

# FARMINGTON CITY COUNCIL/EXECUTIVE STAFF RETREAT

Saturday, February 25, 2012

---

*Present: Mayor Scott Harbertson, Council Members John Bilton, Nelsen Michaelson, Cory Ritz, Jim Talbot, and Jim Young, City Manager Dave Millheim, Finance Director Keith Johnson, Community Development Director David Petersen, Police Chief Wayne Hansen, Fire Chief Guido Smith, Public Works Director Walt Hokanson, Parks & Recreation Director Neil Miller and City Recorder Holly Gadd*

**Mayor Harbertson** began the meeting at 8:00 a.m., and **Neil Miller** offered an opening prayer. The City Manager said there were two priorities for the meeting: (1) to understand the data which was collected; and (2) to determine specific priorities. The Strategic Plan was analyzed in detail in 2011, and the main focus in 2012 will be the financial aspects. During the past year, an economic model for the City was created by Economist **Doug Macdonald**. The model was based on specific details from the past ten years—spending, population growth, etc., and a baseline growth model for 2012—2022 was created. The baseline growth model offers the ability to create other models by changing the variables.

## Financial Forecast Study and changes from the 2011 Final Numbers

**Keith Johnson** reviewed the Ten-Year General Fund Baseline Scenario and related assumptions regarding population, wages and salaries, dwelling units, sales tax forecasts, consumer prices, General Fund revenues and expenditures, debt payments and personnel increases. There was discussion of the specifics that drive the needs of each department, and **Dave Millheim** said 80% of the Council's budgetary decisions will be related to the General Fund. **Jim Talbot** said the City needs to caution against leaving too many projects undone which will increase the cost to repair those projects, whereas ongoing maintenance may reduce costs. He also questioned the high fund balance and said the City must be realistic as well as conservative. **Dave Millheim** said a standard plan is to allocate one third of the fund for roads, one third for parks, and one third as reserve funds.

## List of Projects

**Keith Johnson** said this list was compiled from the strategic plan, impact fee plans, the budget, and capitol improvement lists, and details were given on several items on the list.

## List of Top Priority Projects

**Dave Millheim** asked the Council to determine whether or not they agree with the rankings and the funding plans and how to fund the projects which are not currently funded. There was discussion and input regarding the following projects and departmental needs:

### 1. Street Maintenance Plan

**Keith Johnson** said the City allocates \$350,000 from Class C Road Funds and an additional \$300,000 every third year from the General Fund. The Class C Road Funds come into the General Fund, and then the money is transferred into the road fund. Residents pay this tax at the gas station, and cities receive money based on a certain number of road miles they have, and the funds can only be used for street maintenance. The **Mayor** said CRS Engineers conducted a study of every street in Farmington several years ago and determined that it would require \$12 million to properly repair all of the streets. Their study was based on a 10-year plan, but that figure can be cut in half by using a 20-year plan which the Public Works Department uses. **Walt Hokanson** pointed out that there could be streets which are beyond repair.

## 2. Police Department Needs

It is anticipated that in the next 10 years six new police officers and one new staff member will be necessary. The replacement of old cars and the purchase of new patrol cars are ongoing and will be paid through “Transfers out–equipment” which will impact the General Fund. **Chief Hansen** said important factors for growth in his department are population, the number of calls, and the level of service—Farmington residents expect a high level of service.

## 3. Fire Department Needs Parks & Recreation Department

The Fire Department plans to: (1) add five full-time firefighters in 2014 with assistance from 5-year SAFER grants; (2) purchase a ladder truck in 2014 for \$1 million; (3) upgrade extrication equipment at a cost of \$10,000 per year; (4) construct a substation or training tower; and (5) replace ambulances in 2015 and 2020. **Chief Smith** emphasized the importance of having two full-time staff members on each shift which would meet NFPA requirements for lower response times. The Council discussed the costs and issues associated with these requests. **Cory Ritz** asked if the Fire Department has a facility to house the new fire truck when it is purchased or does that bump the west side fire station onto the priority list. **GS** said the current station will be able to house the truck. The substation will be used to store some equipment and a contingency plan for the future.

## 4. Parks & Recreation Department

**Keith Johnson** said the City added 39 acres to make a 62-acre park rather than the 40-acre park listed on the impact fees and estimated it would cost \$11.7 million. **Doug Macdonald** projection that it would cost \$16.3 million so there is a \$5 million gap. **Dave Millheim** predicted that this will be a big political issue for the City Council, and there are two problems with the park impact fees: (1) The City adopted the impact fees for the 21-acre parcel in 2009 and then decided it was too high and made a 40% cut. The only way to legally bridge that gap is with a General Fund supplement which is a property tax increase or a fund transfer because impact fees can only be used for the designated purpose; (2) If the park is larger than 21 acres, the City will have to do either a new impact fee or a RAP tax. It will not be a light decision because if the park is larger, it will require a significant property tax increase and possibly another RAP Tax or additional funds from the General Fund. **Jim Talbot** said Farmington needs a large park and suggested that staff research the possibility of a large sports park which could handle soccer/softball tournaments and charge money for participation. **Keith Johnson** said the annual cost of running a recreation center is not included in the report, and partnering with the DSD would be a great option because the costs would be shared. The DSD predicts that the high school will be built in 8-10 years. **Neil Miller** suggested the possibility of partnering with the DSD to create several temporary soccer fields on a portion of their property as soon as possible. Possible locations for a recreation center include the future park site near the Fairgrounds, Forbush Park, or the future high school property in west Farmington.

## 5. Public Works Department

**Walt Hokanson** pointed out that the Public Works and Parks and Recreation Departments often interchange jobs so it is difficult to get exact figures for funding.

