

Minutes of the Joint Work Session meeting of the Syracuse City Council and Redevelopment Agency held on November 19, 2014, at 6:16 p.m., in the Council Work Session Room, 1979 West 1900 South, Syracuse City, Davis County, Utah.

Present: Councilmembers: Brian Duncan
Mike Gailey
Craig A. Johnson (arrived at 6:30 p.m.)
Karianne Lisonbee
Douglas Peterson

Mayor Terry Palmer (arrived at 6:30 p.m.)
City Manager Brody Bovero
City Recorder Cassie Z. Brown

City Employees Present:
Finance Director Steve Marshall
Police Chief Garret Atkin
Fire Chief Eric Froerer
Parks and Recreation Director Kresta Robinson

The purpose of the Work Session was to review the agenda for the business meeting to begin at 7:00 p.m.; introduce the first 11 chapters of the employee policy manual comprehensive edits for a first reading; review request for final plat approval for Trailside Park Subdivision Phase Eight located at approximately 1900 West 3000 S.; review agenda item six – proposed budget opening; review agenda item eight – proposed MBA bond finance resolution; review agenda item nine – authorize Mayor Palmer to execute Lease Purchase Agreement with Zion’s Bank; review RDA agenda item two – budget request for Town Center Redevelopment Agency; and discuss Council business.

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Agenda review

Mayor Pro-Tem Lisonbee briefly reviewed the agenda for the business meeting to begin at 7:00 p.m.

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Introduce first 11 chapters of policy manual comprehensive edits for first reading.

A staff memo from City Manager Bovero explained Administration is presenting the first 11 chapters of the personnel policy and procedures manual to the City Council for a first reading. Administration plan is to present half the policy manual now (Chapters 1-11) and the other half (Chapters 12-23) in the next few months so that the City Council has time to review the changes without being overwhelmed. This is presented as a first reading with a plan to have a detailed discussion on the next City Council meeting on December 9, 2014.

Mr. Bovero reviewed his staff memo and reviewed the proposed schedule relative to Council consideration of the recommended changes to the policy manual. There was a brief discussion regarding the manner in which City staff is apprised of updates to the manual.

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Discuss Final Plat Approval, Trailside Park Subdivision Phase Eight, located at approximately 1900 West 3000 South, applicant Ovation Homes LLC.

A memo from the Community and Economic Development Director explained the Planning Commission held a public meeting on October 21, 2014 for Final Plan approval of Trailside Park Subdivision, Phase 8. All items noted in staff report have been addressed by the Planning Commission. All requirements of sketch, preliminary and final have been met.

Phase 8

Area 7.37 acres

20% infrastructure allowance	1.47 acres
Net developable area	5.90 acres
Minimum open space requirement 25%	5.9*25%=1.48 acres
Proposed open space	2.12 acres
Density allowance	28 units
Proposed Units	28 units

Total Trailside Park Development

Area	36.96 acres
20% infrastructure allowance	7.39 acres
Net developable area	29.57 acres
Minimum open space requirement	7.39 acres
Density allowance	140 units

The Planning Commission hereby recommends that the City Council approve the final plat for the Trailside Park Subdivision, Phase 8, located at approximately 1900 W 3000 South subject to meeting all requirements of the City's Municipal Codes and City staff reviews.

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Ms. Christensen reviewed her staff memo.

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Councilmember Lisonbee asked if there is 25 percent open space within phase 8, to which Ms. Christensen answered yes. Councilmember Duncan asked if the detention basin is part of that open space, to which Ms. Christensen answered yes and noted it will be landscaped and will include a trail that will connect to the City's trail system.

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Review agenda item 6: proposed budget opening.

