

MINUTES OF REGULAR MEETING
SUGAR CITY COUNCIL
THURSDAY, MARCH 13, 2008

Presiding: Mayor Glenn W. Dalling
Meeting Convened at 6:30 p.m.
Prayer: Lamont Merrill
Pledge of Allegiance

Present: Mayor Dalling; Sharon L. Bell, Clerk; Marcie A. Smith, Treasurer; Councilmembers Harold Harris, Bruce King, Brad Orme and Lamont Merrill; Josh Garner, City Attorney; Dick Dyer, City Engineer; Brian Hawkes, Vaun Waddell, Paul Lusk, Ray Barney and Stephanie Blackham, Planning & Zoning; Kyra Davis, Standard Journal; Alan Dunn; Eddie Pincock; and Jan Gallup. Councilmember Orme was excused for part of the meeting.

The Mayor asked if there were any corrections to the minutes of the regular meeting held February 28, 2008. It was moved by Councilmember Harris and seconded by Councilmember Merrill to accept said minutes; motion carried.

Marcie presented the February reconciliation reports for the General Fund. It was moved by Councilmember King and seconded by Councilmember Harris to accept the February reconciliation reports for the General fund; motion carried. Marcie presented the February reconciliation reports for the Utility Fund. It was moved by Councilmember Harris and seconded by Councilmember King to accept the February reconciliation reports for the Utility Fund; motion carried.

Marcie presented the current bills in the amount of \$43,783.31. It was moved by Councilmember King and seconded by Councilmember Merrill to pay the current bills, together with all regular March bills that have not yet been received; motion carried.

BUSINESS PARK PRELIMINARY PLAT: The mayor reported that at our last meeting P&Z recommended the preliminary plat of the business park to the city council for their action. P&Z Chairman Brian Hawkes reported that P&Z approved the four variances, and the engineer had resolved the four conditions for the preliminary plat.

MOTION TO APPROVE BUSINESS PARK PRELIMINARY PLAT: It was moved by Councilmember Harris and seconded by Councilmember King that we approve the preliminary plat recommended by the P&Z for the Business Park; motion carried.

ALAN DUNN – SCHOOL BUILDING PLANS: Mr. Dunn addressed the council. He said he has met with Mr. Stillman and Eddie Pincock and reviewed the subdivision plat with them. He feels the school can live with what they are doing. The school supports the business park as well as the other subdivision, and he does not feel they will cause any conflict.

Maintenance Shop: Mr. Dunn stated the main reason he came is that the school would like to build a maintenance shop somewhere. The school needs more freezer space for food services. The building would be 75' x 100' or 100' x 100', and 20 feet tall. He said they might need to bring in portable classrooms for a while until new schools are built, but they need this maintenance building. One possible spot for the building is the far side of the baseball field, or the lot to the north of the existing maintenance building. He wondered if the city had some property the school might be able to use. He said this is very preliminary. They just want to explore options and do what is best for the community. The mayor said we need to look into the matter further.

Merging Library with Madison County Library: Mr. Dunn reported that the issue of merging the Sugar City Community Library with the Madison County Library has been discussed. He said the school is looking at the cost of expanding the community library by about 50 feet toward the LDS seminary building. They have asked Harold Harris to sketch some plans for it.

The mayor expressed appreciation to Mr. Dunn for the work he does in leading the school district.

7:00 p.m. Councilmember Orme arrived.

PLANNING & ZONING REPORT: Brian Hawkes addressed the council.

Sugar City Business Park Final Plat Application: Brian reported that at last week's P&Z meeting they discussed the Sugar City Business Park. Brent Crowther represented the Business Park and they are prepared to present a final plat. P&Z could not approve the final plat until the city council approved the preliminary plat. Brian reported that after P&Z's special meeting tonight they would come back and present the final plat to the council. One issue they are concerned about is the 50-foot easement on the north side of the park by the canal. The canal company will not grant the easement. They are working through this and Brian doesn't feel there will be a problem. He feels we should put in infiltrators rather than swales as shown on the engineer's study.

Old Farm Estates: P&Z discussed all the conditions on the preliminary plat of Phase I. Commissioners are okay with things that have been done. They need to get a plan to the irrigation district of what they are going to do with their shares of water. The final plat is technically correct. The impact study says no well is required for Phase I, but a well will be required for later phases.

