

MINUTES OF A SPECIAL CITY COUNCIL MEETING HELD MAY 15, 2008 AT THE CIVIC CENTER, 83 WEST MAIN, HYRUM, UTAH.

CONVENED: 5:00 p.m.

CONDUCTING: Mayor W. Dean Howard

ROLL CALL: Councilmembers Martin L. Felix, Paul C. James, Stephanie Miller, and Craig Rasmussen present.

EXCUSED: Councilmember Thomas C. LaBau

CALL TO ORDER: There being four members present and four members representing a quorum, Mayor Howard called the meeting to order.

OTHERS PRESENT: City Administrator D. Brent Jensen, Zoning Administrator Ron Salvesen, City Treasurer Lynn Coulam and citizens Bonnie F. Nielsen, David Nielsen, Steve Baugh, Vaughan Farnsworth, Eric Baugh, Carrie Baugh, Lance Anderson, Susie Becker, and Laura Lewis. City Recorder Stephanie Fricke recorded the minutes.

WELCOME: Mayor Howard welcomed everyone in attendance and invited audience participation.

AGENDA: A copy of the notice and agenda for this meeting was faxed to The Herald Journal, mailed to each member of the governing body, and posted at the Civic Center more than forty-eight hours before meeting time.

AGENDA

4. WORKSHOP:
 - A. To discuss the Fiscal Impacts of the Hyrum Lake, Golf, and Little Bear Parkway Project Study.
5. ADJOURNMENT

WORKSHOP:

Susie Becker with Lewis Young Robertson & Burningham, Inc. was retained by Steve Baugh and Associates to evaluate the fiscal impacts of the proposed annexation of the Hyrum Lake and Golf Course Project into Hyrum City. The proposed annexation area covers approximately 767 acres, located immediately adjacent to the south and west borders of Hyrum City. The development assumptions for the project are for mainly residential development, with some limited commercial development. Anticipated residential development is for a total of 3,056 residential units plus 500 hotel rooms. The proposed development is not located on a prime commercial corridor, but is expected to support neighborhood retail, small professional offices and some warehousing space. Anticipated commercial development is

summarized as follows: Retail 81,300 square feet at \$125 per square foot; Professional Office 39,000 square feet at \$125 per square foot; and Hotel 500 rooms at \$40,816 per 125 rooms. All market and development assumptions have been provided by the developers based on their experience as developers, as well as a market study they commissioned by Will Jenson in 2007. The proposed development will include 3,056 new households with an average of 3.83 person per single family household and 3.31 persons per multi-family household. There are five major categories of general fund revenues: Tax Revenues; License and Permits; Intergovernmental Revenue; Charges for Services; and Fines and Forfeitures. Property tax revenues for the residential portion of the development is based on the residential market values given by the developer of: 51 - 1 unit per acres at \$1,250,000 per unit; 53 - 2 units per acre at \$725,000 per unit; 82 - 3 units per acre at \$380,000 per unit; 308 - 4 units per acre at \$305,000; 457 - 6 units per acre at \$280,000 per unit; 557 - 8 units per acres at \$270,000; 437 - 10 units per acre at \$260,000; 499 - 14 units per acre at \$240,000 per unit; and 612 - 18 units per acre at \$180,000 per unit. Total residential market value is expected to be \$849,165,000. Sales tax analysis if retail development occurs in the annexation area, it will generate point-of-sale tax revenues for Hyrum City. We have assumed 81,300 square feet of neighborhood retail with average sales of \$200 per square foot annually. At buildout, this will generate roughly \$81,300 in sales tax revenue per year. Business License fees are calculated based on 120,300 square feet of commercial space, with an average business size of 2,000 square feet and an average fee of \$50 per business per year. Intergovernmental revenues are distributed both on road miles and population. At buildout, there is an assumed total of 18.2 paved, publicly owned road miles in the project area for a total of 91 weighted road miles. The liquor fund allotment is based on \$.48 per capita, per Hyrum City. Fines and forfeitures have been calculated for court fines, library fines and parking tickets. In 15 years the assumption is the project will be fully developed, and that it will generate approximately \$2.6 million in annual revenues to the General Fund. Hyrum City has estimated general fund operating expenditures of \$2,169,237.50 for the proposed development. Based on the expenditures, combined with the revenues calculated the proposed development will generate net revenues of approximately \$367,000 annually at buildout. *The complete General Fund Revenue and Expenditure Reports are addressed in the Fiscal Impacts of the Hyrum Lake and Golf Project Study prepared by Lewis Young Robertson and Burningham, Inc. dated March 2008.*

Laura Lewis with Lewis Young Robertson and Burningham, Inc. reviewed capital expenditures and various financing alternatives that are available to Hyrum City. The proposed development will require significant capital needs for water, sewer, electric, pressurized irrigation, and storm water. These capital needs have been estimated by Hyrum City at a total of \$9,560,400.

There are various financing options available to Hyrum City if it chooses to annex the Hyrum Lake and Golf Project into the City and install the capital improvements necessary to deliver water, sewer, electric, pressurized irrigation, and storm water services to this area, including a discussion relating to the merits and challenges of each alternative. The alternatives considered are those that are legally available for the City to consider. They are the issuance of General Obligation Bonds, Utility System Revenue Bonds, Utilization of Impact Fees/Impact Fee Revenue Bonds, and the designation of a Special Assessment Area and issuance of Special Assessment Bonds. She then explained each area of funding in detail and recommended the most viable means of financing the improvements for the proposed annexation area is through the creation of a Special Assessment Area and the subsequent use of a Special Assessment Bond. *The complete details of each financing option available to the City is addressed in the Fiscal Impacts of the Hyrum Lake and Golf Project Study prepared by Lewis Young Robertson and Burningham, Inc. dated March 2008.*

Mayor Howard said the City doesn't want existing residents to pay for new growth and the citizens shouldn't be burdened with higher rates due to new growth. However, after listening to Laura Lewis explain the various financing options available to the developer through the City and the financial protection that is provided to the City he is more comfortable with the monetary future of this project.

Councilmember Rasmussen asked why the City should take out a loan rather than requiring the developer to pay for all of the improvements upfront.

Laura Lewis said if the City wants to see growth then this is a means of helping the developer secure financing. The developer has to provide the City with proof that it has the financial stature to make special assessment payments.

Vaughan Farnsworth said the developers of this project are hoping to finance the majority of the improvements so that the City doesn't have to help them with their financing.

Bonnie Nielsen asked about the future operation and maintenance cost to the City once the project is completed.

Susy Becker said based upon the proposed residential and commercial units and the total market values provided by the developer the City should have enough money to maintain this project at buildout.

Councilmember Rasmussen said he is concerned about the proposed residential market property values. He thinks the developers are being extremely optimistic on their numbers. He does not believe there is a demand in Cache Valley for over 2,000 multi-family

housing units with property values over \$180,000.

Carrie Baugh said this development is different than anything offered in Cache Valley. This development will bring in people from the Wasatch Front because of its location and amenities.

Mayor Howard thanked Laura Lewis and Susie Becker for the information they presented tonight.

ADJOURNMENT:

ACTION **There being no further business before the Council, the Council Meeting adjourned at 6:25 p.m.**

W. Dean Howard
Mayor

ATTEST:

Stephanie Fricke
City Recorder

Approved: June 5, 2008 _____
 As Written