Minutes of the Work Session meeting of the Syracuse City Council held on July 28, 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
Larry D. Shingleton

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

City Employees Present:
Finance Director LaMar Holt
Human Resources Director Cherissa Alldredge
IT Director TJ Peace
City Engineer Rick Hansen

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 the 2700 South roadway improvement/waterline project, discuss the Shadow Point Commercial Center development, and discuss Council Business.

Regular Meeting Agenda

Mayor Panucci stated that regular meeting agenda item 6b is the appointment of a new Planning Commissioner, Mike Norton. He explained that Mr. Norton will not be in attendance during tonight's meeting, but he did tell the Mayor that he will be able to attend all meetings of the Planning Commission. Councilmember Clark asked Mayor Panucci to provide some information about Mr. Norton. Mayor Panucci stated that he applied during the last application period for a vacant seat on the Commission and he was the next in line to be appointed after interviews were conducted. He stated that Mr. Norton is a businessman; he has a business background, which is something that the Planning Commission is currently lacking. Councilmember Knight asked what type of business Mr. Norton is involved with. Mayor Panucci explained that Mr. Norton is a computer consultant and he has a lot of interest in serving the City. Councilmember Peterson asked if he participated in the recent Syracuse Idol competition held during Heritage Days, to which Mayor Panucci answered yes.

Calendar

Councilmember Knight explained he will be out of town this Thursday and Friday, July 30 and 31.

Mayor Panucci stated he will be out of town on August 6. He then asked if any Councilmembers are interested in attending the Utah League of Cities and Towns annual conference, which is scheduled for September 9 through 11, 2009. Councilmember Knight stated that he reviewed the agenda and he feels there are some good topics to be discussed. Mayor Panucci agreed.

City Administrator Worthen reported that he will be out of town September 11 through 18, 2009.

City Recorder Brown reported that a 'Meet the Candidates' event will be held August 26 at 7:00 p.m. at Bluff Ridge Elementary.

Councilmember Hammond reported he will be out of town August 3, 2009.

Claim Statement

Councilmember Shingleton stated the report includes payments made to the Office of Recovery Services (ORS) and he asked what those payments are for. Finance Director Holt explained that the ORS garnishes certain employees' paychecks for child support, alimony, or other miscellaneous debts.

Councilmember Hammond stated that page three of the report includes expenditures for background checks. He stated he thought the City was able to run background checks at no cost and he asked if that has changed. Human Resources Director Alldredge explained that background checks for volunteers are free, but the City does pay a fee for a more in-depth background check ran for employees because a nationwide check is required. Mayor Panucci asked how many employees the City hired that needed background checks. Ms. Alldredge explained the expenditure included in this claim statement was for the background checks for all the current seasonal employees. Councilmember Hammond stated he thought that most of

the seasonal employees hired this season had worked for the City last year. Ms. Alldredge stated that is correct, but the City's policy is that a background check will be conducted each time someone is hired or re-hired, especially if they are operating a vehicle or other equipment for the City.

Councilmember Shingleton stated that the report includes an expenditure for dispatch fees and he asked what period that covers. Mr. Holt explained those fees were paid for the service period of July through December. Mayor Panucci asked if dispatch fees charged to the City will increase next year. Mr. Worthen stated that the City anticipates an increase of approximately $8,000.

Councilmember Shingleton stated that page seven of the report includes expenditures for the service of imaging units or copy machine repairs. He asked if the City has a service contract for copy machines. Mr. Worthen stated the City does have service agreements for all but one of its copy machines; the copy machine that needed repairs is the only machine that is not included in a service agreement.

Councilmember Hammond asked if the City has budgeted for college tuition reimbursement in the proposed Fiscal Year 2009-2010 budget. Mr. Worthen stated there is a small amount budgeted for college tuition. Councilmember Hammond asked if Police Department employees will be the only employees eligible for reimbursement, to which Mr. Worthen answered yes.