Brian asked to be excused and said he will continue his presentation after P&Z's special meeting.

CAPITAL REPLACEMENT AND IMPROVEMENT FUND: Treasurer Marcie Smith reported that on Wednesday, February 27, 2008, she and the mayor met with Auditor Dana Izatt to discuss how to set up a Capital Replacement and Improvement Account in both our Utility Fund and our General Fund. It was discussed that the Utility Fund already has money being set aside in its bond accounts as reserves (\$180,000) and 25% of the year's payment (\$60,000) is required and being saved in the actual bond checking accounts. These totals are presently about \$240,000 and cannot be touched until the bonds are paid off. (Earliest is 2010.) In addition, it was determined that the money presently in all of the Utility savings accounts is actually capital replacement and improvement funds and must be spent on water, sewer, or garbage needs. The total for these savings accounts is about \$230,000 and is available if needed.

It was determined that the General Fund has a savings account for capital replacement and

improvement, with an amount of \$75,842.61. Upon recommendation of the auditor, we thought it advisable to add \$30,000 to the Replacement and Improvement Fund each year, plus 3% for inflation. \$11,000 will come from the Utility Fund, and \$19,000 will come from the General Fund. These numbers will vary each year according to the auditor's report.

7:20 p.m. City Engineer Dick Dyer arrived.

The mayor assigned Marcie to make a list of the bonds and when they mature.

MOTION: It was moved by Councilmember King and seconded by Councilmember Orme that we accept the February 27 recommendation of the auditor to add a minimum of \$30,000 each year to the city's Capital Replacement and Improvement Fund, drawing from the Utility and General Funds, and that we start in fiscal year 2009; motion carried.

DEPARTMENT REPORTS:

COUNCILMEMBER HARRIS: No report.

COUNCILMEMBER ORME:

Merging Library with Madison County Library: Brad reported discussion is going on concerning a possible merger of the Sugar City Community Library with the Madison County Library. Our community library is located in the high school. Library officials are encouraging patrons to express their desires, and they will do what the citizens want. Discussion was had. **MOTION:** It was moved by Councilmember Harris and seconded by Councilmember Orme that the Sugar City administration formulate a letter giving our opinion about wanting to retain the community school district library in its current location and not merge with the Madison County Library District; motion carried.

Development Impact Fee Committee: Brad reported we should get someone in the real estate or construction field or a developer to be on the development impact fee committee. The next step is developing a capital improvement study for the city. He feels a professional needs to do it. He suggested we invite Dick Dyer and Richard Horner to a meeting to discuss it.

COUNCILMEMBER KING:

Title 1: Bruce recommended that we repeal title 9, chapter 14, "Public Hearing Procedure," and insert a new chapter on public hearings in title 1, where he believes it belongs. He presented a draft of such a chapter for council review and input at the next regular council meeting. The draft was a joint effort by himself and P&Z Commissioner Vaun Waddell. Bruce also recommended that we replace section 11-3-4, "Conflict of Interest," and section 10-1-6, "Conflict of Interest," with the following statement: "A city official (see definition of OFFICERS, OFFICIALS in section 1-3-2) having a conflict of interest (see definition in section 1-3-2) regarding an application or other proposed action shall recuse himself or herself from the public hearing and from any other participation relative to the application or proposed action." He suggested inserting the definition of "conflict of interest" in section 1-3-2.

PLANNING & ZONING REPORT (continued): Brian Hawkes continued his P&Z report.

Sugar City Business Park Final Plat Application: As a result of P&Z's special meeting tonight, they recommend approval of the final plat application for the Sugar City Business Park. Brian explained that City Engineer Dick Dyer had some items to bring to the council's attention. Mr. Dyer stated he has reviewed the final plat application materials for the business park and presented comments. A copy of Mr. Dyer's comments dated March 13, 2008, is attached hereto

marked "Attachment 1." The mayor entertained a motion to approve the final plat of the Business Park.

MOTION TO APPROVE BUSINESS PARK FINAL PLAT: It was moved by Councilmember Orme and seconded by Councilmember Harris to approve the final plat for the Business Park; motion carried.

