

CITY OF NORTH SALT LAKE
CITY COUNCIL MEETING-BUDGET
MARCH 26, 2019

FINAL

Mayor Arave called the meeting to order at 5:15 p.m.

PRESENT: Mayor Len Arave
Council Member Brian Horrocks
Council Member Stan Porter
Council Member Ryan Mumford
Council Member James Hood
Council Member Lisa Watts Baskin

STAFF PRESENT: Ken Leetham, City Manager; Paul Ottoson, City Engineer; David Frandsen, Public Works Director; Janice Larsen, Finance Director; Brent Moyes, Golf Course Director; Sherrie Llewelyn, Community Development Director; Linda Horrocks, City Recorder; Andrea Bradford, Minutes Secretary.

OTHERS PRESENT: John D. Beyer, John R. Beyer, Matt Oliva, Karen Bills, Marilyn Theurer, Robert Alsop, Brody Field, Dennis Bischoff, residents; Nick Bosen, Weston Kimber, Ryan Flynn, Sam Christiansen, Dave Herre, Ryan Richins, John Broberg, City employees; Hai Fitzgerald, E & H Group/Thyme and Seasons; Gary Herde, Bement & Company CPA; Jim Slade, Komatsu; Tonya Iongi, George Iongi, George's Grill.

1. DISCUSSION OF CITY COUNCIL PRIORITIES FOR FISCAL YEAR 2020 BUDGET

Ken Leetham explained that this meeting was the annual budget retreat with a focus on the City Council's goals and what the City wanted to accomplish within the next twelve months. He said that approximately \$430,000 would be added to the General Fund balance within the current fiscal year and \$505,000 in the General Fund balance for the next fiscal year.

Mayor Arave commented that City was short in the Road Fund. Ken Leetham replied that the City just awarded two bids for projects on Orchard Drive and for the next fiscal year there would be a project for a portion of Eaglewood Loop. He also said that Road Capital Projects would be discussed during the next City Council meeting with staff recommendations on moving up several road projects by assigning more of the cost to the Water Fund.

Mayor Arave asked when Eaglewood and Eagleridge Drives would be on the street repair plan. Paul Ottoson replied that Eaglewood Drive was on the five-year plan. He said Eagleridge Drive would be on the six-plus-year plan.

Ken Leetham said that the Council could adjust priorities on any of the proposed projects if they wanted. He then explained that the overview of the department requests and budgets would occur during normally scheduled City Council meetings instead of during a lengthy budget meeting.

Council Member Porter reported on his priorities including a review of the General Plan. He said that while the City staff and Planning Commission were following the plan that there seemed to be public backlash. He suggested that the City invite the public to provide feedback on redevelopment areas via anonymous voting so they would not feel influenced by others. He also said that some people would oppose any rezoning or changing but that the City should offer residents another chance to be involved.

Council Member Porter then said that something needed to be done about the railroad tracks on 1100 North. He commented that the 1100 North bridge project would take time and that there needed to be an interim solution. He suggested that a minor street could be put in under the tracks to allow for emergency vehicles possibly work with Big West Oil on another solution.

Council Member Porter commented that there was a parcel of land for sale in the Foxboro area that could potentially be used for a new library or other amenity. The Council then discussed other uses for the property including single family homes, a park or apartments and the pros and cons of those options.

Council Member Horrocks stated that the City had basic responsibilities to its residents including streets, water, garbage, public safety, etc. He said that the City should focus on doing the best job possible with those responsibilities, with the roads as a priority. He said if there was money leftover then he would like to see the Foxboro Wetlands project continue, continued investment in trails, and beautification investments including the golf course with a water feature, lighting, etc.

Council Member Baskin reported that the City was great at providing the necessary services. She said that most of the money was already allocated but any excess could be used toward better explaining issues to the residents. She said that transparency and trust in government was important and suggested that someone could be hired to do this if necessary. She shared the example of the water issue in Sandy City and said better public outreach was necessary on how these matters were handled.

