



MINUTES
Springville City Council Work/Study Meeting - OCTOBER 17, 2023

MINUTES OF THE WORK/STUDY MEETING OF THE SPRINGVILLE CITY COUNCIL HELD ON TUESDAY, OCTOBER 17, 2023 AT 5:30 P.M. AT THE CIVIC CENTER, 110 SOUTH MAIN STREET, SPRINGVILLE, UTAH.

Presiding and Conducting: Mayor Matt Packard

Elected Officials in Attendance: Liz Crandall
Craig Jensen
Jason Miller
Mike Snelson
Chris Sorensen

City Staff in Attendance: City Administrator Troy Fitzgerald, Assistant City Administrator/City Attorney John Penrod, Assistant City Administrator/Finance Director Bruce Riddle, City Recorder Kim Crane, Community Development Director Josh Yost, Director of Administrative Services Patrick Monney, Library Director Dan Mickelson, Museum of Art Director Emily Larsen, Parks and Recreation Director Stacey Child, Public Works Director Brad Stapley, Public Safety Director Lance Haight, Power Superintendent Brandon Graham, and Golf Pro Craig Norman.

CALL TO ORDER - Mayor Packard welcomed everyone and called the Work/Study meeting to order at 5:30 p.m.

COUNCIL BUSINESS

1. Calendar
 - Oct 31 - Main Street Safe Halloween Event 3:00 p.m. - 5:00 p.m.
 - Nov 05 - Daylight Savings Ends (Fall back 1-hour)
 - Nov 07 - Work Study Meeting 5:30 p.m., Regular Meeting 7:00 p.m.
 - Nov 14 - Work Study Meeting 5:30 p.m.
 - Nov 21 - Springville Municipal General Election
2. **DISCUSSION ON THIS EVENING'S REGULAR MEETING AGENDA ITEMS**
 - a) Invocation - Councilmember Miller
 - b) Pledge of Allegiance - Councilmember Crandall
 - c) Consent Agenda
3. Approval of the minutes for the September 12, 2023 work meeting, the October 03, 2023 work meeting and regular meeting, and the October 10, 2023 work meeting.

Mayor Packard asked if there was any discussion on the consent agenda. There was none.

3. DISCUSSIONS/PRESENTATIONS

Mayor Packard requested that Item B be presented first on the agenda.

b) Discussion regarding South Utah Valley Solid Waste District funding

Director Riddle introduced Terry Ficklin, General Manager of the South Utah Valley Solid Waste District (SUVSWD). Terry read from a prepared letter included below.

Mayor, City Council Members and Staff,

I am Terry Ficklin, the General Manager of South Utah Valley Solid Waste District. I was asked to come tonight to answer questions about the new transfer station currently under construction. A brief history of the approved cost timeline might be helpful for our discussion. The final transfer station design was approved by the board in December of 2021 and went out to bid with the selected contractor, Hughes General Contractors (Hughes). In February of 2022, Hughes delivered the GMP (Guaranteed Maximum Price) to build the facility at \$33,406,696. At the same time, the estimated owner responsible cost was \$5,944,500 for equipment, furnishings, permitting, and construction management

The off-site construction was already underway when the facility GMP was accepted by the board (which included the adjacent roads, utilities, and sewer lift station). This portion of the project was contracted with GWC at a GMP of \$5,972,000 in July 2021. The combined totals of these three cost components put the total cost of the project at \$45,323,196. Impact fees and development agreements were estimated reimbursements to the district of approximately \$5,028,000. The district had \$12,700,000 in the PTIF account, and the board members approved moving forward with construction of the project.

Working with Zions Bank we prepared to request a \$30,000,000 Bond that would have paid us out \$33,642,000 in bond proceeds. The going rate at that time was 2.65% interest, with no payment the first year and interest only the second year.

The board approved getting the bonds in April of 2022 and the market changed. We settled for a \$28,000,000 Bond that paid out \$31,462,695. This left the district with a \$2,000,000 shortfall and a bond rate of around 5% instead of the 2.65% we were hoping for.

We then discovered months later that we needed to start making payments on the bond, which we have now paid \$2,291,166 in bond payments.

Several other key items have not worked in our favor over the last 18-months of construction, include material cost escalations, missed scope in the GMP, and exclusion of sales tax from the original Hughes GMP. The sales tax costs alone are an estimated \$1,150,000 additional cost to the district.

As a result of these events, we have forecasted that the district needs an additional bond to finish the project and move into the new facility on time, which is scheduled for March of 2024.

I appreciate your time and help with this vital project for the district and am happy to answer any questions you may have at this time.