DEPARTMENT REPORTS (continued):

COUNCILMEMBER KING:

Business Park Protective Covenants: The mayor reported they are talking about turning over management of the Business Park to Clair Boyle of Madison Economic Partners Inc. (MEPI). Bruce and Vaun Waddell worked together on the protective covenants for the business park. Mr. Boyle signed off on it already. The mayor said the council will now review it and suggested we have a special meeting next Thursday to approve it.

Community Preview: The mayor reported that university students had previously done considerable work on a community preview for Sugar City. Bruce King and Vaun Waddell have agreed to finalize and complete the project.

AIC Seminar: Bruce reported that the draft of the public hearing chapter reflects what was taught at the seminar on Saturday about essential components of a public hearing. As for fundamental principles taught at the seminar, AIC Attorney Jerry Mason pointed out that in the past, "findings of fact" and "conclusions of law" were required, although even judges didn't know what these two phrases meant. Now the state code says you need to make a "reasoned decision," meaning you simply need to meet all the requirements of the law.

COUNCILMEMBER MERRILL:

Substation Information: Lamont reported he talked with a real estate agent, Idaho Surveying & Rating Bureau, Madison County Assessor Brent Saurey, an insurance agent and several citizens in Archer about their feelings on the fire station. (1) The real estate agent said it is their opinion that it would be an excellent location to build a fire station and would improve property values in the neighborhood and in adjacent residential properties. (2) The Idaho Surveying & Rating Bureau said Sugar City is rated as Class 5 – 10 points in each class – Sugar City needs only three more points to move to a Class 4, which would result in a drop in fire insurance rates. How much each individual insurance company will charge is a matter for their discretion. The new fire station may or may not result in fire insurance rate changes at this time, but when the new wells are tied into the system and the fire truck station is in Sugar City, there would most likely be a further drop in points, resulting in a drop in insurance rates. Any resident within 1,000 feet of a hydrant or of the pumper truck would qualify for a rate consideration. (3) The assessor said the building of a satellite fire station in Sugar City would not make any difference at this time on adjacent property values. However, if the properties of concern were to sell, the value of the property would be re-evaluated at that time. Based on what happened in Archer, the value would most likely increase.

Comments from Archer citizens: (1) "Against the fire station at first; now it's a plus for the community. The value of surrounding property appreciated a lot." (2) "Never heard anything but positive comments." (3) "He's a farmer, so it's been an asset to the area, especially during seasonal fires." (4) "People are proud of the fire station. In addition, they have an ambulance stationed there. They have a water pumper truck there and a brush (equipment) truck. The building is used for community events, free of charge. The fact that the fire station (truck) was close lowered insurance rates on her store."

The mayor expressed a desire to write letters to adjacent property owners about the

substation information obtained by Councilmember Merrill.

MAYOR'S BUSINESS:

Business Park Covenants: The mayor said we would discuss this document after the council has a chance to review it.

Special Meeting, Thursday, March 20, 2008:

Ball and Jeppesen Annexation: Attorney Garner reported at the special meeting next Thursday we should pass amended Ordinance No. 259 on the Ball and Jeppesen annexation. We now have the correct legal description. He said at this point there are several steps that have to be taken before an annexation of the Harris property can be done. (1) Getting Mr. Harris to send us a letter saying that he would like to be annexed. Rexburg has agreed to annex their portion at the same time we do. All fees will be waived. (2) Follow procedures in title 67 and work with the City of Rexburg on it. Once Ordinance No. 259 is amended, we can go forward with getting public hearings started at the P&Z level. The county has set their hearing on the impact area expansion (Calaway and Harris properties) for April 10 at 7:15 p.m.

Comprehensive Plan Map: The mayor reported that the county wanted us to hold up until the Ball, Brown, Harris, Jeppesen annexation conflict was resolved. They also asked that we wait until the three-entity study by Cooper Roberts Simonsen Associates is completed.

Business Park:

Memorandum of Agreement: The mayor reported the property was deeded to us. The county is happy with the Memorandum of Agreement, and their attorney has signed it. Attorney Garner said he has read it and approves it. **MOTION:** It was moved by Councilmember Harris and seconded by Councilmember Merrill that the city council approve the Memorandum of Agreement of 3-11-08 as drafted and approved by our legal counsel as being proper and legal; motion carried. A copy of said Memorandum of Agreement is attached hereto marked "Attachment 2." It should also be posted on the city's Web site.

