

# Heber City Corporation

Property Tax Hearing  
August 12, 2014



75 North Main Street  
Heber City, Utah 84032  
435-654-0757



# Purpose Of Public Hearing

- Meet Requirements of State Law
- Explain the City's reasoning for the proposed tax increase
- Inform citizens about the financial impact of the property tax rate increase
- Take Public Comment on the Proposed Tax Increase

# Public Safety Building Loan

- The City has received approval for \$6,700,000 loan from the Community Impact Board. The Loan term is 30 Years at a fixed rate of 1.5% Interest. The City is proposing to raise property taxes by approximately 32.39% to make the debt service payments.

The favorable loan terms will save the City approximately \$4,000,000 in interest costs over the life of the loan.

# Why is a Tax Increase Proposed?

- The purpose of the tax increase is to cover debt service costs for the new public safety building. The average payment will be \$279,004 per year for 30 years and the tax increase will yield \$271,623 in additional taxes per year.

# Public Safety Building Design



Public Safety Building  
Heber, Utah



# Financial Impact to Residents

Based on a primary residence valued at \$225,000, property taxes will increase \$45.29 per year or \$3.77 per month.

For a business or secondary residence valued at \$225,000, property taxes will increase \$82.35 per year or \$6.86 per month

# Why a 30 Year Bond Term?

- Reduces the amount that property taxes will need to be raised as a 20 year loan would increase the annual bond payment by an additional \$111,000 per year
- Allows the City to enjoy historic low interest rates and reduces the need for additional borrowing for other projects at rates that would most likely be higher
- City can repay the loan faster if finances allow

# Property Tax Facts

- The average property tax rate of ten Utah cities with similar populations (five higher/five lower) is .001637
- The current Heber City property tax rate is .001130 and would increase to .001496 if the tax increase is approved
- Heber City proposed property tax rate is 11.97% of the total property tax bill
- The total property tax bill would increase 2.93%

# Property Tax Rate Comparison

City	Population*	Tax Rate
South Ogden City	16532	0.002852
North Salt Lake City	16322	0.001541
Highland City	15523	0.001681
Centerville City	15335	0.001072
Hurricane City	13748	0.002432
Heber City	11362	
West Haven City	10272	0.000000
Lindon City	10070	0.001862
Cedar Hills City	9796	0.002410
Woods Cross City	9761	0.000913
Alpine City	9555	<u>0.001611</u>
Total		0.016374
<b>Average Rate</b>		<b>0.001637</b>

\*Population from 2010 Census Data

# Why Combine Police/Courts?

- Current Council room does not meet Utah State Administrative Office of Courts (AOC) safety design standards
- Adequate space/time does not exist in other court facilities in the County to meet the City's current or long term needs
- Existing City Hall needs space freed up to accommodate existing and projected staffing

# Why is the Building So Big?

- To plan for expected growth – In 2013, Heber was within the third fastest growing micropolitan area in the United States, Wasatch County was the sixth fastest growing County in the United States, and Heber City was recently identified as the 8<sup>th</sup> most desirable place to live in cities under 20,000 in population
- Building functionality – additional square footage can't be added in all areas as the department grows
- Cost – favorable financing arrangement with CIB, savings that come through economy of scale and avoids inflationary impacts on construction costs

# Why is the Sq. Foot Cost so High?

- The project budget includes construction costs, demolition, landscaping, architect fees, impact fees, bonding fees, CMGC fees, equipment, furnishings, parking lots, road improvements, undergrounding of power lines, contingencies, etc.
- The building is purpose built, it has varying levels of security and facilities unique to public safety needs.
- The building will also serve as an Emergency Operation Center (EOC) and is constructed to higher standards to be available for immediate occupancy after an earthquake or other potential disasters.
- While the building will be a compliment to the community, the building is designed for function and there are no extravagant options in the building. Much work has gone into value engineering the building to stay within budget.

# Council Action Required

- Adoption, modification or rejection of the proposed property tax increase
- Adoption of the Final Budget with any modifications the Council deems appropriate