

Minutes
Town of Hideout
Truth in Taxation Public Hearing
August 08, 2024

The Town Council of Hideout, Wasatch County, Utah met in Truth in Taxation Public Hearing on August 8, 2024 at 7:00 pm electronically via Zoom and in the City Council Chambers located at 10860 N. Hideout Trail, Hideout, Utah.

Public Hearing

I. Call to Order

Mayor Pro Tempore Chris Baier called the meeting to order at 7:01 pm and explained the meeting was a hybrid meeting held both in person and electronically via Zoom.

II. Roll Call

Present: Mayor Pro Tempore Chris Baier

Attending Remotely: Council Member Jonathan Gunn
Council Member Carol Haselton
Council Member Ralph Severini

Excused: Mayor Phil Rubin
Council Member Bob Nadelberg

Staff Present: Recorder for Hideout Alicia Fairbourne

Staff Attending Remotely: Town Administrator Jan McCosh
Town Attorney Polly McLean
Town Planner Thomas Eddington
Financial Consultant Katie Shepley

Public Present: none.

Public Attending Remotely: Grace Doerfer, Ed O'Rourke, Patricia Bidwill, Deb Boyden, SJ DePrima, Umit Nasifoglu, Hilton Geartner, Leslie Lewandoski, Michael Sapers, Wally Dodds, Gregg Faulconer, Don Blumenthal, and others who may have logged in using a partial name or using only a phone number.

III. Agenda Items

- 1. Public hearing to accept public comment regarding the proposed FY 2025 Budgets and proposed tax rate of .000612 and associated revenue estimated at \$388,195**

Financial Consultant Katie Shepley provided an overview of the Fiscal Year (FY) 2025 budget, noting that there were no major changes from previous presentations, aside from updates reflecting final FY 2024 numbers and adjustments to ensure a balanced FY 2025 budget.

Ms. Shepley highlighted that the budget was projected to be \$204,000 favorable compared to FY 2024. This was mainly due to anticipated increases in building permits, inspection fees, property taxes, and sales taxes. The transfer of Military Installation Development Authority (MIDA) municipal funds to the General Fund also contributed to the favorable outlook. However, some offsetting factors included lower Class C road funds—since FY 2024 saw significant road repairs—and a decrease in interest revenue due to expected lower interest rates and fewer excess funds.

On the expense side, higher legal costs, strategic development efforts, consultant fees, and additional staff were noted, but some of these costs were balanced by reduced street maintenance expenditures and a lower bad debt reserve. Ms. Shepley reiterated that the budget had been discussed in detail in previous meetings, and she invited any questions from Council Members regarding the General Fund.

Council Member Severini asked Ms. Shepley for clarification on two points: the MIDA fund transfer and the increase in building permits. Ms. Shepley responded that the Town anticipated \$118,000 more in building permits for FY 2025 compared to FY 2024. Specifically, the Town expected to issue 79 building permits (43 from MIDA and 36 from non-MIDA areas), compared to 59 permits in FY 2024 (28 from MIDA and 31 from non-MIDA areas).

Ms. Shepley emphasized that while building permits brought in revenue, this was typically offset by related expenses such as inspection fees, engineering, and planning services, making it a net wash for the Town. However, the increase in permits would eventually contribute to additional tax revenue.

Regarding the MIDA fund transfer, Ms. Shepley clarified that \$215,000 would be transferred to the General Fund. This amount included \$175,000 from MIDA municipal funds and a reduction in the transfer from Class C road funds by approximately \$40,000. She noted that this was the first time MIDA funds would be transferred to the General Fund, as previous transfers had only involved Class C road funds due to additional street repairs in FY 2024. Council Member Severini appreciated the updates, particularly the explanation of the previous year's fund movements.

Following the discussion on the General Fund, the Enterprise Fund was reviewed. Ms. Shepley explained that there had been little change since the last presentation, as FY 2024 had nearly concluded at that time. The Enterprise Fund was expected to close FY 2024 with a profit of \$80,000, but a projected deterioration of \$60,000 was anticipated for FY 2025.

Ms. Shepley noted that revenue favorability was primarily driven by additional water, sewer, and storm revenue linked to an increase in certificates of occupancy. The forecast also included an assumed 8% rate increase by Jordanelle Special Service District (JSSD), which had not raised rates the previous year. This increase was expected to account for inflationary pressure, estimated between 4-5%, with additional JSSD charges estimated at 3-4%. While the Town was optimistic about incoming certificates of occupancy, Ms. Shepley explained that there was typically a 15 to 18-month lag between building permit issuance and certificates of occupancy, meaning the favorable impacts could extend into FY 2026.

On the expense side, the Town faced unfavorable costs due to the addition of two employees, one of whom was hired at the end of FY 2024. These employees' time was split, with 75% allocated to the Water Fund and 25% to the General Fund. The Town also faced higher costs for sewer and storm drain repairs, amounting to \$96,000, as well as smart meter replacements. While some of the costs for smart meters had been shifted from FY 2025 to FY 2024 to balance the budget, FY 2024 was left slightly less favorable, and FY 2025 slightly more favorable.