2700 South roadway improvement/waterline project

Mr. Worthen explained he provided the Governing Body with a memo regarding this item that explains the situation. He stated that the estimate for this project that was included in the tentative budget was $300,000, but he has since received an engineer's estimate for the project and the total project cost has increased. He stated that City Engineer Hansen and Public Works Director Waite visited the project site and they found multiple areas in need of repair that were not originally included in the scope of the project. He stated an example of an item(s) to be added to the scope include three land drain manholes that were crumbling and in need of repair or replacement. Councilmember Knight asked how old the manholes are. Mr. Worthen stated they were installed when the Linda Vista subdivision was developed. He reiterated they need to be replaced and it will be expensive to replace them because they are so deep in the roadway. Mayor Panucci stated he thought that it was possible to purchase a sleeve that could be dropped into the manhole to shore it up. Mr. Worthen stated that is not possible; the manholes need to be excavated and replaced. He then added another reason for the project cost increase is the additional asphalt that is needed to repave the roadway. He stated the lift of the roadway will be four inches rather than three, which is standard for interior sub-development projects and minor collector roads. Mr. Hansen added that 2700 South will be subject to vehicles with heavier loads, which requires that the road be thicker. Councilmember Peterson asked how much longer the road should last if it is an inch thicker than originally planned. Mr. Hansen explained the road is designed to last for 20 years, but that is dependent upon treatments that are performed throughout those 20 years.

Mayor Panucci asked if the increased cost of the project was eligible for impact fee fund usage, to which Mr. Worthen answered yes.

Councilmember Knight stated that he understood that it would be easier for ruts to form in a thinner roadway with heavy traffic use. Mr. Hansen stated that is correct. Councilmember Knight then asked if the City has spoken with R.C. Willey's about the project so they can plan for it, to which Mr. Worthen answered yes. He then explained that once the City has plans and a traffic control plan available he will provide a copy to R.C. Willey.

Councilmember Shingleton asked when the project will commence. Mr. Worthen stated that he would solicit bids in August with the hopes of beginning the project shortly thereafter.

Councilmember Clark inquired as to the current trends of asphalt prices. Mr. Worthen stated asphalt prices have gone down since last year. Mayor Panucci added that he asked the Utah Department of Transportation (UDOT) if they are still planning to use concrete on the Antelope Drive project and they told him that they were. Councilmember Clark asked why that is. Mayor Panucci stated that they told him that they have already awarded the contract to a contractor and they do not want to make any changes to that. Mayor Panucci stated that the downside of that is that it is more difficult to repair a road-cut in concrete than in asphalt.

Councilmember Hammond asked how many large trucks will actually be using 2700 South. Mr. Worthen stated that the volume of large trucks is not as high as on Antelope Drive, but the real factor is the volume of traffic rather than the size of the vehicles using the road. He stated that his recommendation is that the Council authorize the construction of a thicker road.

Councilmember Clark stated that the City has asked residents to participate in the installation of curb and gutter in the past and he asked if the same could be done relative to this project. Mayor Panucci stated that in most cases the residents that participated in the Special Improvement District (SID) project in the past did not have curb and gutter in front of their house to begin with; he stated that is not the case with this project. He stated that if the City is simply replacing curb, gutter,

and sidewalk it would be difficult for the City to charge residents. Mr. Worthen then stated that he simply wanted to inform the Council of this situation and give them advance notice that he may be requesting a change to the amount budgeted for the project in Fund 21.

Councilmember Knight asked how long it will take to complete the project. Mr. Worthen stated that the replacement of the pipeline will take a significant amount of time. Mr. Hansen agreed and stated that phase of the project will take approximately 30 to 40 working days. Councilmember Knight asked if there will be one lane open for traffic at all times. Mr. Hansen stated that the plan includes keeping two lanes open at all times or a minimum of one lane with flaggers or night signals to control traffic. Councilmember Knight asked if the contractor will be performing night work while they are in front of the R.C. Willey store. Mr. Worthen stated that is possible, but night work often upsets residents. Councilmember Knight asked how far east the project will extend, to which Mr. Worthen answered 1000 West.

