



HIGHLAND CITY

**HIGHLAND CITY COUNCIL
WORK SESSION MINUTES**

Tuesday, September 8, 2020
Approved on October 6, 2020

Highland City Council Chambers, 5400 West Civic Center Drive, Highland Utah 84003

This meeting will be held as outlined by the State of Utah’s guidelines for the Low Risk phase for the COVID-19 pandemic. Individuals, especially those in a high-risk category, are strongly encouraged to participate in the meeting virtually via YouTube live at <http://bit.ly/HC-youtube>.

PRESIDING: Mayor Rod Mann

COUNCIL MEMBERS

PRESENT: Timothy A. Ball, Brittney P. Bills, Kurt Ostler, Kim Rodela, Scott L. Smith

CITY STAFF PRESENT: City Administrator/Community Development Director Nathan Crane, Assistant City Administrator Erin Wells, City Engineer Todd Trane, City Recorder Stephannie Cottle, Finance Director Tyler Bahr

OTHERS PRESENT: Brian Braithwaite, Wesley Warren, Robert Donigan

PRESENT ONLINE: Fred Philpot

7:00 PM WORK SESSION (CITY COUNCIL CHAMBERS)

Call to Order – Mayor Rod Mann

The meeting was called to order by Mayor Rod Mann as a work session at **7:00 p.m.** The meeting agenda was posted on the *Utah State Public Meeting Website* at least 24 hours prior to the meeting. The prayer was offered by Council Member Timothy A. Ball.

Council Member Scott L. Smith arrived at 7:02 pm.

Mayor Rod Mann noted that the purpose of the meeting was high-level discussion. He asked that the Council not spend time digging and reminded the Council that they had agreed to leave by 10:00 p.m. He thanked staff for their work.

1. IMPACT FEES

City Council discussed the ongoing impact fee study for culinary water, parks, public safety, and storm drain.

Fred Philpot, Vice President of Lewis Young Robertson & Burningham Inc., explained that he would provide an update on the impact fee analysis for parks, public safety, transportation, and water and then would inform the Council of next steps in the process. Staff were considering updating the parks and public safety impact fees, as well as amending the transportation and water impact fees. There was not as much engineering analysis for transportation and water, but some changes to the historic documents that needed to be made in the form of an amendment.

Fred Philpot first explained that in regard to process, impact fees were governed by the impact fee statute or act. Cities were required to have an impact fee facilities plan (IFFP) or impact fee analysis (IFA). In the case of transportation and water, staff intended to amend the previous documents, but for parks and public safety there was a combined impact fee facilities plan and impact fee analysis that staff will present when the City moves into the adoption phase.

He continued that each impact fee analysis is governed by similar methodologies that impact the calculation of the impact fee. These elements include demand, level of service, the combination of existing facilities and potentially new facilities to serve that level of service or demand. He noted that facilities intended to raise residents' level of service cannot be included in the impact fee equations. In addition, staff consider financing elements such as existing bonds or new bonds. All of these factors come together for what is called a proportionate share analysis. The proportionate share analysis essentially divided all of the costs amongst the tenure or demand horizon considered.

Mr. Philpot noted that in terms of the process, the City was in the middle stage, presentation to the City Council in a work session. The next steps would include noticing for a public hearing and then a public hearing and approval of impact fee enactment. He noted that an impact fee enactment that has an increase does not take effect until 90 days after approval. However, if there was a decrease in impact fees, which would be the case on some items, those decreases go into effect immediately.

Parks & Recreation:

Fred Philpot began to focus on the details of the different impact fees affected and started with Parks and Recreation. He explained that for all of the impact fees staff look at a city-wide service area. This means that new developments were required to maintain the same level of investment on a dollar basis per person as the City has provided to current residents as opposed to defining the investment based on the amenities per 1000 or acreage. Basing the level of investment on a per capita basis gives the Council more flexibility in the expenditure of those funds.

Mr. Philpot said that the City had outstanding debt in association with the construction of facilities. He said that it was the City's intent to use impact fees to pay the debt service. As a result, staff included that element in the buy in of the analysis. He said that the actual cost of that debt was included in the calculations. He said that they just make sure that they are not double counting those assets when the inventory other facilities.

Based on the level of investment per capita and an estimate of the projected population growth, staff identified the need to invest an additional \$1.8 million in future facilities to maintain the level of investment in park infrastructure.

Mr. Philpot explained that the calculated fee and fee per household was also on a per capita basis. Currently, the value per capita of all assets for the debt service payments totals \$870 per capita and a buy-in fee of \$490 per capita (the value associated with the bond and the infrastructure funded with it), in addition there was some professional expense associated with the impact fee analysis totaling \$5 per capita making the total value per capita \$1,365. This is then multiplied by Highland's average household size for both single and multi-family.

The result is a fee of \$5,790 (a 32 % increase above the current fee) for single families and \$4,752 for multi-family (a 12% increase above the current fee). He said that the changes were not uniform because the household sizes were adjusted based on more recent census data. He said that the reason why the fees were changing so much since their previous analysis was because the value of non-buy in services on today's dollars have resulted in the increase. He noted that while this fee was going up, other fees were going down with the cumulative change in the fees being a decrease.

Police and Fire

The second area that Fred Philpot outlined impact fee changes to was Police and Fire. The police impact fees were evaluated on a city-wide services area with the level of service determined by the calls per unit. (A unit is defined either per household or per non-residential square foot.) He said that staff looked at a buy-in for existing facilities and did not include any new police infrastructure in the 10-year horizon. He said that there were about \$2.3 million of existing facility costs and \$1.0 million in remaining financing costs (the interest paid to construct the existing facilities). Staff spread the costs out over a belled-out scenario, to account for the facilitates that would service a 10-year demand. The existing facilitates, financing and impact fee analysis costs amounts to a \$292 cost per call. That cost was then multiplied by the calls per unit that staff geocoded across the City and matched those to parcel and land use data to produce the impact fee per unit (single family, multi-family, or private non-residential per 1,000 square feet). The proposed impact fee of \$245.02 per call was going down by 54% for single family dwellings, but the impact fee of \$138.05 for multi-family dwellings was going up 83% from \$75.32. That was a result of the updated call analysis. There was also a slight decrease for the non-residential dwellings from \$336.24 to \$259.58 per unit. Overall, this is a decrease in police impact fees.

The fire impact fees, however, would have a net increase. A similar analysis was conducted looking at a city-wide service area that analyzed call data from different dwelling types. Like with police the company looked at the cost of existing facilities (\$3.2 million), their financing costs (\$1.4 million) and the cost associated with the analysis (\$11,000). Evaluation of the call data resulted in both an increase and re-distribution of costs. The single-family cost would go up 157% from \$200.59 to \$515.67 per dwelling unit. Multi-family family costs would go up 104% from \$200.59 to \$409.05. Assisted Living/Senior living would see the most dramatic increase of 2642% from \$104.67 to \$2,870.45 per unit. Commercial would also see an increase of 232% from \$104.67 to \$347.71.

Mr. Philpot noted that the company added the additional category of assisted living/senior living because those facilities typically have a high call ratio per unit. He said that the call data shows a large volume of calls going towards that type of land use. He said that the commercial fee was being skewed by calls actually from assisted living and senior facilities. He said that in the event that future assisted living or senior facilities were built, a separate fee assessment could be done for that type of development because it was likely they would produce a much larger demand for fire services. He furthered, however, that it was not required to break out those types of facilities from other commercial spaces, however, that could cause the commercial impact fee to increase to account for the additional calls.