Despite these adjustments, the Town expected to lose some money for the first time in FY 2025. Ms. Shepley emphasized that the situation would be closely monitored, with efforts to return to a break-even point.

There being no questions from the Council Members, Mayor Pro Tempore Baier opened the floor for public comments at 7:16 pm.

Golden Eagle Lot Owner Patricia Bidwill raised concerns about discrepancies between the Town's FY 2024 budget and actuals, specifically in building permits and project engineering fees. She noted a 32% shortfall in building permit revenue compared to budget and an 81% differential in project engineering fees. Ms. Bidwill sought clarification on the reasons behind these significant variances.

Ms. Shepley responded by explaining that the shortfall in building permits was largely due to the economic slowdown and rising interest rates, which led to fewer permits being issued. Although the Town had anticipated 116 building permits in FY 2024, only 59 were issued, resulting in the revenue decline. Ms. Shepley also explained that the project engineering fees were linked to subdivision activity, and the lower-than-expected revenues were due to fewer subdivisions being developed than initially forecasted.

Ms. Bidwill expressed her surprise at the decline in building permits, given the high demand in the Golden Eagle Subdivision. Ms. Shepley clarified that she could only account for approved permits. Town Attorney Polly McLean added that there had been no backlog in issuing permits for Golden Eagle, but the Town had no control over when lot owners decided to apply for them. Mayor Pro Tempore Baier further noted economic factors had slowed growth across multiple subdivisions, not just Golden Eagle. Ms. Shepley mentioned that while estimates were based on conversations with developers, the reality was that some developers did not move forward due to various economic factors during FY 2024.

Property Owner Deb Boyden expressed concern over the significant increase in property taxes. She questioned whether other sources of revenue or potential budget cuts had been explored before resorting to a tax hike.

Ms. Shepley responded by explaining that the Town had taken steps to minimize the tax increase. She mentioned that funds from MIDA were used to offset some municipal costs, which helped keep the tax increase lower. About two-thirds of the required funds came from MIDA, while only one-third was covered by property tax increases. She also mentioned that the Town was working on strategies to generate more commercial and sales tax revenue to lessen the burden on property owners in the future.

Mayor Pro Tempore Baier further clarified that the increase Ms. Boyden likely noticed on her property tax notice was not so much due to the rate increase for Hideout, which amounted to a relatively small amount. She noted that Wasatch County received the largest portion of property taxes, and any increase in market or taxable property values also contributed to higher tax bills.

Council Member Severini added that while Hideout's tax rate increase might appear significant, it represents only about 1.5% of the overall tax bill, with larger contributions coming from other entities, such as the school district.

Ms. Boyden acknowledged the explanation and agreed that bringing in more commercial tax opportunities would benefit the area. Ms. Shepley affirmed that the Town would continue to manage costs while exploring growth opportunities to help mitigate the need for future tax increases.

Patricia Bidwill expressed appreciation for Ms. Boyden's comments, echoing concerns about budget management. She emphasized the importance of understanding the reasoning behind decisions, particularly regarding the Town's expenses and its annexation plans. Ms. Bidwill raised a specific concern about the 31% of the Town's revenues being spent on legal and consulting fees, questioning whether this was the best long-term strategy. She acknowledged the Council's expertise but emphasized the need for a more detailed and long-term strategic view.

In response, Ms. Shepley explained that the external consultants and legal expenses were necessary to help the Town grow and develop, including exploring annexation options. She reiterated that the Council shared the same goals as residents, particularly in bringing more commercial development to the Town, which could reduce reliance on property taxes. Ms. Shepley also mentioned that the Town was working on improving communication with residents and hiring a Communication Consultant to ensure that residents were better informed.

Council Member Severini added that if the Town had more commercial revenue sources, such as sales tax, transient room tax (TRT), or income from annexation, they might not have needed to increase taxes. He highlighted the lack of significant revenue from commercial or tourism-related taxes and expressed the need to develop these areas. Council Member Severini also echoed Ms. Bidwill's concerns about tracking and controlling the Town's major expenses, particularly in the long term.

Soaring Hawk Property Owner Ed O'Rourke began by thanking the Council for their transparency and expressed a request for earlier meeting invitations. He had two primary concerns. First, he inquired about legal fees, specifically how much of those fees are tied to defending the actions of the Council Members or the Town's administration. Ms. Shepley responded by outlining that while legal fees were budgeted at \$300,000 for FY 2024, only \$154,000 was spent. However, an 88% increase for FY 2025 due to expected litigation and annexation-related activities was anticipated. Ms. Shepley added that, to her knowledge, none of the legal fees were being used to defend Council Members personally, though she agreed to verify that statement.

Mr. O'Rourke's second question focused on the Town's relationship with JSSD concerning water costs. He wanted to understand if the current arrangement was year-to-year and whether the Town had any control over price increases. Ms. Shepley explained that water and sewer costs had remained relatively stable, with any price increases being linked to the cost of living. Ms. McCosh added that the Town was currently working to determine the exact quantity of water it had contracted for with JSSD, as there were potential discrepancies. Additionally, efforts were being made to optimize water usage by collaborating with developers and the state to adjust the amount of water required per housing unit.