A staff memo from the Finance Director explained he has closed the books for FY2014 and is currently waiting for the financial auditors to complete their audit. The City's unrestricted fund balance in the general fund at June 30, 2014 increased to \$2,372,821 or approximately 24.63% of FY2014 final revenues of \$9,632,159.62. State Code requires that our fund balance be between 5-25%. With the adoption of our fund balance policy, our target rainy day reserve should be 16.7%. There is potential to use up to 7.93% (24.63% - 16.7%) of fund balance on one-time expenses in the City. This translates into a maximum of \$763,830.26 that is available for one-time expenses. Please refer to the Power Point presentation for further review and analysis. Mr. Marshall also recommends several items in this budget opening for your consideration. These include:

- o Recognition and proper accounting of RDA tax increment.
- o Sales tax continues to increase at a rate of 6.1%. I have only increased it by 1.6% or \$50,000 to cover increased expenses.
- o Changing how overtime reimbursement is tracked. Previously it was credited to an expense account in the police department (10-53-09). It is now going to be credited to federal, state, or miscellaneous revenues.
- o We had 6 different trust accounts for Youth Council, Youth Court, Arts Council, Senior Programs, Heritage Days, and Special Events that we tracked revenues and expenses together. I am breaking these out into separate revenue and expense accounts. The net change is 0.
- o Car accident reimbursement (police vehicle hit a deer) in the amount of \$4,740.00
- o Records management software and Iworqs software are recommended at a cost of \$17,000 and \$6,775 respectively.
- o Minor changes to benefits for parks & recreation and storm fund for employee elections.
- o Changes to park impact fee expenses related to adding a Centennial Park bathroom and removing Bluff Ridge park playground and bowery. Street Light participation for both revenues and expenses are increased. Net change is 0.
- o Depreciation expense in all the impact funds was moved to the corresponding utility operating fund. Net overall change is zero.
- o Bond Refinance proceeds and expenses are included. Net change is zero.
- o Sewer Fund has added depreciation expense due to auditor's recommending to the City to add \$6,500,000 in sewer assets.

- Capital Projects Fund expenses were changed to include an ambulance and removing breathing apparatus equipment.

The memo concluded staff recommends adopting proposed resolution R14-38 adjusting the Syracuse City budget for the fiscal year ending June 30, 2015.

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Mr. Marshall reviewed his staff memo.

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There was a brief general discussion regarding the changes to the park impact fee expenses related to Centennial Park improvements. There was also a brief focus on capital improvement project expense's, after which City Manager Bovero used the aid of a PowerPoint presentation to provide the Council with information regarding his ideas relative to future management of the City's General Fund, particularly the fund balance or 'rainy day fund'.

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Councilmember Johnson asked if there would be a positive impact on the City's budget if the debt associated with Jensen Park were paid off sooner than scheduled. Mr. Bovero noted the money budgeted for debt service could be contributed to the City's parks and secondary water budgets. The Council discussed the idea of paying down debt, after which Councilmember Peterson stated he would like to see a ranking from City staff relative to the various ideas pertaining to use of general fund monies.

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Councilmember Lisonbee referenced new legislation in the State of Utah that allows cities to place a certain percentage of the City's budget into an emergency fund; she and Mayor Palmer have discussed the allowance and feel it would be a good idea to establish an emergency fund in the budget above and beyond the general fund balance.

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Review agenda item 8: proposed MBA bond refinance resolution.

A staff memo from the Finance Director explained the Municipal Building Authority is a separate legal entity from Syracuse City Corporation. It was established in August 2006 to allow the City to streamline the funding and construction of city facilities. The MBA borrows funding, constructs facilities, and leases them to the City. The lease payments made by the City provide the revenue for the MBA to make the debt payments. Eventually the debt will be paid off and the properties will be deeded to the City. The executive board of the MBA is comprised of the Mayor and Councilmen of Syracuse City. The Municipal Building Authority issued bonds in 2006 to construct City Hall, renovate the police station, and build an addition to the public works building. Those bonds are eligible for refinancing. Administration put out a public bid to refinance the 2006 bonds. We had three bidders; Bank of Utah, Zion's Bank, and Western Alliance Bank. The bid summary sheet is attached. The Zion's Bank bid had a more favorable rate structure but it also included variable rates in the bid. Based on advice from Johnathan Ward, our financial advisor, the rates would most likely adjust upwards making the Zion's Bank bid less attractive. I agree with his advice and would recommend that we go with Bank of Utah since they have the lowest fixed rate out of the three bids with no variable rates built in. If the City Council elects to go with Bank of Utah, the estimated annual savings would be approximately \$23,489 with total savings over the life of the bond of \$277,807. There is no restriction on call options which means that we could call the bonds at any time and refinance them again if rates drop lower than today's levels. This is a great feature to have and give the City the power to control interest rates and savings over the long-term. The bid option above discusses direct purchase of our bonds. For full disclosure, the City could attempt to sell the bonds on the open market. This would cost the City more in closing costs but could attract better rates than the direct bids above. However, rates are on the upward trend and have increased 15 basis points in the last 3 weeks. If we went with this option, we would not be able to sell the bonds until first of January. The risk is that rates would increase between now and then and erode any potential savings we would realize. Based on that fact, I would recommend going with the direct purchase option and awarding the bid to Bank of Utah. Since the MBA and Syracuse City are two separate legal entities, we have two separate resolutions – one for Syracuse City and the other for the MBA. We will hold a special meeting of the MBA to approve the second resolution separately. The memo concluded staff recommends the City award the direct purchase bid to Bank of Utah; this is the least risky option and will save the City \$277,807 over the life of the bond.

