

MINUTES
HIGHLAND CITY COUNCIL WORK SESSION

Tuesday, November 16, 2010

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

PRESENT: Mayor Lynn V. Ritchie, conducting
Councilmember Brian Braithwaite (*arrived at 5:36 p.m.*)
Councilmember Tom Butler
Councilmember Larry Mendenhall
Councilmember Kathryn Schramm
Councilmember Scott L. Smith

STAFF PRESENT: John Park, City Administrator
Matt Shipp, Public Works Director
Nathan Crane, Community Development Director
Gina Peterson, City Recorder
Lynn Ruff, Finance Director
Jody Bates, Executive Secretary

OTHERS: Caleb Warnock, Daily Herald; Larry Ellertson, Utah County Commissioner; Mark Wetzel, and Mr. Turner.

The meeting was called to order by Mayor Lynn V. Ritchie as a work session at 5:15 p.m., and notice of the time, place, and agenda had been provided the *Deseret News*, *Daily Herald*, and *Salt Lake Tribune*, on November 12, 2010. The meeting agenda was posted on the *Utah State Public Meeting Website* at least 24 hours prior to the meeting.

WORK SESSION

DISCUSSION – Interlocal Agreement with Utah County regarding the Murdock Connector Highway Project

The City Council and staff reviewed a proposed Interlocal Agreement with Utah County regarding the Murdock Connector. The agreement will help facilitate construction of a highway known as the Murdock Connector (aka East/West Connector). MAG and City staff believes this road is necessary to assist with transportation from Alpine Highway (SR-74) to North County Boulevard (4800 West).

The City has already commenced preliminary design work and right-of-way acquisition, including expending some funds. This agreement would also allow the City to be reimbursed for the portions of the design work already paid. This reimbursement would come from the sales and use tax known as the Part 19 Tax. The Mountainland Metropolitan Planning Organization (MPO) Regional Planning Committee determined that this project should receive a portion of the revenues of the Part 19 Tax not to exceed \$4,000,000 for direct costs.

Details of the project were reviewed as follows:

- Roadway
 - 40 foot right-of-way east of the canal with 30 feet of asphalt.
 - 76 foot right-of-way west to the canal with two 18 foot asphalt lanes separated by a median.
- Trail is a 12 foot asphalt trail that is next to the roadway west of the canal to SR-74.
- Fence along the western portion of the road

Cost to build the roadway is estimated at \$4,387,646.61.

- \$2,753,141 to build the basic roadway.
- \$540,109 if the State requires a larger road.
- \$269,301 for the trail section.
- \$230,606 for extension of PI and water lines.
- \$594,486 for engineering and construction management.
- Highland City has expended \$210,981 for engineering costs. Those costs are part of the estimate and will be reimbursed.
- Highland City is responsible to pay for the extension of infrastructure and, although part of the estimate, is the responsibility of the City.

After paying for the utilities Highland is only responsible for payments if the cost of the basic road, engineering, and construction management exceeds \$4,000,000. The initial estimate is \$3,347,627.

Highland City is not responsible for the cost of:

- Trail west of the canal.
- Fence along roadway near Pheasant Hollow.
- Widening of eastern portion of the road if required.

The reimbursement of the properties purchased for right-of-way is not a part of the bid and were reimbursed from a separate fund.

Scott Smith discussed issues with acquisition of the State Trust lands (SITLA property) John Park reminded the City Council that right-of-way acquisition comes from a separate fund and not the \$4,000,000 earmarked by MPO.

Much discussion took place on what the estimates include and various figures associated with the road construction. John Park stated the bottom line is there is \$4.3 million available for the project which staff and the County believes will not be less than is needed to complete the project. The City is responsible to pay \$233,000 for utility costs. Essentially the City is paying \$233,000 to build a \$4+ million roadway.

Commissioner Ellertson talked with the Council about how the project came to be. Highland City had undertaken the project to begin with but thought right-of-way acquisition could be better facilitated by partnering with Utah County. He indicated the State has not been a willing participant in this project and the County was hoping to acquire the SITLA right-of-way already. He discussed options they are reviewing with the State including building a road for the State to access portions of the Developmental Center property which is nearly identical to the cost of just purchasing the property. The State would end up with a fully developed road which will allow them to develop the surrounding property.