Shadow Point Commercial Center development discussion

Mr. Worthen explained that Matt Swain is the developer of the Shadow Point Commercial Center and he invited him to speak with the Council after the discussion that took place during the last work session meeting. He added that he provided the Governing Body with a memorandum regarding this issue. Mr. Swain stated that he has not seen that memorandum so he is not sure what background information the Council has. He stated that he did meet with Mr. Worthen regarding impact fees charged by the City. He stated that everyone knows that the current economy is terrible, especially in the development and retail market. He stated that he, as a developer, has been very conservative with this project. He has sold some pads to some businesses and he has put the money generated by those transactions back into the project so he is in a good position financially. He stated that he has made a very large investment in the City; when he works on a development he plans in owning or being involved in that development for a very long time. He stated that right now he is in the position where he needs to have every possible advantage to enable him to lure businesses to the City. He stated he is currently working with some grocers that are considering locating in Syracuse City or another nearby community and he is essentially competing with the other cities for the grocer's business.

Mayor Panucci stated that he has looked at the buildings located at the Shadow Point Center and he does not believe they are deep enough to house a grocery store. Mr. Swain stated that the buildings are large enough to accommodate a large box business needing up to 75,000 square feet. Mayor Panucci asked how large the Smith's Grocery Store is, to which Mr. Swain answered 55,000 square feet. He then distributed a conceptual site plan for the grocery store. He explained that the building and the site is large enough to accommodate a large grocery store as an anchor tenant. Mayor Panucci asked if it will be necessary to add on to the existing buildings to accommodate that tenant, to which Mr. Swain answered yes. He also explained that he will not perform any additional building until he has a confirmed tenant. He added that he has solicited a third party to conduct a study to verify that the market can support a store of this nature; the study was very positive and indicated that the market can support the development that he has planned. He then reviewed the anticipated gross sales amounts and the potential sales tax dollars the City would receive if the grocer chose to locate in the City. He stated those figures were based on data he received from Mr. Holt.

Councilmember Knight asked if a new grocery store would cannibalize customers from the other two grocery stores in the area. Mr. Swain stated that the study takes that into consideration. He then stated that currently Syracuse residents patronize grocers in other cities and the same is true for citizens of other cities patronizing Syracuse grocery stores. He stated that the study reviewed competition in various other markets, which is what the determinations are based upon.

Mayor Panucci asked if the two existing grocery stores will receive the same amount of business if another grocery store locates in the City. Councilmember Shingleton stated that during the first year of the new business' tenure there will be some cannibalization of customers from the other stores, as was the case with Smith's Grocery Store when Wal-Mart first opened. He stated that after a year, however, Smith's has rebounded and they are now doing a better business than they were before Wal-Mart opened. Mr. Swain stated that is correct.

Mayor Panucci asked Mr. Swain if he has a tenant in mind, to which Mr. Swain answered yes.

Councilmember Hammond asked if this is the primary site the tenant is considering. Mr. Swain stated that the tenant is considering two sites, one of which is in Syracuse. He stated that he is looking for a competitive edge in getting the tenant to locate in Syracuse.

Mayor Panucci stated that he understands the need for developers to be careful about divulging potential tenant names; however, he does not know how he can make a decision about providing Mr. Swain with any incentives until he knows who he is dealing with. He asked Mr. Swain if he would be comfortable disclosing that information during a Closed Executive Session. Mr. Swain stated that he would be happy to meet with the Council in private with the assurance that detailed information will be kept confidential. He then stated that what he is trying to portray with the numbers he presented to the Council is that a new grocery store would benefit the City by way of additional sales tax revenue for the City. He

stated that he is estimating that an additional $120,000 in sales tax revenue will be generated on an annual basis and he assumed that would increase over the next 10 years. Mayor Panucci stated that Smith's does not currently generate that amount of sales tax revenue. Mr. Swain stated that is correct, but Smith's is smaller than the grocer that he is trying to locate in the City. He then explained that he has developed properties in other cities and he has found that impact fees charged by other cities are lower than those charged by Syracuse. He stated that is a concern for him, the anchor tenant, and other smaller 'mom and pop' retailers. He stated that when those retailers become aware of the costs to be passed on to them they react negatively with feelings that the fees are very, very high. He stated he is here as someone that has made a large investment in the City and he would love to hear feedback from the Council about how they can help him to create a viable project that will work for him and the City.