Council Member Baskin also suggested that several cities come together to create a Legacy Parkway Conservation District which could help to influence the future of the area. She then said that her number one priority was remediating the landslide. Other goals included beautification of the City including xeriscaping, trees, plantings and a more methodical plan. She suggested separating the Parks Department from Public Works as the Public Works Department was already responsible for so much, including snow removal to water quality.

Council Member Hood reported that maintenance needed to be done on the properties which were razed on 150 North. He suggested that these lots could be used for parking until the Hatch Park expansion. He also suggested that the City website be converted to a phone app with the ability to pay utility bills, push notifications, and to promote the parks and golf course, etc.

Council Member Mumford also requested technology improvements on the City website and said that a City phone app could provide the ability to report potholes, etc. He said that many cities had an app but asked why there was not a universal application created for all cities to use. He suggested that this project was something the League of Cities and Towns could spearhead.

Council Member Mumford then talked about the homes that were purchased adjacent to Hatch Park. He was concerned about the debt acquired to purchase those properties and the future expansion plan. He suggested that rather than having a consulting company design the park that the City could encourage the residents to provide input along with the Parks & Arts Board on what they would like to see.

Council Member Mumford then spoke on Bus Rapid Transit (BRT) and the redevelopment of Highway 89. He said will all the new apartment buildings that this was the perfect location for high density housing which would support BRT. He also said that amenities needed to be added to accommodate the new residents.

Council Member Mumford said that the NSL Parks & Arts Board reviewed the parks and determined that there were several parks that needed repair. He reported that the Hatch Park pavilions needed to be repaired or rebuilt outside of the overall expansion plan. Other projects included the Palmquist Park infrastructure, Mathis Park with a potential plan to cater more toward adults, Eagleridge beautification, and the issue with the fishing pond (floating dock) at Eaglewood Village. Ken Leetham commented that an investment needed to be made into the fishing pond potentially through tree planting and other beautification.

The Council discussed the fishing pond and how it was mostly a hidden amenity and how they did not want to invest in an area that was not easily available or used by all residents. Council Member Porter explained that the State planted fish in the pond but cautioned against promoting the park and overfishing the pond.

Council Member Mumford then talked about Center Street and the need to beautify this corridor as it connected the east and west sides of the City. He also suggested a five-year replacement plan for parks.

Council Member Horrocks asked what the next step would be pertaining to the Council's priority list. Ken Leetham replied that staff noted the requests and would prepare a report to identify ways to accomplish what the Council had asked for. He said that staff would provide better

reports throughout the year on the status of grants for funding on items like sidewalks, trails, tree plantings, etc. Mr. Leetham said that park repair was important and tree planting was an investment today as it would change the City in the future. He suggested that staff could ask corporate sponsors for funding towards these needs.

Council Member Baskin commented that per the report that 24% of the budget was uncommitted funds. Ken Leetham replied that the City did have funding which could be utilized for one time projects. He explained that this funding was from limiting the expansion of City operations, economizing, and using City employees for projects instead of hiring contractors.

Ken Leetham said that sales and property tax revenue had increased. Janice Larsen said that the fund balance was driven by sales tax and was strong overall.

Mayor Arave stated that the recommendation was to review and do a new General Plan every five years and that it had been eight years since the City had prepared a plan. He also said that roads were a priority and asked if staff could crack seal the roads to prevent deterioration rather than hiring an outside company.

Mayor Arave asked how much was spent on crack sealing the roads each year. David Frandsen said that staff spent the full amount they were allotted each year. Mayor Arave said he was appalled at how much road reconstruction costs and asked if the City could do more to avoid excessive reconstruction costs. He also said that it seemed like every manhole was surrounded by cracks.

Mayor Arave then said he was very unhappy about the fact that the City was not serviced by a Davis County library. Ken Leetham said that after meeting with County library officials he was told that there were no funds available but if the City provided a site and a building they would try to staff it. He said if the City was serious about having a library that they would need to work with the other cities that were also underserved to raise funds.

The Council discussed a potential library in Hatch Park, a grant program to encourage mini libraries in neighborhoods, book exchanges, providing a building for a library, collaborating with other cities, library services, the benefits of a library, reading programs, and news coverage.

