1997.

PASSED AND ADOPTED this 14th day of November, 1996.

PARK CITY MUNICIPAL CORPORATION

____

Mayor Bradley A. Olch

PARK CITY
1884

DATE: November 14, 1996
DEPARTMENT: Public Works, Executive Branch
AUTHOR: Jerry W. Gibbs
Toby Ross
Jodi Hoffman
TITLE: Weber Basin Water Reservation Agreement
TYPE OF ITEM: Legislative-Water Reservation Agreement

SUMMARY RECOMMENDATIONS: Authorize the Mayor to sign a Memorandum of Understanding (MOU) with Atkinson Special Service District and Weber Basin Water Conservancy District (WBWCD) to reserve water in WBWCD's Weber River sources.

DESCRIPTION:

A. Topic: WBWCD and Atkinson MOU

B. Background:

Park City completed a "Water Supply vs. Demand Study" (the report) in 1994. The report identified our average peak day summer water supply requirement (PDWSR) at 1.8 times the State approved PDWSR. The current trend is to build single family homes with extensive landscaping. At ultimate build out the PDWSR is anticipated to be 2 times the State approved PDWSR.

Park City has purchased or leased about 11,000 acre feet (AF) of water as of 3-7-96 . This quantity of rights approximately equals what would be required to meet Park City's long-term demand. However, water rights often have maximum flow rates assigned. During extended dry periods, these flow rates can be reduced proportionately to the flow available depending on the priority of other rights in the source.. Because Park City has limited storage, our need for additional water is basically an issue of peak demand rather than total supply.

WBWCD owns water rights and provides irrigation and municipal water throughout the Weber River drainage. They also built and control the Smith-Moorehouse reservoir. On June 12, 1985, Park City entered an agreement to purchase (lease perpetually) from WBWCD not less than 1000 acre-feet of water and not more than 5000 acre-feet water by June 1989. WBWCD developed ten alternate plans for delivering the water from the Smith-Moorehouse reservoir. The estimated construction costs at that time varied from a $1.5 million to $2.5 million for a pipeline and pumps. The cost did not include a water treatment plant ($5 million). The construction costs were to be paid by the water users in addition to the annual lease rate of $132 per acre-foot of water.

WBWCD applied to the State Engineer for a well field near Peoa and received a surprising number of protests. The period between 1985 and 1989 was financially difficult years for Park City. New building permits were down, connection and development fees were at an all time low and 1985 was the beginning of the 5 year drought. Park City determined that a new well located East of the Park Meadows well could produce a large volume of good quality water at a lower cost per acre-foot. City Manager Arlene Loble with the support of the Council determined Park City could not afford the cost of Smith-Moorehouse water. In 1987-88, the WBWCD Board agreed to let Park City out of its obligation. Staff has had periodic conversations with WBWCD staff since 1989 about Smith-Moorehouse water. However, until recently WBWCD never expressed willingness to build a water transportation project to make water available to Park City.

Early this year, staff became aware of renewed interest in developing a pipeline and water treatment project to deliver water from the Smith-Moorehouse reservoir to the Snyderville Basin. The Council met on 2-8-96 and 2-22-96 to discuss the plans by WBWCD and Summit County to bring 5000-8000 acre feet of water into the Snyderville Basin. The Council then met with the Summit County Commissioners on March 11 expressing interest in the project and requesting full participation in negotiations with WBWCD.

On August 1 the City Council met with Ivan Flint and County Commissioner Tom Flinders requesting that Park City be directly involved and named in any future agreements. The attached MOU is the culmination of many months of work between Jodi Williams, attorney for WBWCD; Steve Clyde, attorney for Summit County; and Jodi and Toby for Park City.

C. Analysis:

The MOU provides the framework for a future interlocal agreements between Atkinson, WBWCD and Park City with respect to delivering WBWCD water to the Basin. The MOU provides for a $10 per acre foot per year reservation fee (increases at $5 per year) for every acre foot of water reserved. The project is divided into two phases. Phase one proposes two deep wells (1600 ac-ft) on Johnson International property and Phase two delivers treated water from Smith Moorehouse Reservoir (5000 ac-ft) to the Basin. Park City has requested 2500 ac-ft or 36.8% of the total. If the wells do not produce the anticipate amounts, Park City's share would be reduced proportionately.