Transportation

Fred Philpot said that the biggest changes to fees were seen in the transportation and culinary areas. He went over transportation next.

He emphasized that the transportation fees were an amendment; the company did not go back and go through a full level of service analysis or a road infrastructure analysis. The simply evaluated the capital improvement plan and identified projects that still required funding or projects that were removed from the equation as a result of changes in funding and construction costs. The amendment only considered two new projects related to growth over the next 10 years. This totaled \$1.5 million in costs associated with growth in the planning horizon. The

cost was applied on a per trip basis and allocating the cost per trip (\$108) to each of the land use types. Mr. Philpot displayed a table of 11 different land uses and noted that it was not an exhaustive list. When looking at the trips per land use and the cost per trip, there was an 82% decrease in the fee across all land use types.

Water

Evaluation of water costs showed a similar decrease. For water they evaluated a specific service area, the south east service area, in the City. Like with transportation this would be an amendment. The level of service was defined as the peak day source flow rate (GDP) of 0.55 and a distribution minimum operating pressure of 50 PSI (20 PSI for fire suppression). There were no existing service buy-ins because most of the infrastructure was built by Highland Water Company. The 10-year project list was re-defined based on updates and the current understanding of what was needed and resulted in \$420,000 in new facility costs with-in the 10-year planning horizon. These costs are evaluated based on equivalent residential connections (ERC), a way to convert both residential and non-residential connections into a single demand variable. This produced a fee of \$603 per ERC which was multiplied by the different connection sizes. Based on those re-calculations, water will see a 64% decrease.

Mr. Philpot said that a typical single family has a ¾-inch meter. Currently those residents are charged \$1,653.00. The revised schedule would impose a \$603.00 fee, a savings of \$1,000.

Summary of Fees

Fred Philpot summarized that despite an increase in parks and fire, when all of the fees were added together they resulted in a -20% decrease in the single-family category, a -23% decrease in the multi-family category and a -68% decrease in the commercial category.

Mr. Philpot said that what was important to note was that the impact fee act requires that a city account for all impact fees and show where those fees are going to be spent. If projects were not removed, the City would continue to collect this higher amount, but wouldn't have any projects to expend those funds on that could cause the City to face some litigation for developers to get money back or would have to reimburse those funds voluntarily.

Mr. Philpot also wanted to point out that in the police and fire category, the City was collecting about \$7,035 per dwelling. The company was proposing that the City still collect that same amount, but that the redistribute how much of that fee was allocated to each department based on the call analysis.

When these fees were compared to other cities, specifically the impact fees for single-family residential, Highland's impact fees were not the highest or the lowest. They were comparable to Spanish Fork. From an economic standpoint Highland fell in line with other communities across the state. Mr. Philpot said that what looking at just the economics fails to consider was level of service issues. He said that other communities have other fees they are assessing. He, however, just compared the fees that Highland was implementing.

In regard to moving forward with the process, following this meeting the company would finalize the impact fee analysis documents and amendments and prepare the documents for noticing. In addition, Lewis Young Robertson & Burningham, Inc., would provide the certification for the documents. From there they would move forward with the noticing process. Cities are required to provide at least 10 days' notice to the public hearing. Once the noticing was complete, Highland could hold the public hearing. At the public hearing, the Council has the option to adopt, modify or reject the impact fees. There would be a 90-day wait period for any increases to take effect, but decreases would take place immediately.

Council Member Scott L. Smith asked why the proposed fire impact fees were higher than other communities. Fred Philpot said that a lot of it had to do with the level of service Highland provided relative to what other

communities provide. He said there were probably some economies of scale factors, too. In addition, Highland still had financing costs to pay off where other communities did not. He said that having remaining financing can double the impact fee for a city. Mr. Philpot explained the different cities (Logan, Brigham, Salt Lake) different situations and why their costs are lower.

Council Member Scott L. Smith summarized that the difference was because of facility costs and that Highland was trying to pay down debt. Mr. Philpot said that one other element that he failed to mention was something that City Administrator Nathan Crane highlighted; there were two components to the park impact fee: (1) the city had a component of the impact fee that could go towards paying off debt and (2) a component of the impact fee that is for new infrastructure. Impact fees cannot go solely towards paying off debt but have to have some investment in the future to provide maintenance of level of service. If increasing level of service was not Highland's intent, then the parks impact fee might need to be reevaluated.

Mayor Rod Mann asked if Highland had been using all of their park impact fees in recent years to pay the bond, did they create an obligation that needs to be funded with new money for capital improvement projects for new parks. Fred Philpot said that this analysis, despite an increase in impact fees, did include a self-correction because it considered the level of investment now as the basis of the calculation for the impact fee. He said that he did not want to perpetuate that because the impact fee, when accounting for the time value of money, would actually decline over time rather than going up based on continued investment in infrastructure. Mayor Rod Mann said that the new fees are how the impact fees need to be allocated moving forward. Essentially, what happened in the past was water under the bridge. Fred Philpot said that from year to year, the City just needs to account for those funds and make sure that they were proportionate. He said that in previous correspondence there was indication that the City wanted to use impact fees to pay off debt. At some point, however, there needed to be some investments in additional infrastructure. He said that he was simply re-stating that the existing and proposed impact fee was a combination of buy-in and investment. Mayor Rod Mann asked if the City should be tracking how the money was spent so that the City knew how much it needed to spend on improvements. Fred Philpot said that he wasn't a municipal accountant, but from an impact fee standpoint he would evaluate the buy-in component and funnel that into one fund and use the future facilities component to invest in additional improvements to the City's infrastructure. He said that did not have to be acquiring land all the time but could be putting in a new playground in an existing park.

Mayor Rod Mann asked if adding a restroom, pavilion or playground to an existing park counted. Mr. Philpot said yes. City Administrator Nathan Crane asked if the \$1.8 million outlined on one of Mr. Philpot's slides was the target investment for future improvements.

Fred Philpot confirmed this to be the case. He explained that it was based on an estimate of the population growth. In reality that number could fluctuate if growth slowed. He said that the number was calculated with the \$870 per capita investment amount and accounted for an additional 2,000 people. To maintain the same level of investment with that population growth an additional \$1.8 million would need to be invested. Those same 2,000 people would also pay \$490 towards existing debt service.

City Administrator Nathan Crane said that was the investment over the next 10 years, not necessarily the amount that had to be allocated to build out. Fred Philpot said that Highland was beginning to run out of land. He said that the increase in population by 2,000 people might happen in ten years, or if growth slows, it might take 15-20 years. A city never really achieves true build out as there is always redevelopment.

Mayor Rod Mann said that the Boyer project alone would result in an increase in population by 2,000 in just a couple of years.

Council Member Kurt Ostler had a question about the public safety impact fees regarding the police. He wondered if only a building constituted a future facility or if additional officers, equipment, or vehicles were also considered.

Fred Philpot said that only brick and mortar buildings could be included, unless it was a fire apparatus valued above \$500,000. Generally speaking, equipment or personnel cannot be considered under the impact fee facility component.

City Administrator Nathan Crane informed the Council that staff were updating that capital improvements plans for sewer and pressurized irrigation (PI) fees. He said that staff should have drafts of those IFFPs near the end of October for their review in November.

Fred Philpot repeated the process moving forward and told the Council about his future involvement and when they could expect to see him again.