Mayor Arave reported that the Bus Rapid Transit feasibility study had been funded, and according to Beth Holbrook, with Utah Transit Authority (UTA), the study was about to start. He said the County passed the third quarter sales tax which would generate \$13 million and would then be distributed and used for new capacity projects. He said the City, the County and UTA would receive a portion of the fourth quarter sales tax with UTA to fund BRT.

Mayor Arave then mentioned after school programs and the potential need in Foxboro and Orchard. He said he was unsure where the funding would come from for these programs. Ken

Leetham said that City funded a summer recreation program at \$50,000 to \$60,000 which could be modified for after school programs. He said after school programs could be staffed by volunteers.

Council Member Mumford reported on this year's summer youth soccer program for three to eight year old children. He said over 100 children had signed up to play at Legacy Park. He said this group was run by the same individuals who ran the summer recreation program and felt like there was a demand for additional recreation opportunities in North Salt Lake.

Ken Leetham said that the City would not be able to expand that type of program but could work with the County Recreation District on offering additional recreation opportunities.

2. ADJOURN INTO CLOSED SESSION TO DISCUSS PENDING OR REASONABLY IMMINENT LITIGATION

At 6:36 pm Council Member Horrocks moved to go into closed session for the purpose of discussing pending or reasonably imminent litigation. Council Member Baskin seconded the motion. The motion was approved by Council Members Baskin, Hood, Horrocks, Mumford and Porter.

3. RECONVENE INTO REGULAR SESSION

At 7:01 pm Council Member Porter moved to go out of closed session and back into regular session. Council Member Horrocks seconded the motion. The motion was approved by Council Members Baskin, Hood, Horrocks, Mumford and Porter.

4. DISCUSSION REGARDING EAGLEWOOD GOLF COURSE MANAGEMENT

Ken Leetham explained that a company called Great Life would present to the Council followed by a presentation from both Brent Moyes and George Iongi. He then said the Council could provide feedback on the presentations.

Jeff Harbertson, Great Life, explained that Great Life was a golf management company with a focus on families and health lifestyles through golf. He explained that Great Life was the 10th largest golf management company and the largest fitness company in the world with over 80,000 members at 90 properties. Great Life, which was established in 1985, planned to franchise in Utah and focused on the three biggest problems in golf which were price, pace of play, and the fact that "golf is hard." Mr. Harbertson said that Great Life addressed these issues through providing affordable memberships, encouraging families and individuals to play with the time they have, and offering free clinics. Mr. Harbertson said that Rick Farrant was the founder of Great Life and explained that he (Jeff) and his father Robb were the local franchisee and were Utah natives. He felt that due to the culture in Utah that this model would be successful.

Jeff Harbertson then said that another priority would be to take care of the golf course and its assets including the equipment, building, course, etc. He said they would create a detailed plan for high priority capital improvements and maintenance needs. Mr. Harbertson outlined the different types of memberships including individual, couple, and family. The basic individual membership would be \$50 per month or \$75 for a golf and fitness membership. The family membership would be \$70 per month or \$125 for a golf and fitness membership. Members would have unlimited access to any full network golf property, fitness facility, free weekly golf clinics, and other perks, as well as access to all Great Life properties. He said they currently own The Ranches Golf Course in Eagle Mountain and Coral Canyon in St. George.

Jeff Harbertson said that they were considering Eaglewood as it was operating at a deficit even though people were playing more golf and the courses were busy. He explained that with their proposal the City would immediately eliminate their annual operating expenses and would see an increase in revenue by 25% in the first year. Mr. Harbertson said their offer would include potential capital improvements including replacement of the cart fleet, new maintenance equipment, state of the art fitness center, remodel the clubhouse, and replace the irrigation system and bunkers as needed. The proposal was to lease the course from the City for one dollar per year through a triple-net five-year lease with three renewable five-year terms. The City would no longer have to subsidize the golf course but would maintain ownership of the property.