Meeting on March 27: The Development Company wants Zack Paul to come and talk to the council. The mayor said we would also try to get Richard Horner there that night.

Impact Fees: The mayor reported Councilmember Orme is taking the lead on getting impact fees together. At this time, we should not have the committee come to the meeting.

MOTION FOR SPECIAL MEETING: It was moved by Councilmember Orme and seconded by Councilmember Harris that we hold a special city council meeting at 6:30 p.m. on Thursday, March 20, to consider the proposed Protective Covenants document for the Business Park and to amend Ordinance No. 259; motion carried.

Meeting adjourned at 9:10 p.m.

Signed: _____
Glenn W. Dalling, Mayor

Attested: _____
Sharon L. Bell, Clerk



ENGINEERING • PLANNING • MANAGEMENT

MEMORANDUM

To: Sugar City
From: Winston R. Dyer, PE
Date: March 13, 2008
Re: Review of Business Park Final Plat Application Materials

We have reviewed the final plat application materials for the business park subdivision. Following are comments.

Development Agreement

1. I'm not really sure why a development agreement is necessary in this case where the City is basically binding itself to the City. I see the name in the agreement is "Sugar City Business Park Partners" but I don't believe that is any kind of legal organization or corporation that can legally bind itself to such an agreement. On the other hand, it would be nice to have some kind of guarantee and a bond put up to make sure that what was started could be finished, but again I'm not sure that the entity listed can legally bond or guarantee anything.
2. Article 14 indicates that no one can move in and occupy a building until all public improvement work in the subdivision is complete. You may not want to have that restriction in this particular case since I understand you have some people anxious to move in and get going and it may be possible that not all of the improvements will have been made at that time.
3. SC-8 should be renumbered to be consecutive. In the second paragraph of this item it indicates a maintenance bond required in the amount of \$200,000. That may be a little high -- that says that you are expecting to have \$200,000 worth of problems occurring in the subdivision after completion of construction and your acceptance. If you have qualified inspection and we also observe construction as the City Engineer, the likelihood of having such major problems is fairly remote.
4. On the signature page it has "Mayor Glenn Dalling" as signing for Sugar City Business Park Partners. I suppose we should drop the term mayor and have him sign as manager, designated representative, president, whatever depending on what the organization is and what authority he has. It would likely require a line for attesting his signature and the name of the city attorney needs to be updated.

Final Plat

1. I don't see any adjustment to the smaller lot sizes. Hopefully that is something you have looked at closely and are comfortable that it will work for you. This is especially true along the north side of Business Loop where there is a 50 foot easement reserved for the canal. I'm not sure what agreements there are with the canal company (does that

include the entire canal and both banks?) but it leaves a very shallow lot depth for development in that area.

2. The curve at the west end of Business Loop is still very tight. Semi's will have to use the westerly lane to make it around.
3. Label the point of beginning, list the adjoiners, label and dimension the right of way being dedicated in Third North, and add central angles to the curve table.
4. I have some suggestions for better configuration for Lots 5 and 6 in Block 1. I suggest maybe I can work with the engineer directly on that.
5. The Health Certificate needs to be changed to the standard certificate No. 3 from the Health District. I have that if they need it.
6. The plat indicates the owner is Sugar City but that is not how the development agreement reads (Sugar City Business Park Partners). This needs to be clarified.

General

1. We would like to review the improvements plans and specifications prior to bidding and construction.

ORIGINAL

MEMORANDUM OF AGREEMENT

The three signatories to this Memorandum of Agreement are the City of Sugar City, (hereinafter "City"), Madison County, (hereinafter ("County")), and East Central Idaho Planning & Development Association, Inc., an Idaho non-profit corporation (hereinafter "Company"). The parties hereto have an interest in and are establishing this MOA for purposes of defining their participation in the Sugar City/Madison County Business Park (hereinafter "Park").

In order to accomplish the above, the signatories hereto have agreed that it is important that the parties hereto set forth their Agreement in writing since the aforesaid purposes could not be reached without the help and involvement of all signatories.

Wherefore, the signatories hereto agree with each other that they will each perform as stated below and that they each rely on the commitments and performance of each other to fulfill their obligations as set forth in this agreement.

