

Minutes of the Work Session meeting of the Syracuse City Council held on September 22, 2009, at 6:00 p.m., in the Council Work Session Room, 1979 West 1900 South, Syracuse City, Davis County, Utah.

Present: Councilmembers: Alan Clark  
Doug Hammond  
Lurlen A. Knight  
Douglas Peterson

Councilmember Shingleton was excused from the meeting.

Mayor Fred Panucci  
City Administrator Rodger Worthen  
City Recorder Cassie Z. Brown

City Employees Present:  
Finance Director LaMar Holt  
City Engineer Rick Hansen  
Detective Corey Bybee

The purpose of the Work Session was for the Governing Body to review the agenda for the Regular Council Meeting to begin at 7:00 p.m., review the City Council Calendar, review the City Claim Statement, discuss Syracuse City impact fees, and discuss Council Business.

#### Regular Meeting Agenda

Mayor Panucci stated that the City Administrator's report was left off the regular meeting agenda and he asked that the Council add that item back onto the agenda prior to adopting the agenda this evening. He suggested that the item be listed after the Mayor's report on the agenda.

#### Calendar

Mayor Panucci asked why the Wasatch Integrated Waste Management District (WIWMD) holds their meetings over two consecutive days. Councilmember Clark stated there are three committees that meet at different times of the day.

Councilmember Hammond reported that he will be out of town October 8 through 11.

Councilmember Clark reported there is a WIWMD conference at the Davis Conference Center from November 4 through 6 and he will be attending the conference.

City Administrator Worthen reported that he will be out of town from September 30 through October 5.

Mayor Panucci reported that he was able to complete Mr. Worthen's final employee evaluation and it was a compilation of the evaluations completed by each Governing Body member. He stated that he also created a 'goal sheet' that reflected many of the items the Council discussed.

#### Claim Statement

Councilmember Hammond stated there is an item on the report titled Special Improvement District (SID) supplies and he asked what SID that is referencing. Mr. Worthen stated it is the SID that was created to install sidewalk, curb, and gutter throughout an area of the City. Mayor Panucci asked if the SID has nearly reached its sunset date, to which Mr. Holt answered yes and stated that the notices recently mailed to the remaining SID participants will be the last notices; there are 42 remaining property owners that still owe some money to the City and once that debt has been paid the City will record the appropriate lien releases.

#### Impact Fees

Mayor Panucci stated that City Engineer Hansen was asked to prepare a presentation that would "bring everyone up to speed" about what impact fees are and how they are set.

Mr. Hansen stated that he has prepared a Power Point presentation that will give a brief overview of impact fees. He stated that in the past legislative session there were three different bills that related to impact fees and the entire impact fee act was basically rewritten. He stated that prior to that the impact fee act was updated in 2005 and 2002 and it was originally adopted in 1995. He stated that some cities had begun to develop various types of fees to be charged to developers and developers did not think the fees they were being charged were fair because they thought they were being unfairly taxed. He stated that developers asked for a study to be completed for each city outlining the projects that needed to be completed in

those cities and after the studies were completed most cities found that they were not assessing fees that were high enough. He stated that development was going strong and most cities felt that they could subsidize projects with general fund monies or other source funding. He stated that since that time cities have increased impact fees to the maximum amount allowed by the Capital Facilities Plan to deter raising taxes. He stated that impact fees are a one time fee to new developments and the sold purpose of impact fees is to raise revenues. He stated that the revenues generated by impact fees can only be used in specifically defined areas or projects, but a service district can apply their impact fee to their entire service area.

Mayor Panucci asked if service area boundaries could be different than city boundaries. Mr. Hansen stated that for the most part Syracuse City's service area boundary is the same as the City boundary, but some unincorporated Davis County areas receive services from Syracuse City. Councilmember Knight stated that is true, but some entities that are located outside the City that receive City services are being charged an increased fee for those services. He stated that is the case for the Diamond Ranches property owner who will be charged an increased rate to have access to the City's water system. Mr. Hansen stated that is correct.