Multiple treatment plant sites and transmission pipeline alignments have been discussed. A technical feasibility of the different options will be conducted by WBWCD. Upon completion of the study, the preliminary design and easement acquisition will begin on the best alternative. The project is anticipated to cost $16 million resulting in a cost of $500 per acre foot annually.

Advantages-

- Park City would be able to meet its long term water needs from a single source.
- Connecting into the Quarry Mountain and #15 tanks would eliminate the need to construct a million gallon reservoir to improve pressures and provide adequate fire flows saving about $750,000.
- The water would be of very high quality and low hardness.
- The system would be capable of increasing peak flows and would in effect add a large reservoir to our system.
- The costs are low during the seven year reservation period; we should be able to affect the timing of the project.
- WBWCD would finance, design, build and operate the water facilities.
- Park City would have the right but not the obligation to take any water not reserved or contracted for by Atkinson.
- The reservation agreement would prevent WBWCD from selling this water on the Wasatch Front or directly to land developers.

City and county tax payer have been paying a 1 mil tax levy (currently about $410,000 per year) to WBWCD since 1985. The city currently leases 330 AF of water for use in the Park Meadows and Treasure Mountain wells. This project provides the best opportunity to gain value from our inclusion in the WBWCD and enhance Park City's water future.

Disadvantages-

- Park City would have to pay for large quantities of water when the project is complete. water in large quantities be able to meet its long term water needs from a single source.
- Park City influence but cannot guarantee which alignment may be chosen.
- The water would be expensive though not necessarily compared to other alternatives for future sources.
- WBWCD ultimately controls what, when and how the system would be built, how it would be financed.
- Summit County, through the Atkinson district would be actively involved in the design, marketing and financing of the project and Atkinson currently has no sources of revenue to meet its obligation.
- Water from Phase II of the project may be many years off.
- Other groups may challenge WBWCD's right to complete this project.

D. Department Review: This has been discussed and reviewed by the City Manager, City Attorney and Public Works Director.

ALTERNATIVES:

A. Approve the MOU. Authorize the Mayor to sign the Memorandum of Understanding and Agreement which reserves up to 6600 AF of water and provides the framework for an Interlocal Agreement between Park City, Atkinson Special Improvement District and WBWCD to bring water from Smith Moorehouse to the Snyderville Basin.

B. <u>**Seek to change the MOU**</u>. Request Staff to continue negotiating in an attempt to get a better agreement. Staff believes that the MOU is about as good for Park City as the other parties will allow. We hope to clarify some issues and improve some terms in the interlocal agreement the would follow the MOU.

C. <u>**Continue the Item**</u>. The County is expected to approve this agreement on Tuesday and WBWCD by the end of the month.

D. <u>**Do Nothing**</u>. Failure to act in a reasonably short period could jeopardize the MOU.

<u>**SIGNIFICANT IMPACTS**</u>. This would be the first of several steps to secure a large water source for Park City's future. A single source solution should be the most economical solution over the long term. It is expected to cost at least $1.3 to $1.6 million per year for about 30 years. This probably will be our only opportunity under the current WBWCD administration to get treated water from WBWCD delivered to Park City.

<u>**CONSEQUENCES OF NOT TAKING THE RECOMMENDED ACTION**</u>: The current WBWCD administration will probably not work with Park City on other water strategies if Park City does not participate in this opportunity. Without cooperation from WBWCD many of our other water alternatives become very difficult and in many cases very expensive.

<u>**RECOMMENDATION**</u>: Authorize the Mayor to sign the Memorandum of Understanding and Agreement between Atkinson Special Service District and WBWCD to reserve water and to make available WBWCD's Weber River sources. Authorize staff to begin negotiating an interlocal agreement governing the development and operation of the project.

KRUSE, LANDA & MAYCOCK, L.L.C.

