

City of Washington Terrace

Minutes of a City Council Work Session

Held on December 17, 2024

City Hall, 5249 South 400 East, Washington Terrace City, Utah

MAYOR, COUNCIL, AND STAFF MEMBERS PRESENT

Mayor Mark C. Allen
Council Member Jill Christiansen
Council Member Zunayid Z. Zishan
Council Member Cheryl Parkinson
Council Member Jeff West
Council Member Michael Thomas
Finance Director Shari' Garrett
City Recorder Amy Rodriguez
City Manager Tom Hanson

OTHERS PRESENT :

Rep. Jill Koford, Sen. Ann Millner, Rep. Katy Hall, Mike Lawrence

1. WORK SESSION :

5:00 P.M.

Topics to include; but are not limited to:

- **ANNUAL FINANCIAL REPORT**

Hanson and Garrett presented the annual financial report for fiscal year ended June 30, 2024.

Garret highlighted portions of the ACFR(Annual Comprehensive Financial Report) report with Council as a follow up from the audit work session on December 3, 2024.

Factors affecting financial reporting

Garrett stated that there are environmental factors (outside factors) that affect how we react. She stated that how we respond to them affects our outcome numbers. Garret stated that the ACFR looks backwards and the budget looks forward. The ACFR features year end information useful for assessing the City's economic condition.

Why is the ACFR Important?

Garrett stated that the report provides economic and demographic information, a 10-year historical prospective, and indicators to assess financial health and fiscal sustainability.

Garrett stated that there are elements in the ACFR that are not required, and the city goes above and beyond with our reporting.

46 **Financial Section**

47 Garrett stated that the financial section begins with the Independent Auditor's Report, as well as a
48 management discussion and analysis. It also shows the financial report.

49 Garrett stated that the Statistical Section is a great place to start for information.

50
51 **Considerations when analyzing Data.**

52 Garrett stated that our goals is to generate enough revenue to provide services now and to set us
53 Up for the future. She stated that we are not maximizing profits, as the city is not profit motivated.

- 54
55 - Near term financial position. Do we have enough money to cover services. Do we have access to
56 resources for unanticipated events.

57 Garrett stated that regular operating revenues are sufficient to cover regular operating expenditures
58 plus contributions to fund capital and make improvements along the way.

59 Garrett stated that the General Fund is our operating fund. She stated that we have been able to
60 transfer 1.3 million out to capital funds and requirements. She stated that the number will change in
61 accordance with what we bring in and what we pay out. She stated that it was a good year last year.
62 She stated that there was no financial strain or stress as of June 2024. Mayor Allen noted that we
63 received some good interest income this year, contributing to the good year. Intergovernmental
64 revenue is revenue that we receive from other governments (through grants, and other governmental
65 departments). Garrett stated that interest income is an anomaly and was not anticipated this year. She
66 stated that we cannot get too comfortable with this income, as it is determined by the market.

67
68 Garrett stated that unanticipated events are things that could be cash flow balances that fluctuate
69 throughout the year. She stated that revenue shortfalls, or emergencies (natural disasters), may cause
70 us to dip into our shortfall reserves, as we did during the beginning of the Covid pandemic. She stated
71 that we have been able to maintain the state maximum of 35 percent reserves because we do not have
72 the growth to dig into the reserves. She stated that we hold it tight because we may have to tap into it
73 during emergency situations. Garrett stated that we cannot have excess of 35 percent in general
74 reserves, and no less than 5 percent. Garrett stated that we almost completely rely on residuals to fund
75 park's capital.

76 Garrett explained that restricted funds are restricted externally by the state to be used for only a
77 specific purpose. She gave the example of Class "C" Road Funds that can only be used for roads.

- 78
79 - Net position. Is the net position improving or deteriorating? Net Position is everything we own, less
80 everything we owe.

81 Garrett stated that we are strengthening and have a good financial position. She stated that we need to
82 put the improvements in to maintain our investments.

83 Garrett stated that business type activities (water, refuse,) are activities that you pay as you go. She
84 stated that governmental activities are activities that taxes pay for.

- 85
86 - Economic Condition. Is the city's net position likely to improve. Look out and trend to anticipate
87 what the future will hold based on current and future economic conditions.

88 Garrett stated that this area is a statistical area. She stated that she looks at how things are trending.

89 Garrett stated that sales tax jumped during the Covid years, due to online shopping as well as Covid
90 stimulus and inflations.

91 Garrett stated that she believes we will be seeing a flattening, or realignment of the revenues and
92 expenditures.

93 She stated that we have a great borrowing capacity. She stated that we have very little debt and have
94 great capacity at this time.