Council Member Horrocks said that one of his concerns was the control of the course and the City's ability to still fully utilize it for city events, including the annual car show, fireworks events, etc. Jeff Harbertson replied that these uses could be included in the lease and that the fireworks show was a big deal.

Council Member Mumford mentioned the proposed improvements and maintenance but asked what would happen if Great Life invested in capital improvements and then left the City with a large bill. He said that they would need to work out which improvements would be the responsibility of Great Life or shared with the City.

Jeff Harbertson then spoke on the existing employees and extending offers to those individuals. He said they would prefer to retain those employees.

Council Member Mumford asked when Great Life began operating The Ranches and Coral Canyon. He asked how many courses Great Life would need to make the model work. Jeff Harbertson replied that it was in February of this year and that a successful model was dependent on the area and that they were trying to create a network.

Individuals in the audience asked questions about how many other golf courses had turned down Great Life's proposal and expressed concerns including potential employee layoffs, and the company being unsuccessful and leaving the City with a dilapidated course.

Jeff Harbertson addressed the concerns and said that many other cities were waiting to see what would happen before signing a contract. He also said that a fund would be setup by Great Life to manage the expectation of maintenance standards on a quarterly basis. Mr. Harbertson said that the rates would not increase but could potentially decrease. He said that the membership model was what made the plan work as it allowed members to utilize the facility on their schedule.

Mayor Arave commented that if residents wanted to make comments they needed to come forward and identify themselves.

Brent Moyes presented the golf course budget and commented that they were recently informed of the proposal from Great Life. He said that while the golf course was operating at a deficit that the department had prepared a proposal on how to decrease the deficit and keep the course in City hands. Mr. Moyes said that after research he found that other courses in Utah that had contracted with a third party had failed. There was a decline in customer service and course conditions, and the third-party management team never put in the investments they promised. He said that these issues would stigmatize a facility and result in a decline particularly in tournaments. There would be a new customer base but that group would not be the type to spend money in the pro shop or restaurant. The slower pace of play would also drive business away.

Brent Moyes then said that the new contract with George Longi for food service would also be affected. He then asked if the City would want to give up control of its greatest asset and that residents would still contact the City with their issues and staff would have to deal with that.. Mr. Moyes also asked if the new owners would care about the golf course maintenance. He said this course was not just a golf course but a community facility with the fireworks, car show, concerts, and Tour of Utah.

Brent Moyes said that the golf course department reviewed their budget and while it was already tight they made suggestions to reduce the deficit including a 5% decrease in pay, a reduction of \$15,000 in capital equipment purchases, cutting the cost of fertilizer by \$13,000, a reduction in the seasonal payroll by \$10,000, more efficient staffing schedules, sanding of the course at a savings of \$7,000, reduction in employee allowances of \$4,000, education and memberships at \$2,500, an irrigation computer service at \$2,400, a reduction in tree maintenance at \$2,000, and a decrease in natural gas in the turf care center at \$1,000. He then spoke on revenue increases including a Groupon promotion with revenue of \$35,000, an approved rate increase for \$24,000, maintenance scheduling around playable tee times at \$22,500, food service and banquets at \$20,000. Mr. Moyes also suggested adding two additional corporate tournaments at \$15,000, ten corporate memberships at \$1,500 each for a total of \$15,000, fallout from a local competitor at \$12,000, a high school fundraiser at \$10,000, foreign golfers at \$9,600, leases at the clubhouse for \$6,000, merchandise promotions at \$5,000, an amateur tournament at \$5,000, and a "Welcome to Eaglewood" program at \$1,600.

Brent Moyes asked the City Council to give the golf department a chance. He said they were excited to have a new food concessionaire, George Iongi. Mr. Moyes also said the team was strong and introduced each member including Weston Kimber who had been with the City taking care of the golf course for 26 years, Nick Bosen who had been there 12 years, Ryan Richens who had been there several years, and John Broberg, the first assistant, who was close to earning his PGA certificate.