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Mr. Marshall reviewed his staff memo and noted if the Council votes in favor of the bond refinance action, closing will take place December 3.

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Review agenda item 9: authorize Mayor Palmer to execute Lease Purchase Agreement with Zion's Bank.

A staff memo from the Finance Director explained the City Council approved the purchase of 11 new police vehicles in the FY2015 budget at a total cost of \$400,500. These vehicles have been ordered and the expected arrival is within the next month. They will then have all the equipment installed and will be delivered to the City shortly thereafter. Administration put out a public bid to banks for the lease portion of the transaction and the bid closed on November 12. We had two bidders, Zion's Bank and Santander Bank. Zion's Bank had the lowest rate at a 1.62% fixed rate over the life of the lease. Santander's rate was a fixed 2.14%. The lease would be for a four year period with payments due annually each November. The lease would commence in November 2014 with the first payment due in November 2015 and the final payment due in November 2018. Interest costs for the life of the loan at 1.62% would be \$16,350.57. Total repayment would be \$416,850.57. This lease agreement authorizes the City to borrow money from Zion's Bank so that we can pay the vendor who built the cars. The memo concluded staff recommends that the City Council authorize Mayor Palmer to execute the lease purchase agreement with Zion's Bank.

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Mr. Marshall reviewed his staff memo.

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Councilmember Johnson stated he will recuse himself from voting on this action as he is employed by Zion's Bank Corporation.

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Councilmember Lisonbee stated she noticed that the police vehicles have already been ordered. Mr. Marshall stated that is correct, and the money for the transaction was included in the budget, but he waited to prepare the lease because it is difficult to lock interest rates for a long period of time and he was not sure when the police vehicles would be delivered. Councilmember Lisonbee stated she does not remember having a discussion about the budget for the transaction. Mr. Bovero stated the Council took action on the budget amendment in August.

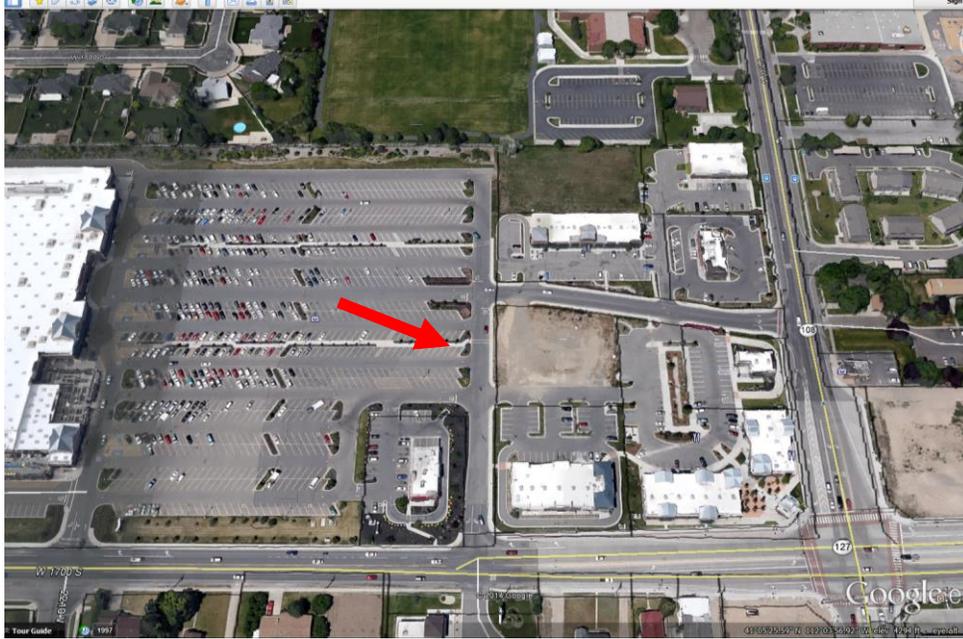
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Review RDA agenda item 2: budget request for Town Center Redevelopment Agency.