EIGHTH FLOOR, BANK ONE TOWER
50 WEST BROADWAY (300 SOUTH)
SALT LAKE CITY, UTAH 84101-2034

JODY L. WILLIAMS

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November 8, 1996

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Park City Municipal Corporation
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VIA FACSIMILE TRANSMISSION: 1-801-645-5078

D. Brent Rose
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201 South Main, Suite 1000
Salt Lake City, Utah 84111-2208

VIA FACSIMILE TRANSMISSION: 521-6280

Dear Jodi, Brent and Steve:

Weber Basin Water Conservancy District's Board of Directors met today at an orientation meeting in preparation for their regularly scheduled board meeting on November 27, 1996 to discuss the MOU prepared jointly by our working group . While unable to take official action to approve the MOU prior to November 27th, all members of the board in attendance expressed their full support for the principles incorporated in the MOU and for the Summit County Water Project in general. The board asked me to express its support to you. The board did ask that the interlocal agreements more clearly spell out the cost categories for the Phase II rate described in Section 3 (B) (2) of the MOU. It was their understanding that the rate would reflect the costs described in the district's February, 1996 "blue book" presentation on the project. Also, the board wanted to make clear that final approval of all parties' participation in the project was subject to execution of the interlocal agreements.

Very truly yours,

Jody L. Williams

Jody L. Williams

JLW:ja

cc: Ivan Flint
Douglas Taggart

November 8, 1996

WEBER BASIN WATER CONSERVANCY DISTRICT
ATKINSON SPECIAL SERVICE DISTRICT
SUMMIT COUNTY, AND PARK CITY MUNICIPAL CORPORATION

MEMORANDUM OF UNDERSTANDING AND AGREEMENT

THIS MEMORANDUM OF UNDERSTANDING AND AGREEMENT ("Agreement") is made and entered into as of this ______ day of ______________, 1996, by and among Weber Basin Water Conservancy District ("Weber Basin"), the Atkinson Special Service District ("Atkinson"), Summit County (the "County"), and PARK CITY MUNICIPAL CORPORATION ("Park City").

For more than a year, Weber Basin, Atkinson, the County and Park City have discussed the possibility of Weber Basin constructing a project to deliver water, made available from Weber Basin's Weber River sources, to Park City, the Snyderville Basin, and other areas of Summit County. The purpose of this Agreement is to set forth the present understanding and agreement of the parties with respect to this matter, which shall provide the framework for a formal interlocal agreement to be executed by and among the parties (the "Interlocal Agreement"). Wherefore, the parties understand and agree, as follows:

SECTION 1. RESERVATION OF WEBER BASIN WATER SUPPLY.

(A) Reservation of Water. Weber Basin will enact a resolution of its Board of Directors reserving for Atkinson and Park City up to 6,600 acre-feet of water to be made available by Weber Basin from its sources of supply, including (i) 5,000 acre-feet of water available to Weber Basin in Smith Morehouse Reservoir and other sources, and (ii) if legally available, 1,600 acre-feet of underground water to be developed from wells under Weber Basin's appropriated rights (hereinafter collectively referred to as "Summit County Project Water"), to be reserved for use in Summit County as follows:

(1) 4,100 acre-feet of Summit County Project Water is reserved hereunder for distribution by Atkinson within Summit County to supplement existing water supplies for present and future, planned and permitted development within the County, including primarily the Snyderville Basin area; and 2,500 acre-feet of Summit County Project Water is reserved hereunder for distribution by Park City within its service area to supplement its existing water supply.

(2) Summit County Project Water will be held in reserve for Atkinson and Park City for a period of 7 years. If at the end of the 7 year period either party, Atkinson or ParkCity, shall fail to contract for all of the Summit County Project Water reserved for it hereunder, the

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other party shall, for a period of sixty days, have the first right of refusal to contract for all or portion of the balance of the Summit County Project Water not contracted for by the other party. Any Summit County Project Water that is not contracted for at the end of said sixty day period shall revert back to Weber Basin for its use elsewhere in the Weber Basin system; provided, however, that in the event Weber Basin distributes any such water that is made available through the Phase I or Phase II Systems, the revenue therefrom shall be applied to repayment of Summit County Project Water capital costs.