Mr. Hansen then reviewed the next slide in his presentation titled 'how are projects determined?'. He stated that projects are determined by a Capital Facilities Plan (CFP) and they must be necessitated by new growth. He stated that each project must have a useful life of more than ten years and the project can not be maintenance or service related. He added that priorities are assigned to project lists based on need. He then stated the next question to answer is when impact fee monies can be used. He stated that they can only be used for capital facility projects and fees collected must be used within six years of collecting the fee. He added that monies can be used to pay back a bond or a loan for a capital project as long as it is accounted for in the impact fee written analysis. Councilmember Knight asked if it is correct that projects must be "brick and mortar" projects or something like the purchase of a new fire truck. He stated that his understanding is that if the purchase of a fire truck is included in the CFP, but that purchase does not take place within six years of collecting the fees the monies paid by developers or citizens must be returned. Mr. Hansen explained that a CFP can project ten years into the future so if someone pays their impact fee four years after the CFP is adopted their fee should be used six years from the receipt of their payment.

Councilmember Hammond asked what impact fee revenues can be used for. Mayor Panucci stated that fees must be used for capital facility projects, which are most typically referred to as brick and mortar projects. He stated that 10 years from now the City may need a satellite fire station on the east side of the City and impact fee monies could be used for that type of a project. Mr. Hansen added that it is not always necessary to construct a project near a new subdivision whose property owners have recently paid impact fees. He stated that an example of a capital facility project that was not located near most of the residents that paid the fee is the culinary water well, which is a facility that benefits all residents. Mayor Panucci then stated that the City utilizes some water tanks located in Clearfield and he asked if the City could use impact fee monies to install a new tank in that location even though it would not be located in Syracuse City. Mr. Hansen stated that type of project could be completed using impact fee monies as long as the project is needed due to new growth. He stated that all capital facilities projects are to be based upon need and the City should choose to complete projects that would solve the most problems; the biggest need should be the first priority for the City.

Councilmember Hammond asked if the City's marquis could be relocated using impact fee monies. Mr. Hansen asked if it is necessary to move the sign because of new growth. He added that moving the marquis should have been included in the cost of the Antelope Drive Road widening project if the City wanted to use impact fee monies; it would have been considered a utility that needed to be relocated.

Councilmember Peterson asked if the City can amend the CFP if there is excess impact fee money that can be spent on capital facilities projects not included in the CFP. Mayor Panucci stated that is why it is important that the CFP be very specific. Councilmember Clark agreed and stated that the park development projects included in the CFP were very specific to ensure that any work to be done at a park could be paid for with impact fee money. Councilmember Knight stated that the City must conduct a study before adopting or amending the CFP. Mr. Hansen added the City must also have a capital facility plan in place and the plan should be updated every four to five years. He stated the City can plan 10 years into the future and spend impact fee monies within six years of receiving them.

Mr. Hansen then continued reviewing his slide show; the next slide was titled "what documents are required for an impact fee?". He stated that the City must have a CFP, a Written Analysis, and an Enactment Ordinance for each impact fee. He stated the CFP lists demands placed upon the existing system; shows projected population; is based upon current level of service being provided; shows the required facilities to provide services to new residents; and includes the costs of new facilities. He stated the written analysis is a document that should be readable to everyone. He stated it lists and defines existing level of service; lists oversized facilities and associated costs; lists anticipated cost of system improvements; and shows cost or formula for the associated impact fee. He stated the enactment must be completed via an ordinance in order for the impact fee to be in effect. He added that the enactment also requires a public hearing be held. He explained that the

enactment document includes a schedule of the impact fee; verbiage to allow staff to respond to unusual circumstances; and allows developers to present studies to challenge an impact fee.

Mayor Panucci asked what restrictions are placed on the City when trying to project costs of future projects. Mr. Hansen explained the City could create a future cost analysis based upon what the City expects costs to be in the future and then use an equation to convert that into today's dollars in order to charge the fee. He stated that the alternative, which the City has chosen, is to conduct a present-day cost analysis and allow the fee to inflate based on the Consumer Price Index (CPI). Councilmember Knight asked if impact fees would be adjusted downward for deflation, to which Mr. Hansen answered yes but explained that he is not sure if that has ever happened.