Councilmember Peterson asked if a market study has been conducted for the other site that the grocer is interested in and if all things between the two sites are equal with the exception of impact fees. Mr. Swain stated he would not say that all other things are equal. He stated that he alternative location is in West Point, which is a very small city with virtually no tax base and they are willing to bend over backwards to get the grocer to locate in their City.

Councilmember Knight asked Mr. Swain if he owns the other potential site in West Point and if he is pitting Syracuse City and West Point against each other to try to get the best deal. Mr. Swain stated that is not the case and he does not own the property in West Point.

Councilmember Clark asked Mr. Worthen how the City should proceed. Mr. Worthen stated that if the Council were willing to entertain the idea of waiving or reducing any impact fees to be charged to the development, State Code requires the City to conduct a study to determine how long it will take the City to recoup the fees waived for the project.

Councilmember Knight asked if the City has an advantage in that there is already a draw to the location of the Shadow Point Center. Mr. Swain stated that he would think that is the case, but there is a lot of opportunity for expansion at the West Point site and the grocer feels that one good thing about the West Point site is that it is between two Wal-Mart stores and they will be able to capitalize on the growth in West Point. He stated he has tried to point out that there is great access to Antelope Drive and Interstate-15 from the Syracuse site. He stated there is a lot going for the Syracuse site, but there are benefits associated with the West Point site as well.

Mayor Panucci asked if the 10-8-2 study determines the highest amount the City can grant in concessions. Councilmember Shingleton stated the City can go as 'high as it wants'. Mr. Worthen stated that is not necessarily true because the City would only have 20 years to pay itself back for the impact fees that were waived. Councilmember Shingleton stated that according to the numbers presented by Mr. Swain it would only take two or three years of sales tax revenues to recoup the amount of impact fees that could potentially be waived. He stated that is only based on revenue generated by the grocer and the amount will actually probably be higher because the grocer will attract additional tenants to the site.

Councilmember Clark stated that a portion of the grocer's customers could possible come from Clinton and the western part of Layton, but if another grocer is looking to build a store in one of those areas that could potentially eliminate draw from either of those cities. Mr. Swain stated that once the anchor grocery store lands at his development they will control the market. He stated that if the grocer were to locate in West Point they would 'eat up' enough of the market that another grocery store project would not be supported in Syracuse for a number of years. Councilmember Clark stated that his concern is just the opposite of that concept; the grocer could locate in Syracuse and then another grocer could build in an adjacent city and take much of the market that justified the building of the store in Syracuse. Mr. Swain stated that any retailer would perform a market study like he has done for his project and it would be crazy for another developer to build a grocery store in a market that would seem saturated if the Syracuse store is built.

Councilmember Hammond asked if the Syracuse site would be the number one site for the grocer if the City were to grant the requested concessions. Mr. Swain stated that the grocer will take into consideration a myriad of things, but concessions relative to impact fees would give the Syracuse site an advantage. He added that he feels that the Syracuse site is better than the West Point site to begin with.

Mayor Panucci stated that several cities have put themselves in less than envious positions over the years by 'zoning for dollars'; case in point is the Smith's grocery store that was built in Clearfield. He stated that Clearfield City gave Smith's concessions in the form of foregoing any sales tax revenues for a 10 year time frame. He stated that at the end of the 10 years Smith's vacated the building and moved to Sunset and Clearfield never received any sales tax from the store. He stated that he checked with Clinton City and they do not offer any businesses any incentives; granted, they are in a better geographic position than Syracuse City is. Councilmember Knight countered by stating that West Bountiful gave Costco some incentives to build in their city and the area surrounding them is now packed with development. Mayor Panucci stated that the Council needs to weigh all of its options and he asked the Council if they wanted to consider this issue during their next meeting by way of discussion whether to authorize the 10-8-2 study.