Sincerely,

Terry Ficklin, General Manager

Councilmember Snelson asked about the Guaranteed Maximum Price (GMP) and why the price was going up. Terry explained it was suggested by the board, that in certain areas they can ask for escalation. The District offered to prepay for equipment to stay within the GMP and this has allowed them to stay on schedule.

Councilmember Sorensen inquired why not go with the original bond amount. Terry said it was a matter of what they could sell. Mayor Packard asked what the basis was for cutting it back. Terry replied he thought the market was scared.

Councilmember Sorensen asked about the Tax Increment Financing (TIF Fund) and if all of the property had been sold. Terry replied they had just under forty acres and had sold all but the last ten acres. The property was sold in phases. Phase two will go into effect once they have vacated the property and completed the clean-up. They are expecting this to take place around April 2024 and should give them approximately \$2 million from the sale of the last bit of property. Councilmember Sorensen asked if that was part of the \$12 million put towards the project. Terry replied they had valued the property at approximately \$9,761,000; to date, they have received \$7.7 million with a balance of \$2 million, so all of the \$7.7 million went towards the project.

Councilmember Snelson asked how they were funding the dismantling of the current facility and clean up. Terry said it was part of their estimated cost and is in the budget, they are also receiving bids.

Councilmember Miller asked what the Bond Counsel was proposing. Terry replied they started at \$5 million with approximately \$6 million in reimbursements however there is no guarantee when the reimbursement would be received. The Finance Committee consisting of all of the member city finance directors requested a ten-year projection to see what costs would be for trash. They provided the Finance Committee with a request for \$6 million because of the unknown with sales tax.

Terry explained when they received information back from Zions Bank it would require an increase in district fees. Currently, they are at \$38 a ton and he is proposing next July the first year of \$39 and the second year of \$40 per ton to help pay off the secondary bond.

Councilmember Miller asked what the rating was on the last bond and if the District was the guarantor. Terry expressed the commitment of the Board was to maintain 1.25% if they fell below the District would then raise rates. Councilmember Miller asked what the bond rating was. Terry said he didn't know, Councilmember Miller asked Director Riddle for his comments. Director Riddle stated he recalled the bond rating was an AA- and was about as good as they could get for the timing. He said it was unclear to him why they issued what was issued. He was told by Steeple the request was for \$28 million and the bonds were sold at a premium of \$31 million, with a \$2 million gap. The project was initially presented to the Board and the member cities that they would be able to keep the rates stable as the market increased.

Mayor Packard asked Terry how much of a bond they were asking for. Terry explained \$6 million. Mayor Packard reviewed what may have transpired and asked about the shortfall. Mayor Packard asked where the money went; he would like to see where the sources and uses came from to justify going in again for another bond. Terry said we were not anticipating the \$2 million and paid it out to the bond from the (PTIF) Utah Public Treasurer's Fund. Councilmember Jensen asked if in the calculations they doubled on the PTIF.

Mayor Packard asked where the money came from and where it was used. He would like to know why a shortage and where the money went. Director Riddle reported the Finance Committee met a year ago to select the underwriter and then met again just a few weeks ago. The District and Terry have been responsible for issuing funds. Mayor Packard asked if there was a bookkeeper on hand. Terry explained he and a board member sign the checks, a bookkeeper oversees the books, Forsgren is the project manager and Zions issues the funds.

Councilmember Sorensen stated when the transfer station was started in Springville there were a few little perks. He asked if Spanish Fork contributed to the new facility. Terry replied there were no discounts and rates would be the same for all cities. The District put in the road, a lift station, and the utilities in the ground and spent a lot of money doing so and that would be the reimbursement portion.

Councilmember Sorensen stated he did not understand how there was a miscalculation in taxes, how did we not know we were going to pay over a million dollars in taxes? Terry said he didn't know. Director Riddle explained it was presented as tax-exempt and bid as such. Director Riddle explained how sales tax could have been incurred if the District purchased materials or equipment and then had a private contractor install them. The contractor Hughes would likely have known this.

Councilmember Miller requested Terry provide a use and cash report with before and after figures to help answer some questions.

Councilmember Snelson asked about the length of the bond. Terry replied 20 years at 4.65% and the ability to pay off early. Councilmember Snelson asked what the total payoff would be.

Mayor Packard said there are some questions the council would like answered. Springville has one vote on the board on whether to approve the bond or not.

Councilmember Crandall asked for more detailed information and would like to understand the sales tax portion. Terry said the payment for materials was taxed, it was presented as tax-exempt.

Councilmember Jensen said he wanted to understand why they are asking for \$6 million and it may be more money than is needed. He suggested they negotiate where possible with the contractor.