Councilmember Peterson referenced the current economic downturn and asked if all impact fees need to be revisited due to the fact that growth has halted. Mr. Hansen stated that the impact fees can be left as is and if the City does not receive enough money to complete projects included in the CFP, the available money can be used to start a project. He stated that a capital facilities plan can be reviewed after five years and if projects are not happening the way the City had planned the City can then make decisions about whether to bond to complete projects, raise impact fees, or delay the projects further. Mr. Worthen added that, with the exception of the transportation CFP, all CFP's have been revised within the last 2.5 years. He stated the City needs to make sure that impact fees are set high enough to allow the City to collect the amount of money that needs to be collected. He stated that lending institutions look poorly upon bonding to complete growth related projects and using impact fee monies as bond security; they would prefer to have something more stable than impact fee revenues backing the bond. Mr. Hansen stated that most entities that bond to complete capital facility projects use impact fee monies as supplemental income and if enough revenue is generated by impact fees the entire bond payment can be paid with those monies.

Mayor Panucci referred to Councilmember Peterson's previous comment regarding slow growth and he asked what happens in communities that only have two homes built a year and they never get enough money to complete their capital facilities projects. Mr. Hansen explained that if those communities do not have enough money after 10 years to complete projects they reimburse impact fee monies to those that paid them. Councilmember Knight stated he believed there are a lot of cities that are facing that issue. Mr. Hansen explained that if a city does not believe it will have a sufficient amount of growth to require new capital facilities projects it is not worth paying the money to conduct all the necessary studies to enact an impact fee. He stated that impact fees are one of the most restricted impact fees. Councilmember Peterson asked if it would be a fair statement that if the City has good CFP's in place they will never get to a point where it is necessary to refund impact fees to the payees. Mr. Hansen stated that is correct. Mr. Worthen added that the CFP's need to be linked to the City's budget; capital facilities projects should be considered and the City should determine if there is enough money in a given fiscal year to complete those projects. He stated an example of a project to be considered during the budgeting process is the 2000 West water line project. Councilmember Knight asked if impact fees can be used to pay for the upsizing of that line, to which Mr. Worthen answered yes due to the fact that the upsize is needed because of growth. Mr. Hansen added that the plan is to install a new transmission main that will be considered a new addition to the City's water system. Mayor Panucci inquired as to the size of the line that is currently in place south of the roundabout located at 2700 South and 2000 West. Mr. Hansen stated that portions of the line are 10-inches, while other portions are eight or six inches. He stated that the line to be installed under 2700 South will include a transmission main and service main that will be 12-inches.

Councilmember Hammond stated a developer may come to the City and build 25 homes and he asked if the impact fees charged for those homes are based on each individual home and when the home is built. Mr. Worthen stated that fees will vary based on the size of the building lot, the zone in which the home is built, and the size of the utilities that will serve the property. Councilmember Hammond asked if the homeowner pays the impact fees, to which Mr. Worthen answered yes, with the exception of the park purchase impact fee, which is paid by the developer.

Mr. Hansen then stated that the City also has the option of enacting 'buy-in' fees. He explained that once a project has been completed it is no longer included in the CFP, but the City could determine that 10-years from now there could be an additional 1,000 residents and those residents would be charged a buy-in fee rather than an impact fee. He stated that buy-in fees would be based on the actual project cost. Councilmember Peterson asked if both fees can exist at the same time, to which Mr. Hansen answered yes and explained that according to recent legislation that is how cities are encouraged to act. Mayor Panucci added that the City would need to determine the project costs in advance of collecting the fees.