A staff memo from the City Manager explained The Town Center RDA has 6 different criteria for which RDA funds can be used:

1. Enable the Agency to make financing alternatives available for participants in the RDA, thereby providing necessary assistance for investment, redevelopment, rehabilitation, and the elimination of blight within the Project Area
2. It will help prevent erosion of Syracuse City's economic base.
3. It will help attract desirable businesses to locate and expand within the project area.
4. It will facilitate revitalization and beautification of the Project Area.
5. It will enable the Agency to help meet some of the infrastructure needs of the City which are important for revitalization of the Project Area.
6. It will contribute in a variety of other ways to the redevelopment of the Project Area, and further the interests of public peace, health, safety, and welfare.

Over the last year, Town Center has seen improvement, including the expansion of The Rush and new tenants including Farmers Insurance, Fiiz, and The Crazy Enchilada. The Center however still struggles with several vacant spaces and some tenants struggling to cover monthly lease payments. Events near Town Center, such as City Recreation football/baseball, Heritage Days, The Pumpkin Walk, and the Farmer's Market, have produced positive results for nearby businesses, and serve a dual purpose of building a sense of community while providing economic benefits. In an effort to continue momentum through the winter, we are proposing a winter ice rink located on the vacant pad behind Fiiz Drinks.



Staff has contacted the property owner, who has struggled to sale or lease the property, and have reached a preliminary agreement to use the property through February at no charge.

Outline of the Proposed Concept

- Approx 40' X 40' ice rink
- Covered tent are for skate rental and shoe/skate changing area
- Holiday Décor
- Open daily, with scheduled events & entertainment on weekends
- Low-cost activity designed to bring people in
- Adjacent businesses receive added activity
- Economic momentum continues to improve the area

See the following links to get an idea of the concept:

<https://www.youtube.com/watch?v=5qEXxXC9h1s>

<https://www.youtube.com/watch?v=EGds2VtTurE>

<https://www.youtube.com/watch?v=jZbIFkomm1E>

The memo concluded currently, the RDA budget has \$100,000 budgeted for FY2015, outlined for infrastructure improvements. Our estimated up-front investment is \$26,000, which includes the ice rink, tent rental, music, labor, decor, and skates.

Revenue plan (conservative outlook): Skate Rental, Advertising space, entrance fee.

YEAR 1

Estimated Cost: \$26,000

\$4,500	Sponsorships/Ad Space
\$6,000	Admission Fees (Net Revenue)
\$1,500	Skate Rental (Net Revenue)

\$12,000

Net = - \$14,000

YEAR 2

Estimated Cost: \$7,000

\$5,500	Sponsorship/Ad Space
\$6,000	Admission Fees (Net Revenue)
\$1,500	Skate Rental (Net Revenue)

\$13,000

Net = \$6,000

Possible long term plans could include expansion of rink, performances and tournaments (Hockey, Figure Skating). Revenue repays RDA, profits may be transferred to City. Intent is to re-invest to make next year's program better.

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Mr. Bovero reviewed his staff memo.

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The Council discussed and debated the concept of locating an ice rink at the Town Center, with a focus on user costs, staffing of the facility, public safety, and budgetary implications. The concluded to continue discussion of the concept during the special RDA meeting scheduled to follow the Council business meeting.

Council business

There was no Council business.

The meeting adjourned at 7:00 p.m.

Terry Palmer
Mayor

Cassie Z. Brown, CMC
City Recorder

Date approved: December 9, 2014