(B) Reservation Fee. An annual fee shall be charged by Weber Basin for Summit County Project Water held in reserve by it pursuant to this Agreement (the "Reservation Fee"). The Reservation Fee shall be due and payable, in advance, on or before January 1 of each year the water is held in reserve, as an express condition to Weber Basin reserving the water. The Reservation Fee shall be paid and utilized in conformance with the following:

(1) The County, pursuant to its statutory authority to purchase or lease water rights or rights in reservoirs for the use of the County and its citizens as set forth in §17-5-237, Utah Code Ann. 1953, as amended, shall either:

(a) pay the Reservation Fee, on behalf of Atkinson and Park City, for the full 6,600 acre-feet of reserved water hereunder; or,

(b) at its discretion, after notice to the parties, it may loan to Atkinson sufficient operating capital, pursuant to a separate agreement to be entered into between the County and Atkinson, to enable Atkinson to pay the reservation fee for the 4,100 acre feet allocated to and reserved for Atkinson. Atkinson shall repay this loan from rates and fees its receives from those of its customers who enter into contracts with Atkinson for use of this project water. Park City shall pay the Reservation Fee for the 2,500 acre-feet of water allocated to and reserved for it hereunder.

(2) The amount of the Reservation Fee to be paid for the first year, commencing January 1, 1997, shall be $10.00 per acre-foot for the full 4,100 acre-feet reserved hereunder for Atkinson, and $10.00 per acre-foot for the full 2,500 acre-feet reserved hereunder for Park City.

(3) The amount of the Reservation Fee shall increase each year thereafter by an additional $5.00 per acre-foot each year, based on the amount of Summit County Project Water then being held in reserve for Atkinson and Park City as of January 1 of each year.

(4) Reservation fees paid to Weber Basin hereunder shall be dedicated by Weber Basin for design, engineering, construction and other uses related to the Phase I and Phase II Systems defined in Sections 5 and 6 herein. In the event neither the Phase I System nor the Phase II System comes to fruition, then the amount of any Reservation Fee then on account with Weber Basin may be utilized by Weber Basin for other purposes. In no event shall Weber Basin rebate

any portion of the Reservation Fee to Atkinson, Summit County or Park City, unless Weber Basin is unable or unwilling to proceed, in which event any Reservation Fees in excess of Weber Basin's expenditures as provided for in Sections 6 shall be rebated proportionately to the parties.

(C) Default in Payment of the Reservation Fee. In the event the County, Atkinson, or Park City shall fail to pay the Reservation Fee when due as provided in Section 1 (B) above, Weber Basin shall send written notice of default to the defaulting party.

(1) The defaulting party shall have sixty days in which to cure the default by making payment to Weber Basin.

(2) In the event the defaulting party shall fail to timely cure the default, then the non-defaulting party shall have a period of thirty (30) days to exercise a first right of refusal to reserve for itself, and thereafter pay the Reservation Fee on, all or portion of the balance of the Summit County Project Water which is then still in reserve for the defaulting party. Any water that is not reserved by the non-defaulting party as provided herein shall revert back to Weber Basin for its use elsewhere in the Weber Basin system.

SECTION 2. ALLOCATION OF THE WATER SUPPLY.

(A) Atkinson's portion of Summit County Project Water shall be allocated by Atkinson for use within the service area of Atkinson, and among cities, towns, special water districts, water companies and other existing and potential customer entities within the County, according to an allocation schedule to be developed by the County and Atkinson.

(1) The schedule to be developed by the County and Atkinson will allocate the available Summit County Project Water supply among those customer entities within the County which are reasonably able to economically take delivery of water through the Phase I and Phase II Systems, as defined herein, or extensions thereof, according to their respective immediate and anticipated long-range demands for water, weighed against the timing of the availability of the water supply.

(2) Cities, towns, special water districts, water companies and other existing and potential customer entities within the County which are reasonably determined to be unable to economically take delivery of Summit County Project Water through the Phase I and Phase II Systems shall be able to contract directly with Weber Basin for municipal water according to Weber Basin's existing policies. However, if such city, town, special water district, water company or other existing and potential customer can economically be served with Summit County Project Water by contract through Atkinson, they should be so served.

(B) Park City's portion of Summit County Project Water shall be allocated by Park City for use within its service area.