Mayor Panucci then asked if there has been any 'traction' for developing a school impact fee. Councilmember Knight stated that other states do have school impact fees, but there is a law in Utah against charging school impact fees. Mr. Hansen stated that charter schools are now allowed to charge impact fees. He added that he believed that school districts could assess their own impact fees to those building homes in their boundaries if they so choose. Mayor Panucci stated that is not true in Utah. Mr. Hansen stated he knows that option has been discussed. He added that he believed impact fees for schools are governed by a separate section of Utah Code.

Mr. Hansen then continued reviewing his presentation and he explained that fees are intended to cover costs of projects to meet the existing level of service and they are not to be used to expand the level of service. He stated that fees can not be adjusted for one party and not another; equality and proportionality must be shown and met. Mayor Panucci stated that is why the City would need to conduct a study in order to consider waiving impact fees for any entity requesting a waiver. Mr. Hansen stated that is correct. He then reiterated that fees must be spent within six years of being collected. He added that the approving City Council may lower fees, but they must also appropriate funds from other sources to construct facilities. He stated that any violation of State statute may result in the refunding of the associated impact fee. He stated that fees are to be used only for the service for which they are calculated; for example, culinary water fees can not be used for transportation projects. He stated that all fees shall have a separate ledger account; all interest must be accounted for; and the projects for which the funds are intended are to be listed and reported to the State Auditor. He added that a municipality shall refund any impact fees paid by a developer, plus interest earned, when: the developer does not proceed with the development activity; the developer files a written request for a refund; the fees have not been spent or encumbered; and no impact fee has resulted. Councilmember Clark asked if the accrued interest needs to be accounted for in a separate account. Finance Director Holt stated that the City has seven impact fees and interested is generated by the money in each account. Mr. Hansen added that accrued interest can not be used for anything besides impact fee projects; it can not be used to supplement the general fund. Councilmember Clark inquired as to the definition of "development activity". Mr. Hansen explained that once a subdivision has been approved the developer has a year to begin subdividing and if that does not happen they must request re-approval from the City. Councilmember Clark asked if a developer could receive an impact fee refund if he has broken ground, to which Mr. Hansen answered no.

Mayor Panucci asked if the current CFP includes a project to link Banbury and Marilyn Drives. Mr. Hansen stated he is not aware of that type of project being included in the CFP. Mayor Panucci stated that type of project should be added to the CFP.

Mr. Hansen then explained that it is now more costly to amend impact fees than in the past; the City is now required to notify all public entities before beginning the process of amending a fee. Councilmember Knight asked if that includes any entity that collects taxes from properties in Syracuse City, to which Mr. Hansen answered yes. He stated that if any entity provides input the City can choose to use or disregard that input.

Councilmember Hammond asked if impact fees charged to businesses are based on the type of business rather than the size. Mr. Hansen stated the fee is based on how the property will be used. He stated that storage units would be charged a different fee than a retail store. He stated the formula includes the number of trips that the business will generate.

Mr. Hansen then continued reviewing his presentation and the next slide was titled "Syracuse City fees". He explained that each impact fee is based on rules established by the Impact Fee Act. He added that where the level of service is determined by State or Federal Standard, the level of service is calculated the same in every entity. He stated that each entity is different geographically and demographically and each entities resources are distinct; this is why fees vary from city to city. He stated each impact fee is unique to its entity. Mayor Panucci stated that is why it is so frustrating to him when people complain about Syracuse City's impact fees being higher than Clearfield City's fees. He stated that may be true, but there are valid reasons as to why the fees are different. He stated that Mr. Worthen always cites the topography of Syracuse City when discussing the reasons that Syracuse City's parks impact fees may be higher than other cities'. He stated that the cost to develop park ground is higher than it would be in a city like Layton. Councilmember Knight stated that the same is true for business impact fees that were charged to Wal-Mart in Syracuse City versus the Wal-Mart in Centerville. He stated the Wal-Mart in Centerville had much less impact than in Syracuse because those visiting the Syracuse Wal-Mart must drive through the entire City to get there and that creates a larger impact.