Councilmember Clark asked what hard costs the City would incur by waving any fees for the development. Mr. Worthen stated that if any fees are waived the Council simply needs to determine how those fees will eventually be paid back.

Councilmember Shingleton sated that he felt that it made the most sense to waive the traffic impact fee; the main road that will serve the Shadow Point Center is Antelope Drive, which is a state road, and it is already being improved by the state. Councilmember Knight argued that this development would impact the entire City, not just Antelope Drive. Councilmember Shingleton stated he would like to compare Syracuse City's impact fees with the impact fees charged by other cities. He stated he would like for this item to be on the next Council agenda as he feels it is something the City should pursue. He stated the City currently has a lot of commercial space that is dying or dead and the City needs to do something to bring businesses in. He added that he would agree with Mayor Panucci in that he would like to know who the retailer will be.

Councilmember Hammond inquired as to Mr. Swain's time frame and when he needed an answer from the City. Mr. Swain stated he would like to break ground on the project before the end of the year, but with the current financing environment he does not know if that would be possible for the tenant.

Mayor Panucci inquired as to the cost of the study and how long it would take to complete the study. Mr. Worthen stated the City has hired a contractor to perform one other 10-8-2 study in the past; the cost for that study was approximately $8,000 and it took them a month to complete. Mayor Panucci asked Mr. Swain if he would be willing to bear the cost of the study. Mr. Swain stated he would be willing to participate by paying for a portion of the study.

Councilmember Hammond asked Mr. Swain what West Point is doing to entice the grocer. Mr. Swain stated he does not know any of the specifics of those negotiations.

Councilmember Shingleton asked Mr. Swain when the grocer plans to make a decision. Mr. Swain stated there are a lot of variables that he has no control over; the grocer has not given him an exact time frame, but he would guess that they would make their decision some time early next year.

Councilmember Knight asked if the Council should schedule a Closed Executive Session to discuss the potential tenant. Mr. Worthen stated that type of discussion is not cause for holding a Closed Executive Session. Mayor Panucci stated that he would meet with Mr. Swain privately. He also asked Mr. Worthen to add an item to the next Council agenda for the Council to consider authorization of a 10-8-2 study.

Council Business

Mayor Panucci asked Mr. Worthen to inform the Council of the recent utility billing 'snafu' that was discovered by staff. Mr. Worthen stated that the Council adopted a new few schedule at the end of the 2008-2009 Fiscal Year that made changes to the City's water rates. He stated that when staff entered the new rates into the City's utility billing system a decimal point was placed in the wrong place within the rate and customers were subsequently billed the incorrect amount for their water usage over 10,000 gallons. He stated that the City was essentially charging too little for water, but the error has since been corrected. Mayor Panucci asked who would be responsible for entering the rates into the billing system. Mr. Worthen stated there are a couple of staff members that are responsible for entering billing rates into Caselle. Mayor Panucci stated that at the end of the year the City was short $160,000 due to the error and he asked why the error was not caught earlier in the year. Mr. Worthen stated that it was not obvious to staff on a month-to-month basis that there was a shortfall. He added that the error only affected the largest users of water, which are commercial businesses.

Councilmember Clark asked if the City has any recourse to go back to customers to collect the under-billed amounts. Mr. Worthen stated that Questar Gas Company had a similar situation a short time ago, except for their shortfall of $740,000 was much larger than what the City is dealing with. He stated that after much negotiation and a court appearance they were able to collect half of the shortfall from the affected users and they made up the other half by applying a small, one-time charge to all users.