(C) The County, Atkinson and Park City further agree to commence the planning and water allocation process within three months of the execution of this Agreement and to expedite it to the extent possible consistent with their obligations of public involvement. The County, Atkinson and Park City agree that in good faith and consistent with their respective planning and development regulations, they shall each seek customers for their respective allocations of Summit County Project Water so as to reasonably expedite the acquisition and construction of the Phase II System as defined in Section 6 herein.

SECTION 3. WEBER BASIN WATER SALES CONTRACTS.

(A) Weber Basin Water Sales Contracts. Summit County Project Water will be taken out of reserve and contractually committed for use pursuant to separate water sales contracts entered into between Weber Basin and Atkinson for the water allocated herein to Atkinson, and between Weber Basin and Park City for the water allocated herein to Park City.

(1) Contracts for water shall be in increments of at least 100 acre-feet, and be initiated pursuant to written application by Atkinson and Park City.

(2) The amount of Summit County Project Water held in reserve for Atkinson and Park City will be correspondingly reduced as Atkinson and Park City take down water by contract.

(3) Atkinson and Park City shall have a period of seven years to enter into firm contracts for all of the Summit County Project Water held in reserve for each of them by Weber Basin.

(B) Weber Basin Contract Rates. Weber Basin shall charge Atkinson and Park City for water under water sales contract as follows:

(1) Pending completion of the Phase II System as defined in Section 6 below, Atkinson and Park City shall pay for all Summit County Project Water contracted for at Weber Basins' then existing standard municipal contract rate per acre-foot (which currently is $132 per acre-foot) for water which includes standard operation and maintenance charges, in conformance with the provisions of Weber Basin's standard water sales contracts (the "Phase I Rate"). Payment of this contract charge shall commence as of the date of execution of the contract therefore by Atkinson and Park City.

(2) Upon completion of the Phase II System, the Phase I Rate shall thereupon be adjusted, and Atkinson and Park City shall thereafter pay for all Summit County Project Water contracted for (including all prior Phase I contracts) at such rate to be established by Weber Basin as shall be necessary to cover the debt service on the water revenue bonds issued to finance the cost of construction of the Phase II System (the "Phase II Rate"), and a proportionate share of

Weber Basin's annual operation, maintenance and replacement ("OM&R") cost for the for the Weber Basin System, which includes the Phase II System OM&R, in conformance with the following:

(a) In conformance with the provisions of Section 6(B)(2)(b), the full Phase II Rate shall be charged against that quantity of Summit County Project Water necessary to amortize the cost of constructing the Phase II System. As Atkinson and Park City contract for Summit County Project Water over and above that amount necessary to provide for amortization of the cost of constructing the Phase II System, the Phase II Rate shall thereafter be incrementally reduced so as only to maintain a rate sufficient to generate the revenues necessary to cover Weber Basin's debt service for the Phase II System and related OM&R costs.

(b) At such time as the debt to finance the construction of the Phase II System has been retired in full, the bond repayment component of the Phase II rate shall be eliminated.

(C) Security for Park City Contract Obligation. Park City shall secure its obligation to purchase Summit County Project Water provided for herein by pledge of water revenues and indenture subordinate to and consistent with its Park City Water Revenue Bonds Series 1994 and its Second Subordinated Water Revenue Refunding Bonds, Series 1992.

(D) Security for Atkinson Contract Obligation. Atkinson shall secure its obligations to purchase Summit County Project Water provided for herein by pledge of water revenues subject to existing water revenue bond obligations.

SECTION 4. ATKINSON CUSTOMER CONTRACTS.

(A) Atkinson Water Sales Contracts and Contract Charges. Atkinson will make Summit County Project Water available for use by its retail customers and, on a wholesale basis, to other municipalities, special districts and water companies providing retail service, pursuant to water sales contracts entered into between Atkinson and said municipalities, special districts and water companies.

(B) Atkinson Contract Rates. Atkinson shall charge those municipalities, special districts or water companies which contract for Summit County Project Water from Atkinson at such rate or rates, established from time to time by Atkinson, as shall be necessary to generate funds sufficient to satisfy Atkinson's contract payment obligations to Weber Basin under the Phase I Rate and Phase II Rates, together with all of Atkinson's other administrative, contract, operation, maintenance and replacement costs, expenses and reserve accounts (the "Atkinson Rate").