Mr. Hansen then stated that he has reviewed the basics relative to impact fees and impact fee laws. He briefly reviewed the impact fees charged by the City and when they were either adopted or most recently amended. He stated that the City will need to update the public safety impact fee again soon.

Mayor Panucci asked Mr. Holt how much money is available in each impact fee fund. Mr. Holt stated he was unsure of the exact dollar amount in each fund. Mayor Panucci asked how much money is available in the public safety impact fee fund, to which Mr. Holt answered approximately \$23,000. Mayor Panucci asked if that money can be used for a bond payment. Mr. Holt explained that \$500,000 in public safety impact fee monies was transferred in the FY 07-08 and \$50,000 in FY 08-09 to finish the Fire and Police stations. He stated that any additional revenues that are received by the City can be used for bond repayment. Mayor Panucci stated that the City has plenty of use for the public safety impact fee monies. Mr. Worthen explained that only approximately \$20,000 of the most recent \$50,000 transfer will be needed for completion of the police station. Mayor Panucci stated that it would be smart to repay the bond with impact fee money in order to free up some of the franchise tax money that is currently being used for bond debt service. Councilmember Knight asked how much money the City is projected to receive in public safety impact fee monies. Mr. Holt stated that the City will

likely receive approximately \$50,000 this year. Mayor Panucci reiterated his feeling that the public safety impact fee money should be used to repay the bond.

Councilmember Clark stated he felt it would be a good idea to review this same presentation again during the new Councilmember orientation meeting. All Councilmembers agreed that would be a good idea and they thanked Mr. Hansen for providing the information. Visitor Robert Whiteley added that he attended a recent meeting where a presentation was provided by Craig Call, who also has a lot of great information about impact fees and laws. Mr. Hansen stated that is who he obtained most of his data from.

Council business

Mayor Panucci stated that he wanted to make everyone aware that a City resident, TJ Jensen, was kind enough to offer his services and till the detention basin near the Ranchettes subdivision. Mayor Panucci stated that he spoke with Mr. Worthen and Public Works Director Waite about Mr. Jensen's offer and they felt it would be best to use chemicals to kill the weeds in the basin, but Mayor Panucci wanted to publicly thank Mr. Jensen for offering his services. Mr. Worthen added that the detention basin is mostly full of field-grass, which is better than thistle and weeds. Councilmember Knight stated that may be the case now, but earlier in the year the detention basin was full of thistle and it will be back next year. He encouraged the City to get a 'jump-start' on the thistle in the spring.

The meeting adjourned at 6:55 p.m.

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Fred Panucci  
Mayor

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Cassie Z. Brown, CMC  
City Recorder

Date approved: October 13, 2009

Governing Body/Administration Assignment List

- Mayor Panucci and members of City Administration will attend a County Commission meeting to discuss sharing Senior Citizen Program resources. (01-08-08)
- City Administrator Worthen and Finance Director Holt will work on developing a proposal regarding a Fleet Replacement Program. (01-08-08)
- Administration will advertise the creation of an audit committee and solicit community involvement. Once a member of the community has been selected, a resolution will be drafted to create the committee and appoint the members. (02-26-08)
- Councilmember Clark suggested the creation of a distribution list that people could add their name to in order to receive electronic copies of agenda, newsletters, etc. City Administrator Worthen will work with staff on that issue. (02-26-08)
- Human Resources Director Alldredge will research the options for including a “commitment clause” in the City’s tuition reimbursement policy. (05-27-08)
- City Recorder Brown will research the rates that other cities are charging to allow businesses to advertise in their newsletter. (06-10-08) (10-28-08)
- Administration will research the contract between the LDS Church and the City regarding the donation of the Founders Park land. (06-10-08)
- Council will revisit the proposal to create the positions of HR Generalist and Treasurer after the implementation of the electronic time keeping system. (10-14-08)
- Mr. Worthen will research EPA guidelines to determine when the City will be required to install a de-silting station. (10-28-08)
- Councilmember Clark will gather information from the WIWMD regarding participation in pilot recycling programs and report back to the Council. (01-13-09)