95 Garrett stated that the city is paying down the debt on the new Public Works Shop, equipment leasing,
96 and other utility revenue bonds to do water and sewer improvements. Council Member Zishan asked
97 can we pay off the debt if a surplus is over 35 percent. Garrett stated that we could, but several factors
98 would need to be looked at, such as interest rates. She stated that we do not want to pay ahead and
99 receive fines or deplete cash money. Garrett stated that issuing debt is a little bit different from
100 issuing debt in personal finances. Garrett stated that beneficiaries are paying into the debt and
101 receiving the benefits in real time.

102
103 Garrett stated that we have great interest rates on the debt that we have. Garrett presented the capital
104 plans over the next five years that have been identified. She showed the requirements that will be
105 needed over the next five years. She stated that we have money in projects and equipment that may
106 not be addressed for several years. Garrett stated that it is important to know that our funds are going
107 back right into the utilities.

108
109 Garrett stated that the SWOT analysis shows challenges that can change our economic condition.
110 She stated that there is a softening with sales tax, property tax, and growth. She stated that limited tax
111 base can affect our economic conditions. She stated that she works to analyze and adjust as needed
112 and economic conditions may change.

113 Garrett stated that future unknowns can also change our future economic conditions. She stated that as
114 long as we can recognize our challenges and respond appropriately to the challenges, she feels
115 confident that we will be able to have a strong net position.

136 • **STATE LEGISLATORS DISCUSSION**

137 Mayor Allen welcomed Sen. Ann Millner, Rep. Katy Hall, Rep. Jill Koford.

138 Mayor Allen stated that the city works hard for grants, and asked the legislators to let us know if they ever
139 hear of any grants for small cities. Hanson stated that we want to build relationships with the legislators,
140 mayors, and other state leaders. Hanson stated that state legislation has become a part of threats to the city,
141 while recognizing that there are areas that have become strengths and opportunities.

142
143 Senator Millner stated that the city should reach out to her or the representatives to address any issues.

144
145 Hanson stated that the city is complying with Affordable Housing mandates. He stated that housing in our
146 city is very affordable. Mayor Allen explained the history of the Terrace and the infrastructure projects that
147 have been performed to correct old infrastructure left from the barracks that were constructed as base
148 housing for Hill Air Force Base.

149
150 Hanson stated that fifty percent to two thirds of the city is considered affordable housing at the \$400,000
151 threshold mark. Hanson stated that we are doing what we can for affordable housing. He stated that our
152 fees are very minimal compared to the cost of the home. He stated that we are jumping through hoops to
153 keep up with state mandates and fear losing state funding if they feel we are not doing enough to comply
154 with the mandates. Hanson stated that we only have three buildable lots in the city to develop. Rep. Koford
155 stated that she is struggling to understand what the state wants considering the city doesn't have any build
156 out.

157
158 Sen. Millner stated that we should tell the State that the city has already reached the goal of over 50
159 percent. Hanson stated that he has not been told an overall goal of the bill. Hanson stated that it is an
160 ongoing report. The representatives stated that it is not unreasonable for the city to say we have met the
161 requirement and be checked off of the list. Sen. Millner stated that she feels that we are overly stressed
162 over this issue. She stated that we should be able to highlight our numbers and if there is a problem, to
163 contact herself or the representatives.

164
165 Sen. Millner stated that we need to think about what we can do now so that their grandkids will be able to
166 afford homes in the future. She stated that the history of the Terrace started out with starter homes.
167 She stated that she believes Weber County is really working hard on this issue. Council Member Parkinson
168 stated that another issue is water, especially with the population and housing growth. She explained the
169 new AMI system, noting there are different aspects that we are putting into place.

170 Mayor Allen stated that the city is working very hard to develop infill lots.

171
172 Council Member Zishan stated that he appreciates the comments concerning the future generations. He
173 stated that housing is a major issue. He stated that big corporations are buying homes. He asked the senator
174 and representatives if they or colleagues plan on writing a bill banning big corporations from buying up
175 homes. Sen. Millner stated that it becomes a land use issue, and that if a bill is written, a stipulation could
176 be added that the homes have to be owner occupied. Council Member Zishan asked if Sen. Millner would
177 support a bill blocking big corporations from buying homes. She stated that she would have to see the bill
178 and see what the correct checks and balances are. Rep. Koford stated that property rights are a big deal and
179 invited Council Member Zishan to come down for the debates when the issue comes before the legislature.

181 **2. ADJOURN THE WORK SESSION- MAYOR ALLEN**

182 Mayor Allen adjourned the work session at 7:03 p.m.

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184 Work Sessions are for information and discussion only. No formal motions were made at the work
185 session.

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Date Approved

City Recorder

DRAFT