(C) Collection and Contract Audit. The rules and regulations of Atkinson and all

Atkinson water sales contracts shall provide that all contract fees and charges for Summit County Project Water shall, if not paid when due, be certified to the treasurer and assessor of Summit County, or other adequate security shall be required. Where applicable, the provisions of §17A-2-1321, U.C.A. 1953, as amended, shall be applied, so that delinquent fees and charges, together with penalties and applicable interest, shall, immediately upon this certification, become a lien on the delinquent premises on a parity with and collected at the same time and in the same manner as general county taxes that are a lien on the premises. Weber Basin shall have the right to inspect all Atkinson water sales contracts for use of Summit County Project Water to confirm compliance with the provisions of this paragraph.

SECTION 5. PHASE I SYSTEM AND WATER SUPPLY.

(A) Phase I Water Supply.

(1) Water Supply. The Phase I water supply will consist of up to 1,600 acre-feet of underground water authorized for diversion and use under Weber Basin appropriated water rights.

(2) Water Supply Development. The water supply for Phase I will be that water which is able to be developed and made available from underground wells to be constructed by Atkinson as provided in Section 5(B)(1) below.

(B) Phase I System.

(1) Acquisition and Construction. The system for delivery of Phase I water by Weber Basin shall consist of wells, pipelines and related facilities and equipment (the "Phase I System") to be acquired and constructed by one or more of the initial contract purchasers through Atkinson ("Initial Contract Purchasers") pursuant to contracts providing for such construction by Atkinson and such Initial Contract Purchasers. The Phase I System shall be constructed in conjunction with the development of property by the Initial Contract Purchasers and be extended so as to provide water transmission facilities to the property being developed by the Initial Contract Purchasers and as a back-up supply to Atkinson. The Phase I System shall be designed and constructed in conformance with Weber Basin plans and specifications in contemplation of its acquisition by Weber Basin and its physical connection with the Phase II System as provided in Section 6 below.

(2) Financing. Construction of the Phase I System may be donated by the Initial Contract Purchasers in conjunction with their development, or it may be financed under authority of the Special Assessment Act, §17A-3-301 *et seq.*, Utah Code Ann., as amended through the creation of one or more special assessment districts to be established by Atkinson to encompass the Initial Contract Purchasers' property, or by such other means as shall be agreeable to Atkinson and the Initial Contract Purchasers.

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(3) Title. Title to the Phase I System shall be and remain vested in Atkinson subject to the following:

(a) Weber Basin shall, without obligation to do so, have the first right to acquire the Phase I System from Atkinson, irrespective of whether the Phase II System is constructed, upon 60 days notice to Atkinson after completion of the Phase I System.

(b) Notwithstanding the provisions of Section 5(B)(3)(a) above, Weber Basin shall be obligated to acquire the Phase I System from Atkinson in connection with the acquisition and construction of the Phase II System, as provided for in Section 6(B)(1) below.

(c) Upon acquisition of the Phase I System by Weber Basin, the Phase I System shall become a part of the Phase II System.

(4) Operation of the Phase I System. Atkinson shall operate, maintain, repair, and manage the Phase I system upon its completion. However, if, at any time prior to the completion of the Phase II System, Atkinson concludes that it does not wish to operate the Phase I system, it shall first offer Weber Basin the right and opportunity to do so. In the event Weber Basin shall decline to operate and maintain the Phase I system, Atkinson may contract with other water service entities to do so.

(C) Reductions in Reserved Water. Although the Phase 1 System will be acquired and constructed solely by Atkinson as provided in Section 5(B) herein, the parties anticipate that the Phase I water will, nevertheless, make up an integral part of the Summit County Project Water supply for both Atkinson and Park City. Accordingly, in the event Weber Basin and Atkinson determine that the Phase I System will be unable to produce 1,600 acre-feet of water as contemplated herein, or if such water is not legally available, then it is agreed that there shall be a pro-rata reduction in the total quantity of water to be reserved by Weber Basin for Atkinson and Park City pursuant to Section 1(A) herein. In the event of such a reduction, the total annual Reservation Fee will be reduced for both Atkinson and Park City to correspond to the adjusted reservation amount. For example, if the wells produce only 600 acre-feet, rather than 1,600 acre-feet, then Park City's allocation would be reduced by 380 acre-feet and Atkinson's allocation would be reduced by 620 acre-feet.