Councilmember Miller asked about the terms of a \$28 million bond. Terry said it could be refinanced. Director Riddle said he would have to check, he believes it was a twenty-year bond with a ten-year call. Terry said it may be a thirty-year bond. Councilmember Miller said he would like a statement of cash flows.

Councilmember Snelson said he would like to know what happened to the \$20 million and what the total cost is at the end.

Councilmember Sorensen said there is no backing out of the project now, is there a project manager, and are change orders being submitted? Those could be millions of dollars, who is watching? Terry said Nick Patterson with Forsgren Engineering is the project manager and is the District Engineer. Most change orders involved a contingency of approximately \$1 million and the balance is down to approximately \$300,000.

Councilmember Miller asked with the energy efficiency being built in, if there was any discussion for possible grants or government resources that could have gone into the project. Terry said they did some research and most funding is reserved for water.

Terry stated today's prices for Weber are \$50 a ton, Wasatch Integrated is \$42 a ton, and we at SUVSWD are at \$38 a ton still below what the Salt Lake Valley charges.

Mayor Packard asked Terry to solve the problem. The checks and balances needed to be in place and we need to understand what happened and know about sources and uses.

Terry said there was a special meeting scheduled for October 25, 2023, to present to the Board and get recommendations. The November meeting will include a public hearing. Mayor Packard asked Terry when he could have the information back to the council. Terry asked Director Riddle about how he would get the information the council was requesting. Director Riddle said Nick should be able to provide the information. Terry said he would have the information available before the October 25, 2023 meeting. Mayor Packard thanked Terry for attending the meeting.

a) Discussion regarding the 1600 South Plan - Josh Yost, Community Development Director

Josh reported the Planning Commission reviewed the 1600 South Plan they asked what level of detail would they be receiving. Josh explained the plan is at a 30,000-foot level and is generally the policy direction for the area and the uses, it will get refined with the zoning process. Public comment during the Planning Commission centered around the transition between the existing residential and commercial or mixed-use. Councilmember Snelson asked about how the transitions would be handled. Josh explained they requested for them to not be abrupt and to have some sort of buffer.

Josh went on to review the Planning Commission's discussion of how to implement the plan and recruit businesses.

Mayor Packard asked for the council's input.

Councilmember Sorensen said he would like to see the design of the road, overpasses, and intersections before he can begin to see a design for the area. Troy said he could provide the council with more information.

Councilmember Miller asked for an accurate population count and acreage for the area.

Josh directed the consultants to give them a bottom line on commercial and residential numbers.

Councilmember Crandall stated the road is key for the entire plan to work. She asked how fluid the plan was and would like to get the basics of the 1600 south road.

Josh noted the zoning in the Westfields had not changed in over twenty years with the exception of the Smith's Marketplace piece.

Councilmember Snelson said he could not get his head around retail not being supported in the area, he would like to see some numbers of why that is, and what types of businesses could go there and be successful.

Councilmember Jensen said he would like to know who will put in the roads and infrastructure and pay for it, he would like more discussion on who put in the 1600 south road.

Mayor Packard said he would like to see a standard for parking and a specific description of streets.

Councilmember Miller said he would like to see what the consultant is recommending for retail square footage.

Mayor Packard asked to have the information soon so the council would have time for review.

Josh provided information on the Active Transportation Plan and explained there would be two policy statements on education campaigns to help people navigate the new infrastructure. Along with a policy statement regarding safety for new bike and pedestrian infrastructure.

MAYOR PACKARD, COUNCIL, AND ADMINISTRATIVE REPORTS

Mayor Packard asked if there was any further discussion. There was none.

ADJOURNMENT CLOSED SESSION IF NEEDED - TO BE ANNOUNCED IN MOTION

The Springville City Council may temporarily recess the meeting and convene in a closed session as provided by UCA 52-4-205.

ADJOURN

Motion: Councilmember Miller moved to adjourn the work meeting at 6:56 p.m. **Councilmember Snelson seconded** the motion. **Voting Yes:** Councilmember Crandall, Councilmember Jensen, Councilmember Miller, Councilmember Snelson, and Councilmember Sorensen. The motion **Passed Unanimously; 5-0**

This document constitutes the official minutes for the Springville City Council Work/Study Meeting held on Tuesday, October 17, 2023. I, Kim Crane, do hereby certify that I am the duly appointed, qualified, and acting City Recorder for Springville City, of Utah County, State of Utah. I do hereby certify that the foregoing minutes represent a true, accurate, and complete record of this meeting held on Tuesday, October 17, 2023.

DATE APPROVED: November 07, 2023



Kim Crane
City Recorder