2. MOUNTAIN RIDGE PARK

The City Council reviewed and discussed the Mountain Ridge Park Master Plan.

Assistant City Administrator Erin Wells explained that she and Rob Donigan of Blu Line Design would review the current plan, provided a brief overview of the history for how staff got to the plan, and addressed the projects costs, financing, and phasing. She said that she hoped that the Council could provide direction on (1) the park elements they wanted prioritized, (2) how they would like the development of the park phased and (3) what funding sources they wanted to utilize. Following that initial direction, staff would be able to come back before the Council to provide a final phasing proposal and spending plan.

Assistant City Administrator Erin Wells explained that there were several public meetings held in 2018-2019 regarding the development of Mountain Ridge Meetings. During that time period, although there was a previous plan, staff went through multiple park iterations, one of which included a 27-tournament level pickleball court plan. In April of 2019, the Council at the time directed staff to revise the plan away from that level of pickleball courts to accommodate feedback from residents from a variety of open houses and a resident survey. People wanted fields, pavilions, playgrounds, pickleball courts and walking paths. One of the findings of the 2019 survey was that 62% of residents did not want large sports tournaments in Highland. A more recent survey showed that the top five park elements desired by residents were dog parks, general playgrounds, open fields, pickleball and walking paths.

Mayor Rod Mann asked if the new park in Cedar Hills was considered an all-abilities playground. Council Member Kim Rodela said yes.

Rob Donigan, Landscape Architect with Blu Line Designs, presented the updated designs for Mountain Ridge Park. He displayed the revised plan for the park. He noted that there were several similarities between previous plans and the plan now. On the north east side of the park, the designers kept a significant amount of parking as part of the current plan. There were still pickleball courts on the north east corner, but there were eight as opposed to 27. West of the pickleball courts was an all-abilities playground. The location of the playground was changed to put it closer to the parking lot for better accessibility. South of the playground would be a pavilion and restroom. The design of this amenity will have to be finalized based on how the City want the space to be utilized. It could still be a large facility that could be reserved. In addition, there were two medium sized pavilions as well. These could be used for families or multiple groups that want shade around the playground in case the large pavilion was reserved and being used. On the south end of the park there would be the multi-use fields providing open space that can be programmed for soccer and lacrosse, or football, etc. To the west of playground is a multi-use open lawn space for times when the larger fields might be in use. Mr. Donigan said that one of the top amenities that people mentioned wanting was walking paths. Because of this, the revised plan features a walking path from parking lot, to the playground and around the fields for pedestrians. He said that it could be marked for distance. According to Mr. Donigan, eight pickleball courts is good number for neighborhood use. He was

excited about the all-abilities playground and indicated that there was a lot of need for that type of amenity. He noted that there were funding sources that could assist in getting the playground constructed.

Rob Donigan, Landscape Architect with Blu Line Designs, then talked about the cost of the different park elements. These elements and associated costs were as follows:

- (1) Construction plans & bidding: \$104,000.
 - a. These could be completed in 2021 if they began the process immediately.
- (2) General site improvements: \$179,000
 - a. Sidewalk, roadway, grading, utility improvements, etc.
- (3) Parking lot & roadway: \$900,000
- (4) Playground area: \$1.54 million
 - a. This would include the pavilions.
- (5) Pickleball courts: \$778,000
- (6) Fields and walkway: \$1.95 million
 - a. This was a more expensive item because of the size of the fields and the cost to put in irrigation and the walkway that encompassed the space.
- (7) TOTAL: ~ \$5.5 million
 - a. This includes full buildout: lighting, parking lot, trees, and other landscaping.

Mr. Donigan presented a slide that should how the part could be divided and developed into three or four chunks so that the park could be built in phases as funding allowed. He then outlined two different phasing strategies: (1) amenity by amenity, or (2) multiple amenities at a time. Blu Line Designs also presented two specific phasing options for the park.

Phasing Option 1

For this phasing option the different areas were identified as:

- Area A: parking
- Area B: playground and pavilions
- Area C: pickleball courts
- Area D: fields

It was recommended that the City make sure that there was parking and then could develop the different amenities based on their priorities.

Phasing Option 2

The second phasing option was more of a mixed amenities approach. The different areas for development were identified as:

- Area A: northern parking, playground, and pavilions
- Area B: pickleball courts, north eastern parking, and south eastern field
- Area C: middle and south western fields

Mr. Donigan said that there were pros and cons to each phasing option. The pro for the mixed approach was that you get a little parking with some other amenities providing variety. Any amenities that are put in up front will want some parking and access. Mr. Donigan said that was all he had to present.

Assistant City Administrator Erin Wells said that she was going to address more specifics related to funding but asked if the Council had any questions for Rob Donigan, Landscape Architect for Blu Line Designs, before she transitioned to a new topic.

Council Member Kim Rodela asked how the all-abilities playground compared to the size of Harvey Park. Staff did not know the answer.

Council Member Kurt Ostler also asked about the size of the playground. Rob Donigan said that the design was very high-level. The final size of the playground would be dependent on how much the City wanted to spend. Council Member Kurt Ostler asked about other parks that Blu Line Design had helped develop. He asked if they had worked on parks in Spanish Fork. Mr. Donigan said that they had worked on the Spanish Fork Park with the ballfields and pickleball courts. He said, however, that they were not involved in the design of the all-abilities park in Spanish Fork.

Council Member Kurt Ostler asked if there were other parks in the area that they could visit to compare to. He said that the Council was impressed by the Harvey Park, particularly that it was busy both during the day and in the evenings, but with vastly different demographics. He said that he had not physically gone to the Spanish Fork park. He asked if there were other park elements that Highland had not considered that other cities had put in looking towards the future. Rob Donigan, Landscape Architect from Blu Line Design, said that was a difficult question because different communities like different things. However, he said that pickleball courts are popular. He shared a personal anecdote of going to play pickle ball with City Administrator Nathan Crane the previous week at a facility they helped design that had 16 courts.

Council Member Kurt Ostler said that Spanish Fork had 16 courts and the Lehi was considering putting in the competition courts at the pack park. He wanted to know if in putting in eight courts if Highland was being a little too shy and should look to have 12 courts. Rob Donigan of Blu Line Design said that from a community standpoint eight courts were a good number. He said that the complex in Clearfield has 16 courts and it was a lot of courts. Every court was full, however. He said that Blu Line Designs was working on a park that was in construction in Herriman that had unique elements such as gaga ball. Mapleton was building futsal courts. He said that in reality, sports are cyclical and that they come and go. In the end it is important to have core elements. He noted that the survey emphasized that people want walking paths, multi-use spaces, and playgrounds. He advised that the Council do not get hung up on the trend. He said that the elements you have here are good for the community.

Mayor Rod Mann said that they had seen an increased use in basketball at parks. He realized that this might have been because all of the church buildings were closed because of COVID-19.

Rob Donigan of Blu Line Design said that if the City does put in pickleball courts to make sure that they also installed lights.

Council Member Scott L. Smith said that when the park was reviewed by the previous Council it was his understanding that there were already nine to eleven soccer fields in the City. He acknowledged that soccer was popular but wondered why they were putting in three more fields when they do not really have any baseball diamonds in the City. He wanted to know if Highland's emphasis in the City had just become soccer. He said that he would be more likely to support two soccer fields and a baseball diamond in one corner.