SECTION 6. PHASE II SYSTEM AND WATER SUPPLY.

(A) Phase II Water Supply.

(1) Water Supply. The Phase II water supply will consist of approximately 5,000 acre-feet of water which is available to Weber Basin in Smith Morehouse Reservoir and such other water as Weber Basin may, in its sole discretion, make available for use in Summit County from other Weber Basin sources of supply.

(2) Water Supply Development. The water supply for Phase II will be that water which is developed and made available through the construction and operation of a water treatment plant and/or additional wells and related pipelines and facilities to be constructed by Weber Basin as provided in Section 6(B)(1) below.

(B) Phase II System.

(1) Acquisition and Construction. The Phase II System shall consist of a water treatment plant and/or additional wells together with such pipelines as shall be necessary to connect the treatment plant and/or wells to the Phase I System and to extend service to the service areas of Atkinson and Park City, and all related facilities and equipment (the "Phase II System"). In addition, as part of the cost of the Phase II System, Weber Basin shall pay to Atkinson the full amount of principal and interest required to be paid by Atkinson to finance the construction of the Phase I System, if any.

(2) Timing of Construction of Phase II System . It is acknowledged that it will take 2-3 years to design and construct the Phase II System. Therefore, in an effort to balance the need and desire for Atkinson and Park City to be able to physically deliver water through the Phase II System to satisfy their anticipated demand on the one hand, and Weber Basin's need and desire to have firm contractual commitments in place to secure its financing of the Phase II System prior to construction on the other hand, Weber Basin's obligation to build the Phase II System shall be subject to the following:

(a) Upon execution of the Interlocal Agreement, Weber Basin shall commence a technical feasibility study of different options to supply Phase II water in order to select the most economical and feasible option. After choosing the most economical and feasible option, Weber Basin shall commence preliminary design and acquisition of easements, followed by final design and construction of the Phase II System.

(b) Weber Basin shall commence construction of the Phase II System at such time, after completion of the design, plans and specifications, as Atkinson and Park City shall have contracted for such quantity of water based on the Phase II Rate as shall be necessary, in the opinion of Weber Basin and its financial advisor, to finance the construction of the Phase II System at a reasonable rate of interest over a reasonable term of years.

(3) Financing. Financing for the Phase II System shall be accomplished through the issuance of water revenue bonds or other financing vehicle determined by Weber Basin and its financial advisor to be the most economical and advantageous to Weber Basin and the customers of the Phase II System.

(4) Title. Title to the Phase II System shall be vested solely in Weber Basin.

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(5) Operation of the Phase II System. Weber Basin will solely manage, operate and maintain the Phase II System.

SECTION 7. ADDITIONAL WATER SUPPLY.

In the event that Atkinson and Park City determine it to be necessary to acquire an additional imported surface water supply over and above the Summit County Project Water supply as defined herein, Weber Basin shall have the first right to supply the same to Atkinson and Park City at the same rate and upon the same terms as offered to Atkinson and Park City by any other supplier.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Understanding and Agreement as of the day and year first above written.

ATTEST:

WEBER BASIN WATER CONSERVANCY DISTRICT

By: ______________________

Chairman, Board of Directors

____
Secretary

APPROVED:

____
District Attorney

ATTEST:

SUMMIT COUNTY, UTAH

By: ______________________

Chairman, Board of County Commissioners

____
County Clerk

APPROVED:

____
County Attorney

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ATTEST:

ATKINSON SPECIAL SERVICE DISTRICT

By: ______________________________

Chairman, Board of County Commissioners

____

Clerk

APPROVED:

____

District Attorney

ATTEST:

PARK CITY MUNICIPAL CORPORATION

By: ______________________________

Mayor

____

City Recorder

APPROVED:

____

City Attorney