

MINUTES OF THE COTTONWOOD HEIGHTS CITY COUNCIL MEETING HELD TUESDAY, MAY 6, 2014 AT 7:00 P.M. IN THE COTTONWOOD HEIGHTS CITY COUNCIL CHAMBERS

Members Present: Mayor Kelvyn Cullimore, Councilman Mike Shelton, Councilman Scott Bracken, Councilman Mike Peterson, Councilman Tee Tyler

Staff Present: City Manager John Park, Deputy City Manager Linda Dunlavy, City Attorney Shane Topham, Community and Economic Development Director Brian Berndt, Police Chief Robby Russo, Public Works Director Mike Allen, Assistant Fire Chief Mike Watson, Public Relations Specialist Stephanie Dickey

Others Present: Dick Fisher, Pat Shook, Noor Ul-Hasan, Ashley Swanson, Cindy Mecklerburg, Kemine Zhou, Minyan Rera

1.0 **WELCOME/PLEDGE/ACKNOWLEDGEMENTS**

1.1 Mayor Kelvyn Cullimore called the meeting to order at 7:00 p.m. and welcomed those attending.

1.2 The Pledge of Allegiance was led by Councilman Shelton.

2.0 **CITIZEN COMMENTS**

2.1 There were no citizen comments.

3.0 **PUBLIC HEARING**

3.1 **Public Hearing to Receive Comment with Regard to the City's Proposed Issuance of a Maximum \$14,500,000 of Sales Tax Revenue Bonds to Fund Costs Associated with Municipal Building Facilities Including a City Hall on the NW Corner of Bengal Boulevard and 2300 East**

3.1.1 Mayor Cullimore explained that the purpose of tonight's meeting is to hold a legally required meeting relative to the issuance of bonds for a new City Hall Building and other public works projects. He reported that the City has property under contract on the northwest corner of 2300 East and Bengal Boulevard for the purpose of constructing a City Hall Building. The goal is to construct a building to be owned by the City so that over time, occupancy costs will be reduced and tax dollars spent more prudently.

3.1.2 Mayor Cullimore opened the public hearing.

3.1.3 Financial Advisor, Jason Burningham, stated that initially, the City Council adopted a resolution stating its intent to potentially issue municipal tax exempt bonds for the purpose of constructing a new Municipal City facilities such as a city hall or public works facilities. Certain parameters were authorized and included such as the bond amount, maturity, and the interest rate. The adopted resolution included notice of a public hearing according to the Utah Municipal Bond Act requiring any local government that intends to issue bonds pledging of General Fund revenues provide accurate notice and conduct a public hearing.

3.1.4 Mayor Cullimore clarified that unlike General Obligation Bonds these are sales tax revenue bonds that do not create a new tax and are paid from General Fund revenues.

3.1.5 Noor Ul-Hasan thanked the Council for executing the project and asked what the sales tax revenue is currently used for.

- 3.1.6 Mayor Cullimore explained that the City receives approximately \$5 million in sales tax revenue annually. He stated that current sales tax revenue is not designated for a specific use but is applied to virtually every function of the city. A certain amount of general fund revenue, including sales tax revenue, is set aside every year for capital projects. The projects contemplated by this bond would be considered capital projects and paid for by the bonds which will be ultimately repaid from general fund revenues like sales tax. Unlike General Obligation bonds which when approved by voters invoke a new tax, sales tax revenue bonds do not invoke a new tax.
- 3.1.7 City Manager, John Park, added that the City is currently paying rent on the City Offices out of the same fund. As they move into the new building, they will not have the current rental expense. In the long term rent would exceed the bond payment. Although it will come out of the General Fund, about 50% will be offset by what is being paid in rent currently.
- 3.1.8 Ms. Ul-Hasan questioned what the \$14,500,000 will actually be used for.
- 3.1.9 Mayor Cullimore stated the total land cost was approximately \$4 million. Contingencies and architectural design are expected to cost another \$1 to \$2 million. The remainder will be used for the building itself. Any excess will be used for other projects throughout the City.
- 3.1.10 Ms. Ul-Hasan asked about the upkeep of surrounding streets.
- 3.1.11 Mayor Cullimore confirmed that Bengal Boulevard is scheduled for major renovations this coming year. But stated that the renovation was already planned and is unrelated to the proposed City Hall project.
- 3.1.12 Gene Peterson praised the City for being debt free for the past nine years and expressed concern with the total cost of the City Hall project, which he considered unreasonable.
- 3.1.13 Mayor Cullimore detailed the budget and long-term benefits of a new building and stated that it will ultimately stabilize occupancy costs, eliminate rent and save taxpayers millions of dollars down the road.
- 3.1.14 Mr. Burningham clarified that from 1975 to 1980, the Class A office space annual lease rate was approximately \$7 per square foot. Currently, it runs in excess of \$20 per square foot. Owning the new building will allow capital costs to be fixed and results in \$6.5 to \$8 million in net present value savings over the life of the building.
- 3.1.15 Dale Howells is in favor of the new City Hall and commended the City and Mayor for the efficient manner in which the City is run.
- 3.1.16 Ms. Ul-Hasan asked if the City plans to rent any space in the new building to create rental income and pay down the bond more quickly.
- 3.1.17 Mayor Cullimore responded that there were no plans to do so.
- 3.1.18 Pat Shook asked if the new building will affect the property values of surrounding residents. She also inquired as to whether, if there is money left over, thought has been given to a senior center.
- 3.1.19 Councilman Bracken reported that he researched property values and was not able to find anything pertaining to surrounding property values being negatively affected by such construction of a city hall.

- 3.1.20 Mr. Park commented that one of the purchased properties is actually zoned High Density Residential. The intent is to modify the zoning to Public so that only public facilities can be built there.
- 3.1.21 Ms. Shook questioned the ingress and egress from the project.
- 3.1.22 Mr. Park stated that they have not yet adopted a site plan, however, due to police and emergency vehicles requiring access, two entrances will be the most beneficial – one on Bengal and one on 2300 East.
- 3.1.23 Ashley Swanson expressed concern about additional noise from police activity.

Chief Russo added that sirens are not usually turned on until they reach an intersection. As a result, noise is not expected to be an issue. Besides, Mayor Cullimore added, the police should not be hanging around the office. They are typically out in the community.

- 3.1.24 There were no further comments. The public hearing was closed.

4.0 **ADJOURN BUSINESS MEETING AND RECONVENE WORK SESSION IN ROOM 250**

- 4.1 **MOTION:** Councilman Tyler moved to adjourn. The motion was seconded by Councilman Bracken and passed unanimously on a roll call vote. The business meeting adjourned at 7:33 p.m.