Council Member Kim Rodela said that he would back up Council Member Smith. She said that her kids play both soccer and baseball and that there was always a lack of baseball diamonds. She said that it was interesting, though. There was a nice baseball field at Mitchell Hollow Park. However, it was unusable by the baseball league because of ill maintenance.

Mayor Rod Mann said that the soccer teams provide funds for the fields that they rent from the school. He wanted to know if baseball just did not contribute to the field maintenance. Council Member Kim Rodela said that she did think that they contributed to field maintenance, but that it just needed a complete overhaul. According to Alpine, it would cost \$8,000 to bring in new dirt.

Council Member Kurt Ostler said that there were also two baseball fields at Heritage Park. He asked if the City owned both diamonds. Assistant City Administrator Erin Wells said that the City owns one and the school owns the other. She said that Lone Peak Baseball, a local league, utilized the field.

Council Member Kurt Ostler said that although the fields were described as soccer fields, he could also see lacrosse and football using the fields. Council Member Brittney P. Bills agreed with the point that there was no place in the City to play lacrosse. She said that her family had to drive all the way to Riverton and Bountiful to play lacrosse.

Brian Braithwaite said that the idea for the park design was for that area to be fields, not necessarily soccer even though that is what it looked like on the drawing. to be fields, o necessarily soccer. The intent is that we can make this anything we want. He said that the 2nd issue was that the City could not provide everything for everybody in one park. He did note that baseball was popular in the area. One of the positives was that Alpine had a lot of fields, as well as in American Fork. He said that one of the reasons why they moved away from the baseball fields was that would mean the park would only serve one sport, whereas grass was more versatile for multiple sports.

Mr. Braithwaite said that there were soccer teams who wanted the fields to be exclusively for soccer. If the fields were just for soccer, they were willing to pay more to take over the maintenance. He said that there were organizations willing to pay for some of the infrastructure, mowing, etc. He also explained that different sports have different desires/needs in regard to the quality of turf. Soccer wants nice grass because the ball is on the ground a lot, whereas football tends to tear up turf because of the cleats. There were organizations who were willing to pay for additional maintenance to have the exclusivity from May until October. People could go out and throw a frisbee or play a pick-up game, but there could not be other organized sports.

Mayor Rod Mann clarified that the City could have some fields be exclusive to a particular organization and other fields could remain open to the public. Brian Braithwaite said that depending on the cost savings to the City they could decide how many fields to make exclusive. He said that this could not only provide upfront funding but could support continued maintenance.

Council Member Scott L. Smith said that in a City of limited means a cost-sharing arrangement was appealing but were hard to explain to people that there was a public park that only certain people could use. He said that is one of the issues with the open space parks. He said while that was appealing, he wanted to hear strategies for how to explain to people that there is this nice amenity and the City was able to save a lot of money, but you can't use it.

Brian Braithwaite said that there would not be City police or employees at the parks, so how is an arrangement like this managed. He said that people recognize that when soccer games are going on, that the field is not available. In addition, signs can be posted that indicate that a field is not supposed to be used for any organized sports (i.e. the field cannot be rented our used for practice.) If a team has been identified as using a field, city

staff can inform a coach that the field cannot be used and redirect them to another space. However, pickup games of football and soccer, etc. would be okay.

Council Member Kurt Ostler said that Lehi was making Peck Park. They were sourcing their soil from Dry Creek Lake. He said that there were soccer leagues coming to put in soccer fields for a big portion of the park and were negotiating to put in competition pickleball courts. He said that in five years he thinks that there will be a lot of competition pickleball available that will take use from each other.

Brian Braithwaite said that the soccer leagues signed a 10-year contract with Lehi. For the ten years that they are funding the infrastructure the soccer leagues have some level of exclusivity. The City was responsible for the restroom facilities and maintenance. However, after the 10 years, because the property is owned by the City, they could either renegotiate with the soccer leagues or say that they wanted to return the fields to a more public space.

Council Member Scott L. Smith asked about the price of the pickleball courts. He questioned if the true cost of a pickleball court was \$100,000. Assistant City Administrator Erin Wells said the estimates reflected full buildout with additional amenities such as shade structures and lights.

Rob Donigan of Blu Line Design said that the cost of the eight courts for the courts themselves would be between \$200,000 - \$250,000. When factoring in the \$150,000 for the lights, and costs for surrounding concrete and landscaping, the cost increases.

Council Member Kurt Ostler said that he found the field cost of \$1.95 million surprising, but he understood that the cost reflected all of the infrastructure needed to support the fields' use. Rob Donigan of Blu Line Design provided for reference that the development of the fields with the walks and trees comes out to be about \$4 per square foot.

Mayor Rod Mann asked if that rate was in line with what the City paid for Spring Creek. City Administrator Nathan Crane said that at Spring Creek the City paid \$5 per square foot.

Council Member Kurt Ostler addressed possibilities for a dog park. He said that a dog park might be particularly popular near Boyer and the town center. He said that he was not sure if trying to put a dog park in at Mountain Ridge was best, but that the City did need to look into putting a dog park in somewhere.

Mayor Rod Mann suggested that there was a scrub brush area at Highland Glen that, if cleared out, could be a potential dog park area and would be closer to Boyer.

Council Member Kurt Ostler said that was a totally unused part of Highland Glen.

Assistant City Administrator Erin Wells redirected the Council back to discussing funding for Mountain Ridge. She reminded the Council that the estimated cost for the entire park was \$5.5 million. She outlined the different places that the City could get funding.

Unallocated Revenue Sources

The following funds did not have legal ties to them:

1. Remaining funds from the sale of Spring Creek: \$1.4 million
2. Patterson Storage Property Sale: \$360,000
3. Dry Creek Property Sale: \$400,000
4. Street Tree Account: \$97,000

- a. The City was previously collecting fees from residents to put in trees. While the City collected the money, they did not actually put in trees. Because of this, they feel the money should be used for landscaping and beautification.
5. Sale of Open Space: \$275,000
 - a. She said that she forgot to pull out Mercer Hollow so the amount would be less than \$275,000.

These funds combined total \$2.53 million.

Assistant City Administrator Erin Wells provided a couple of caveats pertaining to the figures. She said that when the Mountain Ridge Park first became an agenda item in 2018-19 there was a vote taken that 60% of proceeds from Spring Creek park would be used. In addition, there was a little bit more money from the sale of open spaces that the City was waiting to collect.

Other Revenue Sources:

Assistant City Administrator Erin Wells said that there were also some funds already included in the City budget that could be re-allocated for the park. These included:

1. The Enterprise Funds: \$75,000
 - a. Site improvements would be the qualifying amenity
2. B & C Road Money: \$76,000
 - a. 10400 N Curb and gutter would be the qualifying amenity. Site Improvements
3. Quarter Cent Sales Tax: \$27,600
 - a. 10400 N Sidewalk could be funded because it was a long a corridor that kids travel to get to school.
4. General Fund Trail Maintenance: \$70,000
 - a. This could fund the trail traveling along the perimeter of the field.

The total funds from these four sources totals \$250,000 from the current City budget.

Assistant City Administrator Erin Wells said that she was just outlining different funding options from the budget. It was true that if the money were spent on the park it would not be spent on other projects, so the Council would have to weigh what improvements and developments they wanted to prioritize.

Council Member Scott L. Smith said that in the Highland Foundation there was about \$6,000 that has been raised for all-abilities and an additional \$15,000 for pickleball courts. Assistant City Administrator Erin Wells said that information was good to know. She said that she thought some of the money was tied specifically to Highland putting in the 27 competition pickleball courts, so she did not know if there were still funds available. She said that the Asher Corporation donated the \$15,000 for pickleball courts in the City.