Councilmember Hammond asked Mr. Worthen what his position is. Mr. Worthen stated that his feeling is that the City should not try to recover the shortfall; doing so would be a public relations nightmare. He stated that the City should accept the error and remain one year behind in utility revenues.

Mayor Panucci asked how any given user would be impacted if the City were to try to collect the shortfall amount. Mr. Worthen reiterated that the highest users of water are businesses, such as Maverick and Wal-Mart. He stated that the fact that the City has lowered its base water usage amount to 8,000 rather than 10,000 will help the City to recoup the shortfall over time. Councilmember Hammond stated that in the meantime the City is letting $160,000 'go down the drain'. He stated he would like to understand the ramifications of trying to collect the shortfall. Mayor Panucci stated that it would first be necessary to determine if the City would have a court battle on its hands if the Council decided to try to recover the under-billed amount.

Councilmember Clark stated that if the Council decided to try to collect the under-billed amount, it would be necessary to try to collect from all users that were incorrectly charged rather than just the larger users. Mr. Worthen agreed. Mayor Panucci added that he would like to try to determine how much staff time it would take to try to recoup the shortfall; he wanted to be careful to not 'gobble up' time and resources.

Councilmember Knight asked if there are any utility customers that were not affected. Mr. Worthen stated that the only customers that would be impacted are those that used more than 10,000 gallons in any given month. He stated those are usually customers that have swimming pools or hot tubs at their home or they water their lawns with culinary water throughout the summer months.

Mayor Panucci asked the Council if they wanted to see an item on their next agenda to consider giving staff direction regarding this issue. Councilmember Clark stated he is comfortable with the staff recommendation that the City not try to recover the shortfall. Councilmember Peterson agreed. Councilmember Hammond disagreed and stated that $160,000 is a lot of money. Councilmember Shingleton stated that trying to collect the shortfall would 'open a huge can of worms'. Councilmember Knight agreed and stated that is proven by the Questar case. Councilmember Hammond stated that the City did not need to try to recoup the total amount via a one time charge on utility customer bills; rather the amount to be paid to the City could be prorated for an extended amount of time; the City could ask the citizens to 'help out'. Councilmember Clark stated that considering the number of staff hours that would be spent on trying to recover the shortfall he did not feel it was warranted.

Mayor Panucci inquired as to the City Attorney's opinion regarding this issue. Mr. Worthen stated that City Attorney Godfrey told him that he would not pursue the shortfall and he agreed that it would cause many negative public relations issues.

Councilmember Hammond stated that when former Mayor DeLore Thurgood was in officer there was an issue similar to this one and the Council at that time also did not want to try to recover the shortfall. He stated that Mr. Thurgood, however, did want to recover it and in the end the City won. He stated that this was an error, not something the City did on purpose.

Mayor Panucci suggested that the Council amend water rates in a manner that will assist the City in recouping the $160,000 and once that has been done the rates could be reduced again. He added that the only rate that should be increased is the rate that is charged to people that exceed the usage amount of 8,000 gallons. He stated that means that the only people that would be affected by the increase are the same people that benefited from the City's billing mistake. Mr. Worthen stated that if the Council decides to try to recoup the shortfall that decision would need to be applied fairly to all users. He added that the City would need to be able to justify an increase in rates. Mayor Panucci stated that the justification would be that the City is currently $160,000 short and it is necessary to recoup that shortfall. He added that he would wager that it is likely the same customers that continually use more than the amount of water covered by the base rate so they are the users that would be impacted by any increase implemented to cover the shortfall. Mr. Worthen agreed, but added that there may be people that exceed the base rate amount and end up paying for something that they were involved in last year. Mayor Panucci asked Mr. Worthen to simply consider his suggestion as an option with the understanding that once the $160,000 is recouped the rates would be adjusted downward.

The meeting adjourned at 6:55 p.m.

_____	_____
Fred Panucci	Cassie Z. Brown, CMC
Mayor	City Recorder

Date approved: August 25, 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)