Scott Smith outlined issues that he felt were not resolved from his time serving on the mitigation committee for the road design.

Brian Braithwaite arrived at 5:36 p.m.

Larry Ellertson noted if the City purchases the right-of-way in cash then the road will be more narrow east of the Murdock Canal crossing.

Matt Shipp outlined other roads outside of Highland that will tie into each other including the Murdock Connector and Harvey Blvd.

Kathryn Schramm stated her feeling that this was too much to get into at this meeting. She requested the item come back to another meeting to allow time for additional review. John Park responded that this item will not be placed on the agenda for action until the first meeting in December. This item has been reviewed before and staff is trying to further educate the City Council and provide answers.

Additional general clarification and discussion took place.

Commissioner Ellertson stated the County was hoping to capture this project with part of the second phase of the North County Blvd (4800 West) construction. He stated that window is probably closed, but the agreement needs to be in place quickly because construction costs are starting to rise.

Scott Smith asked the advantage of signing the agreement ahead of time before permission is received from the State on the right-of-way. John Park noted that bidding this time of year nets lower costs. Matt Shipp added that additional funding is needed because there are still parts of this project to design. It also integrates with the piping of the Murdock Canal and some elevations may be needed prior to the completion of the canal enclosure project. He noted this also makes a difference with where the City will locate its utilities with regard to the canal piping.

Commissioner Ellertson stated the City Council needs to determine an answer to the basic question: Do you want the road or not? If they want the road, they ought to get moving on it. If not, then don't.

Mayor Ritchie expressed appreciation for Commissioner Ellertson's work on the State level. He stated there is a high probability for approval of the right-of-way acquisition. Commissioner Ellertson stated he believes the State is concerned that the property may be limited when a road is put through it. While that is true, he stated there is going to be a roadway there eventually and they are logically trying to work through it.

Additional discussion took place and concerns were expressed as follows:

- Engineers' estimate for the road construction and some concern with ensuring its accuracy.
- The City being on the hook for overages but not being able to control the project since the County is doing the work.
- The relationship with the County and MAG. The Commissioner stated the County influences MAG, but MAG is a body comprised of members of each City and the County by no means has a majority say in any of it. He noted that MAG views this as a needed road otherwise it wouldn't have funding for it. The reason MAG saw the importance of this road was for east/west transportation in the north end of the County.

- Mobilizing projects (4800 West; Murdock Connector; Canal Enclosure) together to save money.
- Review of the complete bid project including the trail project over the canal enclosure which has been previously reviewed and the City’s financial responsibility for that project.
- The need for a new traffic study to ensure traffic flow will be helped with construction of the road. Matt Shipp noted that 4800 West/North County Blvd did not come to be a major corridor until about 3 years ago.

John Park asked the City Council to ask further questions prior to the item coming on the agenda for action in December 2010.

DISCUSSION – Town Center Exaction Fees

John Park gave a brief review of Town Center Exaction Fees indicating the fee was based on historic cost and design of commercial areas in the Town Center. There are two separate fees charged, one for commercial area and one for residential area (Toscana is considered commercial). The discussion tonight would only be regarding the Commercial area.

Exaction Fee – Costs

• Town Center Blvd.	\$824,682
• Parkway West	\$206,927
• Parkway East	\$548,023
• Town Center East	\$371,646
• SR – 92	\$117,412
• Alpine Highway	\$100,403
• City area/Main Park	\$514,897
• City area/Public Safety	\$192,904
• City area/ Main Bldgs	\$271,163
• Design	\$93,146
• Total	\$3,241,206

The concept of Exactions Fees was reviewed as follows:

In a typical development the developer would be required to:

- Build Roads
- Install Underground infrastructure
- Create Side walks
- Provide Street lighting
- Build Open Space amenities

In the Town Center development the Master Developers, City and Westfield, would build the roads, and other infrastructure allowing the other developers to pay for the cost of development in exaction fees. The current exception to this is Parkway West.