Unknown funding:

There were three areas that staff intended to pursue additional funding:

1. Grants
 - a. Assistant City Administrator Erin Wells said that one thing that was important to consider in regard to phasing were which park elements Highland wanted to pursue grant money for. There was a good possibility of being able to get grant money for the all-abilities playground. She wanted to be strategic about what they put City funds towards versus what they sought grant funding for.

2. Fundraising
 - a. In regard to funding raising, while staff could be a part of fundraising Assistant City Administrator Erin wells felt that they could not be the driving force. Fundraising would fall to the Council, Park Commission, and Highland Foundation.
3. Public private partnership
 - a. This funding would come from what was discussed by Brian Braithwaite: partnerships with soccer leagues to help put in fields and cover the cost of continued maintenance in exchange for exclusivity
4. Reserves
 - a. Staff does not recommend this, but reverse could be utilized.

Council Member Kurt Ostler said that he was curious to know how successful Highland could be at fundraising. There was discussion between Council Member Ostler and Council Member Smith about how funds raised were allocated such as how one donation was moved to the pavilion at Spring Creek. Council Member Kurt Ostler said that the Spanish Fork all-abilities park was paid for with a grant. He felt as though they could pursue a private partnership to cover the cost of the soccer fields.

Assistant City Administrator Erin Wells said that staff have been able to identify about \$2.78 million in City funds if the Council wanted to include all possible funding options in towards the Mountain Ridge Park.

Mayor Rod Mann said that if staff needed a council member as a fundraising representative that he would suggest Council Member Scott L. Smith given his ties with the Highland Foundation.

Council Member Kurt Ostler asked the Mayor if he could engage Brian Braithwaite, a former council member who engaged in fundraising, for some information and advice. He asked if there were any lessons that he could pass on to the current council.

Brian Braithwaite, Parks, Trails & Tree Commission Chair, said that finding passion is what drives us. He said that in Spanish Fork the had 35 families who contributed as part of the design and fundraising for the all-abilities park. He said that Wing Enterprises contributed a significant amount of money because he had a soft spot for all-abilities. Essentially, Mr. Braithwaite suggested finding the people with the passion. He echoed Assistant City Administrator Erin Well's comment to be strategic about knowing what to spend City funds on and what projects align with people's passions that they might be willing to contribute to. He emphasized that it was important to show that the project is moving forward and then people will be exited to get involved.

Mayor Rod Mann recalled that Brian Braithwaite had found a group that had helped Pleasant Grove get funding for their all-abilities park. He asked if that was someone who specialized in getting funding. Brian Braithwaite said that one of the key individuals of NOVEL (neuro-ophthalmology virtual education library) put money into the park and had a foundation that they were able to use, as well as family members that had a personal interest in the all-abilities park. He said the situation in Pleasant Grove was one where there were key community people who brought other individuals in to funding the project. He said that for a lot of grants or large donors, they want the community to contribute a certain amount and then a foundation will match it.

Council Member Kurt Ostler said that he felt as though there were organizations in Highland that would support an all-abilities park such as Courage Reins, the LDS Special Needs Mutual, and the Developmental Center. He said that he felt that there was some inertia that Highland could utilize and demonstrates that the City values those communities. We believed Highland could paint a good picture.

Brian Braithwaite said that was good because grants always require matching. He said that all-abilities parks and even pickleball for recreation were areas where there were known grants that could be pursued. He said that he felt comfortable that we can push for grants. He added that when there is an existing park, requesting individuals

tend to get more grants because organizations granting money can see that a project is already in motion and they want to show off their grant program.

Council Member Scott L. Smith said that based on previous experience he did not think that this park design was going to generate the controversy that the tournament size pickleball courts did. He said that one of the problems that they had in the past with fundraising was that there was so much opposition to the idea of that many pickleball courts that contributors didn't want to contribute because they didn't think that the park was going to happen. He said that he felt that if there was a more solid commitment and City funds allocated toward the project that they would get more contributions. All the Highland Foundation did last year to raise funds for the all-abilities park was send out one flyer. This raised \$6,000. He said that he felt that between grants and a fundraiser the City could generate the funds for the all-abilities park.

Brian Braithwaite said that a significant piece was having a foundation involved because there was always a higher interest in the donations could be tax deductible.

Council Member Scott L. Smith said that the Highland Foundation was meeting in the next month and that they could focus on fundraising, especially with Christmas coming. He said that it was his sense that people wanted to see things happening because they were tired of COVID and all the negativity in the media and would be glad to support something positive like the park.

Council Member Kurt Ostler asked Mr. Braithwaite from his experience, who were the most important people to be leading fundraising initiatives. He asked if it was council members, the parks commission, or other individuals. Brian Braithwaite said that it was his belief that when a granting organization or the public can see that the City is behind a project it doesn't have as much requirement from elected officials because the fact that a project is moving forward indicates that elected officials are behind the project. He said it is always nice to have a mayor or city council member to rub shoulders with, but not required when the project is moving forward.

Assistant City Administrator Erin Wells asserted that she put together a table to identify the different amenities and how they could be paid for.

Amenity Section	Cost	Qualifying Revenue Source	Amount	Remaining
Construction & Bidding	\$104,000	TBD	---	\$104,000
Site Improvements	\$179,000	Enterprise Funds; B&C Road Funds, County Trail Transportation Funds	\$179,000	\$0
Parking Lot & Roadway	\$900,000	TBD	---	\$900,000
Playground Area	\$1.54 M	TBD	---	\$1.54 million
Pickleball Courts	\$778,000	TBD	---	\$778,000
Fields	\$1.88 M	General Fund Trail Maintenance	\$70,000	

She said that there was about \$5.1 million dollars that required direction from the Council for where the funding would come from. The City had about \$2.5 million in unallocated resources that could go to the project. This left a \$2.6 million gap. In summary the City had about half of the money needed to make the park happen. Assistant City Manager Erin Wells said that she needed the Council to provide direction on the prioritization for phasing and what funding sources they were comfortable with staff using.

Council Member Kurt Ostler said that he was nervous about pulling out of the general fund for trail maintenance. He said that the Council hears from a lot of residents about the need for trail maintenance and that seemed to be a priority for the Council. The \$76,000 from the B&C road funds seemed to be reasonable to him for use for 10400 N curb & gutter, as well as the \$27,000 quarter cent money. He then asked about the street tree account. He wanted to know when that money was intended to replace trees.

City Administrator Nathan Crane said that way back when, developers had to install two street trees per house. There was a street tree fee. Then there was a question what the City should do with the money. In 2010 staff looked at four or five different programs and could never really make the programs where people got tree vouchers work. Because of that staff stopped collecting the tree planting fee and thought the park would be a good place to spend that money.

Council Member Kurt Ostler asked where the funds came to replace trees in Highland's open spaces or roadways. City Administrator Nathan Crane said that the trees come from different funding sources. The City often uses left over trees from the tree sales. He said that he was not exactly sure where the funding came from. Council Member Kurt Ostler said he was wondering because he had heard comments about having dead trees on one's park strip. City Administrator Nathan Crane explained that these trees would have been allocated towards putting trees in the park strips of new housing developments.

