

Minutes
Town of Hideout
Truth in Taxation Public Hearing
August 10, 2023

The Town Council of Hideout, Wasatch County, Utah met in Truth in Taxation Public Hearing on August 10, 2023 at 6:00 p.m. electronically via Zoom due to the ongoing COVID-19 health concerns.

Truth in Taxation Public Hearing

6:00 PM

I. Call to Order

1. No Anchor Site Determination Letter

Mayor Rubin called the meeting to order at 6:04 p.m. and reminded participants there was no physical anchor site for the meeting.

II. Roll Call

Present: Mayor Phil Rubin
Council Member Chris Baier
Council Member Carol Haselton
Council Member Bob Nadelberg
Council Member Ralph Severini

Excused: Council Member Sheri Jacobs

Staff Present: Town Administrator Jan McCosh
Assistant Town Attorney Cameron Platt
Director of Engineering Timm Dixon
Director of Public Works Daniel Allen
Recorder for Hideout Alicia Fairbourne
Financial Consultant Katie Shepley

Others Present: Jonathan Gunn, Andrea Spaulding, Christina Harris, Helen Sherman, Brad Mason, Robert Green, Candice Rydalch, Deb Oliver, Craig Sherman, Jaxi Gallagher, John Mark, Shaun Hicks, Deb Drain, Glen and Donna Frick, John Leone, Dori Schmalzle, Phil Blake, Jeff Schiff, Dale Aychman, Polly Powell, 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 2024 Budgets and proposed tax rate of .000465 and associated revenue estimated at \$278,436**

Mayor Rubin opened the meeting to discuss the proposed Fiscal Year 2024 budgets and the associated tax rate. Financial Consultant Katie Shepley began by explaining the budget details. Total taxes showed an increase of \$67,000 compared to the prior year, mainly due to higher property tax, sales tax, and energy tax revenues. Licenses and permits revenue also increased by \$263,000 due to an uptick in licenses and permits. The City had invested all excess funds and was earning interest between four and a half to five and a half percent (4.5 - 5.5%).

Ms. Shepley highlighted a new addition to the budget: \$189,000 allocated provided by the state for street repair and maintenance. This would help offset expenses in the street repair category, which amounted to \$297,000. Overall, the operating income for the Town was about \$573,000 better than the prior year.

Moving to expenses, there was an increase of \$227,000 in total professional services due to more building permits. Various other expenses were explained, including salary and benefit changes, administrative costs, and public safety expenditure increases. Mayor Rubin inquired about addressing the deficit and using excess funds, to which Ms. Shepley explained the plan to control expenses, capitalize street repairs where possible, and use capital funds.

Mayor Rubin emphasized the need to find alternatives to consistently using reserves to cover deficits and suggested looking into growth strategies. Ms. Shepley mentioned potential use of property and sales taxes from development districts, while acknowledging that major revenue from growth might not materialize until Fiscal Year 2026. Mayor Rubin and Ms. Shepley agreed that property taxes would likely need to increase to address the deficit.

Mayor Rubin encouraged challenging the budget further by deferring hiring, delaying certain projects, and reassessing professional service costs. He emphasized the importance of passing the budget and adjusting it later as needed.

Ms. Shepley continued with an overview of the Enterprise Fund, focusing on water services. She explained the operating income of \$1,005,061 and operating expenses of \$1,008,866, resulting in a \$304,000 deficit. She discussed revenue sources, including water and sewer services, storm services, and standby water fees. She noted that although there was an increase in revenue, the surplus from the previous year led to the current shortfall. There were expectations of increased revenue from water meter and connection fees due to anticipated increase of certificates of occupancy.

Expenses were highlighted next, particularly related to salaries and benefits, which showed an unfavorable change due to shifts from part-time to full-time employment, new employees, and family health benefits. The Public Works Department's expenses

increased due to sewer system maintenance, water line repairs, and various new charges for maintenance and repairs. Administration costs also showed an increase primarily due to inflation and website design.

Mayor Rubin inquired about addressing the shortfall, questioning the use of capital funds. Ms. Shepley explained that the Water Fund had retained earnings and available cash to cover the shortfall.

Council Member Baier asked about the fluctuations in state revenue for the Class C Road funds, and Ms. Shepley explained it was based on a formula that took into account the growth of roads throughout the state, with Utah's overall road growth outpacing the Town's, leading to a proportionally smaller allocation of funds.

Mayor Rubin expressed his dissatisfaction with the ongoing deficits and the need to find solutions that didn't deplete reserves. He challenged the Staff to find ways to address the gaps while still maintaining necessary operations.

There being no further questions from the Council, Mayor Rubin opened the floor for public input at 6:25 p.m.

John Mark raised a concern about the proposed budget's dependence on licenses and permits income, especially in light of potential economic changes due to fluctuating interest rates and reduced building activity. He highlighted the fixed nature of most expenses and the reliance on variable income sources, expressing worries about a larger shortfall if income projections don't materialize.

Ms. Shepley acknowledged the concern and mentioned plans to analyze the budget in terms of fixed and variable expenses. She agreed with the need to reevaluate the Town's tax structure and consider potential revenue sources like commercial development and nightly rentals.