I. SUGAR CITY AGREES TO DO THE FOLLOWING:

1. The City is the recipient of a State of Idaho, Department of Commerce Rural Community Block Grant in the amount of Five Hundred Thousand Dollars (\$500,000.00). The grant funding is being used to assist with the cost of constructing the necessary infrastructure i.e. water, sewer, road, power and natural gas to and in the Park.
2. The City is contributing One Hundred Thousand Dollars (\$100,000.00) cash from the water and sewer funds toward infrastructure construction costs as identified by the project design.

Instrument # 344289

REXBURG, MADISON, IDAHO

3-14-2008 01:50:00 No. of Pages: 4

Recorded for : ECIPDA

MARILYN R. RASMUSSEN

Ex-Officio Recorder Deputy

Fee: 0.00

3. The City has also contributed (estimated value by R. Johnson P.E.) \$160,000 in previously completed infrastructure to the edge of the Park site. It is recognized that at least a portion of the value of this previous work may also benefit other potential development in the general project area.
4. The City holds title to the project property which was contributed by Madison County at an appraised value of \$258,625. The City will take the necessary steps under Idaho Law to be able to sell lots at the developed property site.

II: MADISON COUNTY AGREES TO DO THE FOLLOWING:

1. The County contributed to Sugar City the land for the Park. The value of the land donated by the County is \$258,625 based on the appraisal conducted by the Idaho Department of Transportation. A copy of the appraisal is included in the ICDBG application. The Business Park site has been placed in the City's name for ease of State of Idaho processes which includes establishing the land as surplus and allowing it to be sold off in commercial lots.

III: EAST CENTRAL IDAHO PLANNING AND DEVELOPMENT ASSOCIATION, INC. AGREES TO DO THE FOLLOWING:

1. The Company is providing One Hundred Fifty Thousand Dollars (\$150,000.00) cash towards project costs; including water, sewer, road, power and natural gas backbone and Engineering fees associated with the design of said project and all other costs associated with the project construction.
2. The Company agrees to defer its administration fees until lot sales can occur.

3. The Company agrees to establish a revolving loan fund with proceeds from the Business Park along with other funding available such as the USDA-Rural Development Intermediary Relending Loan Program and other contributions..

IV: THE CITY, THE COUNTY AND THE COMPANY AGREE TO THE FOLLOWING:

1. All three signatories agree to the sale of the Business Park lots, first to reimburse the Company for its injections into the construction of the Park for \$150,000, then the reimbursement of the deferred administrative and management fees of \$50,000. The lot sales will then provide to the Company \$500,000 to establish a Revolving Loan Fund (RLF) to be used for business lending. The RLF is to be dedicated first for availability in the Park, the City and the County. The RLF may be used in other areas if need is limited in the Park, City and County. It is also recognized that there are other RLF's available through the Company which can be accessed should the funding amount in the "Sugar/Madison RLF" not be sufficient to meet the business demand in the Park and communities.
2. After the Company establishes the \$500,000 Revolving Loan Fund the Company will pursue an additional amount of funding for the RLF thru USDA-Rural Development estimated to be an additional \$500,000; thereby, creating a \$1 million RLF. The intent is to enlarge and enhance the business loan opportunities for businesses in the County and the City. The RLF will be owned and operated by the Company (ECIPDA).

3. The \$500,000 funding from USDA will be incurred debt by ECIPTDA. The payments back to USDA will come from the RLF as the payments from business loans return to the fund.

V. THE CITY AND COUNTY JOINTLY AGREE TO THE FOLLOWING:

1. Sugar City will adequately maintain and service the public infrastructure to be constructed within the Business Park. Sugar City will maintain and service the "connecting" infrastructure to the Business Park from the City's infrastructure facilities.
2. The City agrees to follow the State of Idaho law to sell the lots. This includes establishing the land as surplus and allowing it to be sold off in commercial lots.
3. The City and County agree that the remaining funds from the sale of lots after the Company and RLF injections have been met will be split equally between the City and the County for agreed upon economic development purposes.

DATED this 14 day of March 2008.

By: Glenn W. Dalling
CITY OF SUGAR CITY

Title: Mayor

By: Ralph Kolesar
MADISON COUNTY

Title: Commission Chairman

By: Joe Henkel
ECIPTDA, INC.

Title: Chairman Ex. Comm.