Council Member Brittney P. Bills said that something that confuses her is when money is allowed to be moved around and where it is allowed to be spent. On one hand she hears that there's not enough money for park maintenance or to purchase a needed weed spray or to pay for additional staff, but then there is a fund that has \$95,000 in it for trees despite the fact that the City paid an outside company to update Highland's medians. She also wondered about the money gained from the sale of open spaces. She said that she remembered the neighbors of some of those open spaces coming in and saying that the money was collected specifically to serve their community and they were going to allocate those funds for the tennis courts that went in at Canterbury. Because of this, she wanted clarification of where and how open space money was spent. She said that before she felt comfortable using open space funds for the park, she would want there to be a policy about where open space money would go generally so that the Council knows down the road.

Council Member Scott L. Smith said that Council Member Bills brought up some valid concerns as there had been several discussions about the fact that when the City sells open space that the profits should stay in open space neighborhoods. He said that he leaned towards that concept. He said that in the \$1.4 million from the open space sales there was a commitment that 60% would be used for Mountain Ridge Park. He said that it was his impression that the remaining profits from the sale were intended to go to Beacon Park, which was an open space park. He said that he would prefer to see all the open space funding go to Mountain Ridge to get some initial projects done. He said that there was some nice phasing.

Council Member Brittney P. Bills said that she was not opposed to using the open space money. She just felt that the Council needed a plan or policy so that they could be consistent in how they allocated those funds.

Council Member Kim Rodela said that she was in agreement with Council Member Bills and Smith; she felt that there did need to be a plan about if open space money was going to be just for open space or could it be used for City parks as well. She said that it was hard to have a situation like Beacon Hills neighborhood, whose park was never finished and were promised a pavilion that they never got, to take open space funds and put them elsewhere.

She said that one of her main concerns was the fact that Highland has such a hard time maintaining its parks as it is, that before she would want to proceed with the development of the Mountain Ridge Park she would want for a maintenance schedule to be established that included repairs, a 10-year plan for replacing equipment, and keeping up with baseball fields, etc. We need to have a plan with open space, or can it be used for other things as well. Lastly, in terms of direction from City Council on priorities for phasing, she thought that staff should start with the all-abilities park, through private fund-raisers and grants.

Council Member Scott L. Smith said that Area A only required \$1.5 million. He thought that with the holidays coming up, they could easily raise some money.

Council Member Kim Rodela said that although they did have the \$1.5 million, she felt that Area A was the primary area that they could get grants and fundraisers. Because of this, she felt that they should set aside the \$1.5 million of city funds for Areas A, B, and C.

Council Member Kurt Ostler said that he was comfortable with most of the funding sources with the exception of the \$275,000 from open space. He said that he felt that there would be other needs in open space parks that the \$275,000 would be more appropriately allocated to. Because of this, he would pull that money out of the Mountain Ridge Park funding.

Assistant City Administrator Erin Wells said that she doesn't disagree that a plan for the open space money would create more clarity. However, she informed that there was not a specific vote about if the money stayed in open spaces or was used in other areas. In fact, if a vote had occurred, each Council could make a different vote. The issue surrounding open space money came down to two questions: (1) does it make sense to keep it in the neighborhood, or (2) does it make sense to use it in the best way possible. For example, in regard to Canterbury Circle, the City sold about \$255,000 worth of land and once the sports court was removed, there would be an additional \$100,000 in profits. She wanted to know if there was an additional \$100,000 worth of desired investments at that park.

Mayor Rod Mann said that his memory of discussions about open space money was that it should stay in open space communities, but that it did not need to stay in the specific community it was generated, but could be distributed to any open space park. not necessarily in the neighborhood where it was generated. He then noted that the Mountain Ridge Park was quasi open space because someone got a bonus for selling the City land at an exorbitant price. He said that he did not have a problem with where the money was spent but did acknowledge that there were some specific problems in open space, like Beacon Hills, that did need to be addressed.

Council Member Kurt Ostler said that there seems to be a difference in opinion as to if Beacon Hills Park was finished or not. It seemed that some residents wanted additional amenities like restrooms and a pavilion and others did not. He felt that it was important that they did continue to set aside funds to repair and address some of Highland's trails. Adding to Council Member Rodela's comment, Council Member Ostler said that there were two issues to be considered: utilizing capital to build and making sure that there were enough funds for maintenance. If the Council approved the park, he wanted to know what they were committing to in long term maintenance. He said that if they do not have funds to support the park's maintenance, they are just taking funds from other parks that could have better upkeep. He felt that Area A, the parking lot, would not be an area they could fundraise for. The all-abilities park in Area B was a place he thought he could fundraise. He did not think that they could raise Money get fundraising in all-abilities, probably not for parking lots. Area C, the pickleball courts, did seem to have public support. For Area D, the soccer fields, he liked the idea of dedicating one field to a private sponsorship. He thought that they could put lights in later on. He said that he was not interested in bonding for the project or in raising taxes to fund the park.

Council Member Scott L. Smith said that originally when the Beacon Hills park was designed, there were four or five phases. He said that what he thought what was developed was phase 1.5. He said that there were several other elements that were intended to be completed. The master plan was still available through City records.

Council Member Kurt Ostler said that he felt that reviewing the plan would be important. He asked how many acres Beacon Hills entailed. It was his impression that only a few acres of the entire park had been improved. City Engineer Todd Trane guessed that the total park was 20 acres total, of which 10 acres were improved with grass.

Council Member Kurt Ostler also noted that there was some money allocated for a bathroom. He agreed with Council Member Smith that Beacon Hills was a park that the City needed to keep an eye on. An additional problem he noted was that there were several other parks in Highland with aging playground equipment that would need to be updated soon.

Assistant City Administrator Erin Wells summarized what she heard from the Council. She said that it seemed the Council was not comfortable using the General Fund trail maintenance money or the sale of open space property money. In addition, if staff use some of the quarter cent sales tax money, the Council would like to make sure that they save some funds for sidewalk repairs that funds were recently allocated to.

In regard to phasing, Ms. Wells heard that in looking at the four-part phase map, the Council would like staff to focus on areas A, B, & C. Council Member Scott L. Smith said that he would look at the three-phase plan and would focus on areas A & B because the City might be able to get some funds from the soccer leagues. He which phasing option Brian Braithwaite favored.

Brian Braithwaite said that there was current interest from soccer leagues. He said again that there was an issue of momentum. He said that as people see the park coming together, they become more willing to contribute. He said that the City would have to show a plan that demonstrated the park was moving forward to be able to get good fundraising for all-abilities playground and pickleball courts. He said that it was possible that the City could put the soccer fields in to show that the park was moving forward and then get more interest in the all-abilities because people could see the park was moving forward as opposed to focusing on a smaller portion of the park.

Council Member Kurt Ostler said that he was concerned that if area C was estimated to cost \$1.5 million, but the Council did not forecast having the funds to complete the project for another ten years, he felt that it might be better to enter into an agreement with the soccer leagues so that the fields could just get put in even though the space would be tied up for ten years. He felt it might be good to enter into the agreement first so that the fields looked green and like a nice park versus an undeveloped field.

Council Member Scott L. Smith asked if Brain Braithwaite was suggesting that they do all the phases at once. Brian Braithwaite said no, he suggested that they complete phases in a way that drives interest. He said that that the different phases could be partially completed. For example, they could focus on completing tow of the fields and leaving the piece on the southwest side undeveloped. In addition, the City could leave the portion next to the all-abilities park that was intended to be an open grassy area undeveloped as well. He said that the momentum was important. Decisions about what to be developed would have to be driven based on available funding at different times.