### Funding Mechanisms for Top Priority Projects

**Keith Johnson** said it will cost between \$11 and \$16 million to build a recreation center and a regional park. The timing is not right for a decision on these two items but this is to show the effect each decision will have on the City’s bottom line and how the City can pay for a recreation center and/or park. **Nelsen Michaelson** said the majority of Farmington residents do not want tax increases.

## 1. General Obligation (G.O.) Bond

Heritage Park was built using a (G.O.) Bond of \$1.9 million with a variable tax rate for, and the last payment is due in 2016. Because the City has revenue from this Bond, taxes would not have to be raised—the higher rate would continue to bring in additional income to build the facilities. Depending on how the bond is structured, \$3 million could be available. The tax rate varies, and the bond does not affect impact fees—it will only affect property taxes. **Dave Millheim** predicted that it would be an easier sell to the public because taxes will not be raised, and it will be vital to have City Council support for the proposal.

## 2. RAP Tax

**Keith Johnson** explained that the Recreation, Arts, Parks (RAP) Tax is a .1% sales tax which is collected on everything except non-prepared food items, and it would generate between \$150,000 and 200,000 per year for 10 years. **Dave Millheim** said this is the most important way the City could raise additional money, and the timing is perfect because having a RAP tax during Station Park's upward cycle would mean that people outside of the City would help pay for these facilities in Farmington as they shop and dine in Station Park. The **Mayor** said he met with **Kent Sulzer**, Chairman of the Hotel/Restaurant Tax Committee for Davis County, concerning the possibility of a RAP tax for a park and recreation center in Farmington. Both Centerville and Bountiful Cities received \$2 million in RAP tax money to build their theater and recreation center, and they had to prove that these facilities were going to bring in extra dollars from restaurants, hotels, etc. He and **Dave Millheim** have been thinking about how the City can sell this proposal to the County. The County plans to build four soccer fields in west Farmington, and the **Mayor** suggested the possibility of partnering with Davis County to build a larger facility with 7-8 fields because 4 fields is not adequate for a regional facility. **Neil Miller** said there are several regional facilities in Utah with up to 20 fields. The County has planned a meeting in March to discuss soccer fields so it would be a good time to present this proposal. The **Mayor** also said there are some very influential people in Farmington who would like to make donations for this project—one resident has already said he will donate \$1 million, and he would like to pursue additional fundraising.

## 3. Impact Fees

**Keith Johnson** said \$6.2 million in impact fees is planned for the recreation center and the regional park. The City used \$500,000 in impact fees to purchase the Old Farm property, so there is very little left; however, there are other ways to fund these facilities.

## 4. Ordinance

**David Petersen** said another funding source the City has been pondering is to create an ordinance where if a developer sets aside open space (25 or 30%) that he can develop the rest of the property in homes as long as some of the proceeds of the sales go towards the regional park. He said there is some controversy concerning the proposal, and he asked if the City Council wanted them to pursue this option. **John Bilton** said he did not think it was a good idea, and such a proposal would require additional research.

## General Fund Balance Allocation

**Mayor Harbertson** said the large issues have been covered well, but nothing has been allocated for minor, ongoing improvements throughout the City. **Jim Young** agreed and said the City's first obligation is to protect residents and their property, and street maintenance is a very close second. **Nelsen Michaelson** agreed and said he heard many comments about the condition of the City's streets. He does not understand how all of this fits together, and the deficit in 10 years does not work. **Jim Talbot** pointed

out that the safety of Farmington residents has always been a priority, but residents want amenities in their City, and those must be planned for. He was a proponent for the purchase of Old Farm because it is a great asset for the City. **Keith Johnson** also pointed out that these figures are very conservative, and he reviewed the chart showing revenues from the General Fund. The sales tax has risen significantly, and hopefully, it will continue to rise. The Total Direct sales are 25% higher this year than last year.

### Old Farm

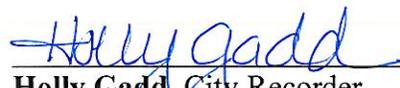
**Dave Millheim** explained that Old Farm is 18 acres of property located near Zions Bank. The original developer lost the property; Key Bank took it back and tried to sell it, but potential developers only wanted the property if they could be assured of its use. The City was able to purchase the property from Key Bank for \$1.9 million using a combination of \$1 million in RDA funds with an affordable housing component, \$500,000 from the Park fund, \$134,000 from the storm drain fund (regional detention pond is planned for that area), and \$70,000 from the General Fund. The State of Utah owns 4 to 5 acres adjacent to this property, and he suggested that the City pursue the possibility of purchasing it. He cautioned against doing anything too quickly and said the smartest way for the City to maximize this investment is to create a plan and then approach developers for a possible joint venture or RFP. He suggested the formation of a small committee to study the options for Old Farm. The **Mayor** said that another property owner in the area may want to sell or trade his property to the City. **Jim Talbot** said there are many options for Old Farm, but he would like the City to focus on other things and not rush into this project. **Jim Young** would like to include owner-occupied senior housing in Old Farm because there are many older residents who are looking for smaller homes. The **Mayor** said Old Farm is one of the gateways to Farmington, and he would like it to be done right.

### Other (Questions & Answers)

- **Mayor Harbertson** asked for an update on the Verizon cell tower, and **Dave Millheim** said he had not heard anything from Verizon and will find out when they plan to install the tower.
- **Jim Talbot** would like to discuss a property acquisition item, and **Dave Millheim** said he would add it to the closed session agenda at the next Council meeting.

### Questions and Answers

**Mayor Harbertson** expressed appreciation to the City Council and staff for their support, and **Dave Millheim** said it is a privilege for him and the rest of the staff to work for Farmington City.

  
\_\_\_\_\_  
**Holly Gadd**, City Recorder  
Farmington City Corporation