Mr. O'Rourke concluded by emphasizing the importance of taking a long-term view when negotiating water rights, recognizing the challenges of dealing with a single supplier and

suggesting that a multi-year agreement with JSSD might provide better stability for the Town's future. He expressed his empathy for the Council's position and thanked them before ending his comments.

There being no further public comments, Mayor Pro Tempore Baier closed the floor at 7:51 pm.

2. Consideration and possible approval of Resolution 2024-R-XX to adopt a Final Tax Rate of .000612 with Form PT-800

Mayor Pro Tempore Baier introduced Resolution 2024-R-09 to adopt a final tax rate of .000612, as presented, with a follow-up Resolution to address the budget. Council Member Severini remarked that moving forward with the Resolution seemed necessary, stating that there was no other viable option.

Mayor Pro Tempore Baier expressed appreciation for the extensive work done by Ms. Shepley, Ms. McLean, Ms. McCosh, and others in preparing the budget. She highlighted the strategy of implementing incremental tax increases to accommodate the Town's growth and future needs, rather than imposing a large increase all at once.

Council Member Gunn acknowledged efforts to raise commercial revenues but noted that this has proven to be difficult, given the Town's demographics, which included a significant number of part-time residents. He stated that increasing the tax rate appeared to be the only logical solution at this time.

Council Member Severini agreed, emphasizing that, when compared to other areas, Hideout's tax increase remained relatively modest. He also stressed the need for a long-term strategic plan, as the current focus was still primarily on short-term budgets. He pointed out that even if commercial revenues were realized, it could take 24 to 30 months before the Town begins to benefit from them, making the tax increase necessary to cover the interim period.

With no further comments from the Council, Mayor Pro Tempore Baier called for a motion to approve the resolution adopting the final tax rate.

Motion: Council Member Severini moved to approve Resolution 2024-R-09, adopting a final tax rate of .000612 with form PT-800. Council Member Gunn made the second. Voting Yes: Mayor Pro Tempore Baier, Council Member Gunn, Council Member Haselton, and Council Member Severini. Absent from voting: Council Member Nadelberg. There were none opposed. The motion carried.

3. Discussion and possible approval to adopt Resolution 2024-R-XX adopting the FY25 budgets

The Council discussed Resolution 2024-R-10, which focused on adopting the FY 2025 budgets. Mayor Pro Tempore Baier opened the discussion, noting that the key points had been reviewed previously. Ms. Shepley confirmed that all the budget details had been presented earlier leaving no additional information to cover.

Council Member Severini asked for clarification, confirming that this Resolution was effectively a formal approval based on previous discussions. Ms. McLean echoed this, stating that the Resolution was simply the legal implementation of the budget already discussed.

Council Member Haselton raised concerns about the low level of public engagement during the meeting. She noted that only a few non-Council Members had participated, and emphasized the importance of improving communication with residents, especially since the budget involved a

tax increase. She highlighted a possible error in a radio announcement about the meeting time and suggested improving outreach efforts, including exploring the need for a Town Hall or Community Center to facilitate such discussions.

Mayor Pro Tempore Baier and Ms. McLean acknowledged the concerns about communication. Ms. McLean noted that all legal requirements for public notice had been followed, including posting the meeting two weeks in advance. While recognizing the need for better engagement, Ms. McLean emphasized that the Council was legally required to adopt the budget this month. Council Member Gunn proposed increasing community engagement through homeowner association representatives as a potential low-cost solution.

After a brief technical issue with the Zoom platform, the discussion resumed. Council Member Gunn moved to adopt the resolution as presented.

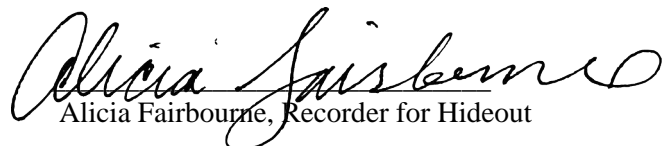
Motion: Council Member Gunn moved to approve Resolution 2024-R-10, adopting the budgets for the Fiscal Year 2025 (FY2025) and a certified tax rate of .000612. Council Member Haselton made the second. Voting Yes: Mayor Pro Tempore Baier, Council Member Gunn, Council Member Haselton, and Council Member Severini. Absent from voting: Council Member Nadelberg. There were none opposed. The motion carried.

IV. Meeting Adjournment

There being no further business, Mayor Pro Tempore Baier asked for a motion to adjourn.

Motion: Council Member Gunn moved to adjourn the meeting. Council Member Severini made the second. Voting Yes: Mayor Pro Tempore Baier, Council Member Gunn, Council Member Haselton, and Council Member Severini. Absent from voting: Council Member Nadelberg. There were none opposed. The motion carried.

The meeting adjourned at 8:08 pm.


Alicia Fairbourne, Recorder for Hideout