In response to a comment from Council Member Kurt Ostler, Brain Braithwaite said that pursuing commercial supports such as Qualtrics or Adobe was not a bad idea. They could have an Adobe day where employees come up to play pickleball.

Council Member Scott L. Smith said that the parking lot would need to be completed right up front. Brian Braithwaite said that the parking lot did not have to be asphalt right away, it could just be gravel. The sidewalks

and street would need to be installed first, but the surface type of the parking lot was negotiable to create initial savings.

Mayor Rod Mann asked if the parks committee could come up with their ideal phasing plan. Brian Braithwaite said that the phasing plan would have to come in conjunction with conversations with staff and with available funds. He said that once the Council communicates what is available then staff and the parks committee can come back with a plan of what can be done with the available funds.

Mayor Rod Mann asked if Assistant City Administrator Erin Wells was clearing on funding and phasing. Assistant City Administrator Erin Wells said that she was clear on funding and it seemed to her that there was less interest on the part of the Council in the fields and more interest on the other parts of the park. Council Member Scott L. Smith said that to him it looked like staff had about \$2.2 million in funds to start with.

Council Member Kurt Ostler said that for him with the fields he just wanted a realistic estimate of when the City would be able to fund them. If the fields could not be developed for 10 years, he felt that the City might well enter into an agreement with one of the soccer leagues for private funding to get the fields developed sooner rather than later.

It was noted that the park bond came up in 2027. Council Member Ostler said that they needed to be aware of when their next cash event would come up to decide about the best way to get the fields done. If they went with a private funding source, the City would just need to educate the public about why that choice was made: to get the fields in without raising taxes.

City Administrator Nathan Crane asked Rob Donigan of Blu Line Design when they needed to get the construction plans done. Rob Donigan of Blu Line Design said that he could get them done by early next year.

It was noted there had been an open house on the current plan and the feedback was good. Council Member Scott L. Smith said that he recognizes that staff work really hard on a lot of projects and often get more flack than praise. Because of this, he wanted to pass on that he received a call from a resident who was often critical of Highland who was thrilled to death about the improvements made to the park on 9600. He wanted to let the staff know that there were happy residents for the road repairs.

3. GENERAL FUND STUDY

The City Council reviewed and discussed future General Fund Revenues and Expenditures.

Finance Director Tyler Bahr presented on staff's evaluation of the General Fund. He provided some background. He said that there was a General Fund study commissioned with Lewis Robertson and Burningham that was completed in January 2019 that covered the time period of fiscal years 2019-2023. The focus was to project where the reverse balance funds would end each year for the general fund. It was projected that reverse would be exhausted in 2022 with a negative general fund unrestricted balance of \$1.9 million, or -20% at the end of FY2023. The study presented five different scenarios to address that projected shortage.

Mr. Bahr noted that as governed by the Utah Municipal Code there were requirements that the City maintain ending balance between 5% minimum and 25% maximum of the annual general fund revenues. As dollar amounts that is about \$500,000 to \$2.5 million. These values were calculated with annual revenues of roughly \$10 million. In context to operations, 25% of annual general fund revenues is about three months of operation.

Mr. Bahr said that a few considerations and assumptions to keep in mind were that revenue growth was projected conservatively with a 4% sales tax and a 3% franchise tax. The annual expenditure growth was projected at 4%.

Also factored into the study were a number of operational, maintenance and capital improvement needs estimated at about \$1.5 million.

Mr. Bahr stated that the City Council does not budget or plan simply based on that study. However, he displayed the year to year anticipated fund balance based on the study and how that performance actually played out. The table showed that the actual general fund revenues were significantly higher in FY20 and FY21 than were projected. The projected fund balance in FY21 was \$467,817 (5% of General Fund revenue) when in reality the FY21 fund balance was \$2,021,285 (21% of General Fund revenue).

Council Member Scott L. Smith asked if the projections included consideration for the impacts of COVID-19. He talked about how the current budget factored in a decrease in sales taxes as a result of COVID, but that Highland has actually seen an increase. He said that Highland tends to budget conservatively.

Council Member Kurt Ostler asked if the if the FY21 number included merit increases. Assistant City Administrator Erin Wells said that it did. The Council made the decision to leave the merit increases in the budget but wait until after the first quarter to implement them.

Finance Director Tyler Bahr then explained some of the changing variables. These included: revenues that were exceptionally higher than the projections, an acceleration in development, conversations going on at the legislature and other groups regarding the assessment of fees versus taxes, building permit fees that would change revenues as the City approached build out, the proportion of general fund money allocated to public safety and the departure of Cedar Hills that wasn't projected, and an increased interest in retaining open space.

Mayor Rod Mann said that the discussion regarding fees versus taxes was trending negatively for cities. He said that there was a current court case whose ruling could affect the outcome of the discussion. However, there were several legislators who would like to eliminate the ability for cities to levy fees against anything but what can be measured such as utilities. He said that he felt as though they were being unreasonable, but there was not a lot that the City could do about it.

Council Member Kurt Ostler asked if there were legislators who were favorable to the City's position or if there was legislation that the City could support. City Administrator Nathan Crane asked if the Council and staff could have a detailed conversation about the fee and tax issue at a later time. He said that there were a lot of moving parts and it warranted its own agenda item.

Council Member Kurt Ostler asked if staff had any projects about reaching build out. He cited that there were 700 units from Boyer and that there were the Rhinehart and Apple Creek developments. He wanted to know if there were projections about how that might help Highland's revenue. Mayor Rod Mann and City Administrator Nathan Crane said that staff were currently working on those projections.

Finance Director Tyler Bahr said that other elements to consider also included inflation and an increased cost of living, the utility rate increase, the public safety impact fees compared to the bond or the cost of the buildings, sunset clauses on road and public safety fees, public safety costs in general, and a continual question about the unmet needs and priorities of the Council in regards to maintenance and capital improvement projects. Mr. Bahr said that the study addressed those elements appropriately at the time but that each of these elements needed to be revisited on a regular basis.

In terms of next steps and recommendations, Finance Director Tyler Bahr said that staff were looking for guidance and consensus from the Council about what reserve targets ought to be. He said that 1% equates to approximately \$100,000. In addition, staff would like to consider updating the General Fund study with particular focus in public safety, fee and tax legislation, parks and open space, operations and maintenance, capital improvements

and contingency planning. He said that staff would like outside help to model the impact of multiple factors on the overall budget.

Mayor Rod Mann asked what it would cost to get outside help. Finance Director Tyler Bahr said that he would have to look into that number.

Council Member Kurt Ostler expressed doubt on the value of spending money on outside help to make projections. He said that it seemed as though their forecasts were often incorrect. He wanted to know how the forecasting from outside agency actually helped the Council make an informed decision and if pursuing outside help was money well spent.

Finance Director Tyler Bahr said that the reason why the forecasting ends up being off is because circumstances do change. The value in getting outside eyes was to help the Council make decisions about the here and now to manage current spending in relation to the future. He said that it is just not the reality to have a plan that can be followed exactly five years down the road. However, the plan does give staff a good direction about what the City needs to spend their money on.

Mayor Rod Mann said that one area that was not reflected in the original plan that forecasted being negative in FY22 was that the public safety fee had not been passed at the time the plan was conducted. He said that had the City not passed the public safety fee there would have been a big dent in the budget.