Mayor Rubin agreed with the concerns and outlined areas where adjustments could be made, such as looking at timing for hiring, in-house engineering, snow removal equipment, and spreading out street repair projects to reduce upfront costs. He mentioned bringing professional services in-house may not help with the deficit because the cost of some of those services were passed through to the developer.

Ms. Shepley emphasized the importance of addressing maintenance needs to avoid further problems and provided insight into the Town's limited staff resources. Mayor Rubin acknowledged the challenges faced by the small staff, mentioning instances where town officials had to step in to help during extreme weather conditions.

John Leone began by offering his expertise in professional services and expressed interest in discussing ways to reduce costs.

He then brought up concerns about the wear and tear on Town streets caused by developers using heavy trucks for construction activities. He proposed the idea of charging developers additional fees for using public streets as thoroughfares for transporting materials, given the substantial impact on road infrastructure.

Mayor Rubin acknowledged Mr. Leone's concerns and expressed agreement, mentioning that bonds are held from developers until roads are accepted and that other communities impose fees based on vehicle weight. He agreed with Mr. Leone's observation about the noise and disturbances from the heavy trucks.

Mr. Leone also suggested the Zoom meeting chat feature be enabled for participants to submit questions. Council Member Baier mentioned the potential for abuse of the chat feature and expressed support for verbal communication to ensure effective dialogue during the meeting.

Council Member Nadelberg started by inquiring about whether the total tax revenue mentioned earlier was solely from Hideout Town or also included Hideout Local District. It was clarified that the mentioned revenue pertained only to Hideout Town and not the District. He then shared his thoughts on property taxes in Hideout, pointing out that compared to other municipalities, Hideout's property taxes were relatively low. He acknowledged that a potential tax increase of around 30% might not have a significant impact on individual homeowners. He expressed his support for being fiscally responsible and maintaining essential services.

In response to a question about property valuation reassessments, it was discussed that the county was on a plan to reassess all properties over a few years. The impact of property valuations on tax revenues was explained, and it was noted that assessed value changes might not directly translate to tax changes for Hideout due to complex factors involved in property taxation.

Council Member Severini brought up changes in the tentative budget since it was discussed in June and clarified some uncertainties. He asked about any other potential changes that might affect the budget. Mayor Rubin and Ms. Shepley discussed changes in the budget, including adjustments in the Water Fund due to changes in revenue estimates and adjustments related to road maintenance.

Council Member Severini emphasized the importance of controlling expenses in the short term and building revenue in the long term. He mentioned a spreadsheet comparing tax rates in different towns and the need to find a balance between raising taxes and managing expenses. Other Council Members shared their agreement that the proposed tax increase was nominal and discussed their perspectives on the matter. It was generally agreed upon that the proposed tax increase of 3.9% was reasonable and necessary.

There being no further public comments, Mayor Rubin closed public input at 6:58 p.m.

2. Consideration and possible approval of Resolution 2023-R-XX to adopt a Final Tax Rate of .000465 with Form PT-800

Mayor Rubin asked for a motion to approve a resolution to raise the tax rate .000465.

Motion: Council Member Nadelberg moved to approve Resolution 2023-R-10 to adopt a Final Tax Rate of .000465 with Form PT-800. Council Member Severini made the second. Voting Yes: Council Member Baier, Council Member Haselton, Council

Member Nadelberg, and Council Member Severini. Absent from voting: Council Member Jacobs. None opposed. The motion carried.

3. Discussion and possible approval to adopt Resolution 2023-R-XX adopting the FY24 budgets

Mayor Rubin mentioned that the next item to address was the adoption of a resolution to approve the Fiscal Year 2024 budgets. This was necessary to formalize the budget approval process. The adoption of the Resolution would encompass various subsets of the budget, allowing for the proper management and allocation of funds for the upcoming fiscal year.

Motion: Council Member Baier moved to adopt Resolution 2023-R-11 adopting the FY24 budgets. Council Member Nadelberg made the second. Voting Yes: Council Member Baier, Council Member Haselton, Council Member Nadelberg, and Council Member Severini. Absent from voting: Council Member Jacobs. None opposed. The motion carried.

Mayor Rubin expressed his gratitude to all participants in the meeting and reiterated his commitment to addressing the budget shortfall. He acknowledged that while it might not be possible to completely close the gap, he was confident that with the collaboration of the team, they could work to tighten the budget further. He also mentioned that unless unexpected circumstances arose, they should be able to bring the actual budget expenses lower than the projections presented during the meeting.

IV. Meeting Adjournment

There being no further business, Mayor Rubin asked for a motion to adjourn.

Motion: Council Member Haselton moved to adjourn the meeting. Council Member Severini made the second. Voting Yes: Council Member Baier, Council Member Haselton, Council Member Nadelberg, and Council Member Severini. Absent from voting: Council Member Jacobs. None opposed. The motion carried.

The meeting adjourned at 7:01 p.m.



Alicia Fairbourne
Alicia Fairbourne, Recorder for Hideout