Property Owners in the Town Center and related land

• Keetch	41,818 sq. ft.
• Rhinehart Land	130,244 sq. ft.

• Matthews	60,113 sq. ft.
• Spykes	87,120 sq. ft.
• Tippets	79,715 sq. ft.
• Highland Town Plaza	<u>850,880 sq. ft.</u>
Total	1,249,890 sq. ft.

Areas still remaining to be developed:

• Keetch	41,610 sq. ft.
• Wetzel	112,733 sq. ft.
• Spykes	65,180 sq. ft.
• Tippets	17,198 sq. ft.
• Bluefly	43,444 sq. ft.
• Carlone	339,787 sq. ft.
• Highland Town Plaza	<u>408,414 sq. ft.</u>
Total	1,028,366 sq. ft.

Overall Exaction Fees

• Total land:	1,249,890 sq. ft.
• Cost to develop:	\$3,241,205.11
• Exaction fee:	Cost/ sq. ft. or \$2.59319 per square foot.

Exaction Fees – Paid

• Wendy's	\$98,558
• Timp tire	\$89,333
• Ace Hardware	\$27,891* built a portion of the road
• Alpine Credit Union	\$27,891
• Mark Wetzel	\$9,934 * donated a portion of the road
• Toscana	<u>\$45,015</u>
Total	\$298,622

Exaction Fees – Expended (include infrastructure costs, and land donated)

• Highland City	\$1,926,390
• Town Center	\$748,964
• Tippets	\$22,897
• Knight West	\$101,045
• Mark Wetzel	<u>\$129,557</u>
Total	\$2,928,852

Exaction Fees – Owed

• Highland City	\$1,627,768
• Town Center	\$748,964
• Tippets	\$22,897
• Knight West	\$101,045
• Mark Wetzel	<u>\$129,557</u>
Total	\$2,630,230

Needs for the Town Center

- A portion of the property for Town Center East and the property to finish Parkway East has never been deeded to the City. The area is 48500 sq. ft. which would be valued at \$4.50 a sq. ft. or \$218,250
- Cost to build Parkway East - \$270,000
- This totals \$488,250, and does not include streetlights, etc. or the Parkway detail on SR-74

Exaction Fee Formula

Obligations including City	\$2,630,230
Needed Development	<u>\$488,250</u>
Total	\$3,118,480

Sq. Ft. to still develop 1,028,866 = Exaction Fee Cost per square foot \$3.03
 (based on current figures and actual square
 footage of current land – this is higher than the
 \$2.59 currently charged)

If the City were to forgive its funds spent on infrastructure the exaction fee could be as follows:

Obligations excluding City	\$1,002,462
Needed Development	<u>\$488,250</u>
Total	\$1,490,712

Sq. Ft. to still develop 1,028,866 = Exaction Fee Cost per square foot \$1.45

John Park stated exaction fees are really an issue of fairness. He noted the Keetch property has not bought into the exaction fees. John Park suggested the City Council think about the following questions:

- Is the current \$2.59 per square foot exaction fee stifling development?
- If the fee is reduced to \$1.59 will it increase development?
- If fees are reduced will it offset development enough to allow the City to recoup cost through additional property taxed and sales tax?
- Should exaction fees be kept the same and used as a development tool to bring in targeted development?

To date the City has kept all of the commercial reimbursement on exaction fees. There is not a formula for who collects what or who gets reimbursed.

John Park asked if this is something the City Council would like to address. He stated the City should be fair in paying back these fees. He thinks right now it is a detriment to development and is aware of one commercial business that would be able to develop if the exaction fees were lowered.

Mayor Ritchie requested the City Council respond to Mr. Park with their thoughts and it can be determined if another work session is needed.

ADJOURNMENT

Kathryn Schramm moved to adjourn. Larry Mendenhall seconded. The meeting adjourned at 6:48 p.m.

Gina Peterson, City Recorder

Date Approved: January 4, 2011