City Administrator Nathan Crane said that when a forecasted budget indicates a negative, it assumes that the City executed every operational, maintenance and capital expense that staff had identified. Staff had acted on some of those expenditures like purchasing two snowplows or trail maintenance, but many others were deferred.

Council Member Kurt Ostler said that it seemed that there were small sales that happen such as the Patterson Warehouse that the City can tap into for improvements. In addition, it seems that expenses have always come under what was budgeted each year.

Council Member Scott L. Smith said that it was good to be conservative. At the same time, Highland had some positive opportunities like the \$1.3 million of CARE money. He said that the Council was concerned that COVID was going to hurt Highland bad, but in the end COVID has helped the City. There were new trucks and new bathrooms that could not have be paid for without that money. He said that these variables were hard to predict. He voiced that they could hire studies, but he was not sure they have helped.

Council Member Kurt Ostler said that was the root of his question: how the studies helped the Council and staff make decisions about the General Fund. Mayor Rod Mann said that an outside group conducted a utility rate study that informed those rate changes. City Administrator Nathan Crane said that he did not know that he could point to one decision apart from needing to take a better look at the City's long-term expenses be it building maintenance, capital IT projects, etc. Council Member Kurt Ostler said that one of the topics that keeps coming up that the Council will have a future work session on was parks. The Council knew that the City was still struggling with parks.

City Administrator Nathan Crane said that over the last couple of years the City had gotten better at projecting revenue from items such as sales and property taxes. However, there were a couple of years where the projections were way off and were very conservative. In addition, staff would like to look at expenses and know if the City ended up spending less than what was budgeted and if so why. He said that open space was a good example. Staff want to know why they might have spent \$30,000 less than budgeted one year on fertilizer. Was that because the previous year we had gotten a heck of a deal on fertilizer at the end of the year, or, did they end up spending less on salary or wages one year because there was an employee who worked for the City for 30 years and retired.

Mr. Crane said that looking at those types of scenarios helped the City to determine if there were resources that they could be spending that they were not to get be able to get more projects done.

Council Member Kurt Ostler said that there is a lot of fear regarding the market. He explained various financial situations that the Council could not have predicted and the importance for keeping a reserve.

Council Member Kim Rodela said that there was a General fund study a few years ago that showed exactly the areas that the City needed to work on. However, if the City did not have an action plan to implement the study. She said that if they were going to do another study, she would want an action plan to provide financial results. She said that there were several times when discussing items that Council Member Bills has suggested that the Council consult the General Fund study and if the Council just looked at it the decision would be clearer.

Council Member Kurt Ostler said that one of the problems he saw with the General Fund study was that although it showed what the City's deficiencies were, often times the only way he saw them being funded was through raising taxes. He was the first to admit that this made him squirm.

Council Member Brittney P. Bills wanted to know how the proposed General Fund study would be different than the one conducted in 2019. Finance Director Tyler Bahr said that it was the same idea with updated variables and revenue projections. He said that all of the variables outlined in the presentation had changed since the study was conducted.

Council Member Scott L. Smith asked why staff could not take the study and plug in the different variables to get their own projections. He wanted to know why they needed to spend money on a study that might be erroneous when Mr. Bahr seemed to have a lot of experience in this area.

Finance Director Tyler Bahr said that the number of variables were pretty complex. He said that he was not an actuary. Because these were dealing with economic assumptions, he wanted to have multiple eyes on it.

Council Member Scott L. Smith said that he was not sure of the value of the recurrent studies if there was not an action plan. He said that one of the big lingering variables was if Highland was going to have to change their fee schedule and go to property taxes for their funding. He said that he felt that there were too many things up in the air to fund another study that was going to erroneous in a couple of years.

City Administrator Nathan Crane said that there were two things that he felt the Council should consider. He provided the example of when the City looked previously at capital and O&M. The staff was looking to the Council for guidance and the Council was looking to staff for guidance so there was not a lot of in-depth discussion on how to solve the larger problem. The action taken ended up just being a band aid. The second thing to consider was that the City really needed to hone in on public safety and understand it. On the flip side, if and when the Council decides to do a tax increase, it needs something to show the public. It is a lot easier for the public to accept a report from an independent company than something produced by staff because it alleviates a conflict of interest.

Council Member Brittney P. Bills said that it made more sense to wait to do the study until after the legislature decides about fees and taxes. She also noted that there had not been an in-depth discussion of priorities. She wondered if it would make more sense to an update to the General Plan before updating the budget and projections.

City Administrator Nathan Crane said that the general fund plan does not give the Council its capital or O & M priorities.

Council Member Brittney P. Bills she said that it would provide direction though and was something that needed to be done anyway.

City Administrator Nathan Crane said that the general plan was written in 2008 and was 12 years old. He said that it was a two-year process to amend a general plan and will not give people a sense of certain priorities.

Council Member Kurt Ostler said that they would need to put \$100,000 in the budget for consulting to update the general plan and then outlined the timeline for a general fund plan update.

Mayor Rod Mann clarified that the general plan was focused primary on land use as opposed to where and how the City was spending money. He added that the tax versus fee situation would not be resolved anytime soon, but the net money that the City needs would not be impacted based on the result of that discussion. Because of this, he said that was good information to know for an action plan moving forward, but that it was just as important to understand the City's financial needs. He did not think the City needed to wait for that.

City Administrator Nathan Crane said that when they went into the October work session on open space and the Council says that it wants to spend \$10 million a year to improve it. The question becomes where the City gets that money.

Council Member Scott L. Smith said that the City needs to have its priorities so that the City has a sense of what it wants to spend money on and how much it will cost before spending money on another general fund study. Council Member Kim Rodela said that she agreed; if you do not have priorities you do not know what to spend money on.

City Administrator Nathan Crane said that given quite a bit of time staff could set priorities for open space, trails, building maintenance, IT, fleet replacement, but it will be a significant amount of money.

Council Member Kim Rodela cited the last feasibility study that showed all of the projects that needed to be funded that will not be funded.

City Administrator Nathan Crane said that those projects were just band aids, short term fixes that were staff priorities. Essentially because the City was constantly responding to emergencies and being reactive, they could be proactive in hiring an additional staff person for open spaces, etc. He said that as staff they were happy to do the work to come up with projects and priorities, but if ultimately those projects were not going to be funded, he questioned why they were doing that work.

Council Member Brittney P. Bills said that it felt so many times that what the City's priorities ended up being were those of whoever had the loudest voice. Sometimes residents' biggest priorities are not really the biggest priorities because they do not see some of the other infrastructure that makes the City function. The Council needed to put residents' priorities in their appropriate place on the list. Maybe it is not funding tennis courts but replacing broken down snowplows.

Mayor Rod Mann said that the Council should not request staff to make a priority list that they say upfront they are going to say no to. They should only ask for a list if they are going to consider it.

Mayor Rod Mann summarized that staff were going to come back to the Council with a priority list. Once the Council considered this, they would go ahead and move forward with the general fund study when they knew what they wanted to spend money on.

ADJOURNMENT

Council Member Scott L. Smith MOVED to adjourn the work session and Council Member Kurt Ostler SECONDED the motion. All voted in favor and the motion passed unanimously.

The meeting adjourned at 10:00 p.m.

I, Stephannie Cottle, City Recorder of Highland City, hereby certify that the foregoing minutes represent a true, accurate and complete record of the meeting held on September 8, 2020. This document constitutes the official minutes for the Highland City Work Session.



Stephannie Cottle
City Recorder