George Iongi then addressed the City Council and said he had changed his whole career on hold to be a part of the golf course. He said that he ensures his team worked efficiently and effectively to provide food service and that his hospitality spoke for itself. Mr. Iongi said there was a lot of changes to be made and was excited to work with Brent. He asked the Council and Mayor to give them a chance as he was very confident it would be successful. Mr. Iongi also said they had ideas to bring in business including bridal shows, golf shows, and a simulator.

Gary Herde, Bement & Company CPA, commented that they were located in the Eaglepointe office building. He said George approached him and asked for advice on opening George's Grill at the Eaglepointe Golf Course. Mr. Herde advised George that if he could work with the golf department as a team that this was key. He also said that the benefits of Eaglepointe were that it was a nice course with good tournaments, a good reception center, a good setting. Mr. Herde suggested that the City allow Brent and George to work together and that after analyzing the financials, his firm was committed and would be sponsoring a tee box.

Council Member Horrocks asked if the business model for Great Life was to sign up as many courses in a geographical area as possible or if it was better to have one course in a location. Jeff Harbertson said that each course was evaluated independently and while the value was to build the network of golf that they wanted to ensure each course was a good fit.

Council Member Mumford commented on the acquisition of The Ranches and said the goal was for 650 memberships there. He asked how many they had obtained in the first month. Jeff Harbertson said they were just beginning to start signing up memberships at The Ranches.

Council Member Mumford asked City staff about the potential for Great Life to hire the current golf course employees and if this was something they would consider. Brent Moyes replied that while they would not discount it they wanted to look at the long term pros and cons.

Council Member Mumford also asked George Iongi if he would be able to continue a partnership with Great Life if that was the route the City took. George Iongi replied that it would be a big change and he felt blindsided at this time. He expressed concern about the reception center and it being replaced with a fitness center.

Jeff Harbertson commented that they would build a separate event center and would be happy to maintain the restaurant and reception center contract with George Iongi.

Council Member Hood commented that the presentation by Great Life was centered around building on families but the projections were based on individuals. Jeff Harbertson said that these were the most conservative numbers. He said that including families would increase the numbers as the base membership was \$75.

Council Member Baskin commented that usage increased by 63% and revenues increased by 46%. She said that during the presentation the second issue was pace of play and if the usage increased how this would work out. Jeff Harbertson replied that the model would attract families that would only play for a certain amount of time which would allow more players to fill in the open times.

Mayor Arave clarified that Great Life approached the City and that this was the first time the Council had seen the proposal. He said that the Council would take everything they had heard into account so that it was a win-win situation for everyone.

Grant Iverson, 226 Sterling Drive in Bountiful, said he had golfed in the area for 50 years. He said that the golf course was a priceless gem and that this was just a short term cash flow problem. Mr. Iverson recommended against “giving away the store” and said that people who play golf would not want to play on the course with little kids. He said that the City could make the course profitable on its own.

5. CLOSED SESSION TO DISCUSS PENDING OR REASONABLY IMMINENT LITIGATION; TO DISCUSS THE CHARACTER, PROFESSIONAL COMPETENCE, OR PHYSICAL OR MENTAL HEALTH OF AN INDIVIDUAL; TO DISCUSS COLLECTIVE BARGAINING; OR TO DISCUSS PURCHASE, EXCHANGE, SALE, OR LEASE OF REAL PROPERTY

At 8:56 pm. Council Member Horrocks moved to go into closed session for the purpose of discussing pending or reasonably imminent litigation; to discuss the character professional competence, or physical or mental health of an individual; to discuss collective bargaining; or to discuss the purchase, exchange, sale, or lease of real property. Council Member Baskin seconded the motion. The motion was approved by Council Members Baskin, Hood, Horrocks, Mumford and Porter.

6. RECONVENE INTO REGULAR SESSION

At 9:54 p.m. Council Member Mumford moved to go out of closed session and back into the regular session. Council Member Porter seconded the motion. The motion was approved by Council Members Baskin, Hood, Horrocks, Mumford and Porter.

7. ADJOURN

Mayor Arave adjourned the meeting at 9:54 p.m.



Mayor



Recorder