

SOUTH WEBER CITY COUNCIL WORK MEETING

DATE OF MEETING: 15 March 2016

TIME COMMENCED: 5:30 p.m.

PRESENT: MAYOR:

Tammy Long

COUNCILMEMBERS:

Scott Casas
Kent Hyer (excused)
Marlene Poore
Merv Taylor
Jo Sjoblom

CITY RECORDER:

Elyse Greiner

CITY MANAGER:

Tom Smith

FINANCE DIRECTOR:

Mark McRae

Transcriber: Minutes transcribed by Michelle Clark

VISITORS: none

DISCUSSION:

Temporary Land Use Regulation Review

Tom said there are two ways to get water for South Weber City through wells and Weber Basin Water Conservancy District (WBWCD). He then explained the issue is not one of acquiring more water, but how the purchasing of water is funded. After CFP, Impact Analysis and the Utility Rate Studies are complete; South Weber City will still have to acquire water.

He said the current practice is to buy water for each individual lot, which is a bad idea – buying water as lots are established means that the City is buying water and holding onto it (paying for it) without any promise of return (waiting on or for a developer to develop). He said at present the City pays for both water usage; and a portion of the development costs.

In moving forward he would propose WBWCD has created their own impact fee analysis that now allows the City to allocate water by tying the purchase of water to a building permit (not a lot #) via the City's impact fee structure. He said this means the City does not have to "bank" (R309-510-7) the water. He said water is purchased, by the builder, via the WBWCD impact fee and the City's culinary water impact fee.

He said purchasing water has two associated costs being (1) operation and maintenance fee; and (2) capital charge. He explained that WBWCD's O&M fee is \$110.00 x 0.448 – 3%>/annually thereafter. The capital charge is based on when district water is purchased and what source (district) it is purchased from. As water availability decreases, the cost/demand increases. For

example, District II water was \$365.00 acre foot. District III water is now +- \$531.00 acre foot. He said the builder pays impact fee to get a building permit.

Tom said the language in our impact fees, once a builder chooses to develop, will express that builders will pay the one time, initial capital cost of purchasing water (WBWCD Impact fee). The capital cost = a water right (1ERU/ 0.448 a.f. @ \$4,363.00 +/-).

Tom explained that South Weber City will always have to buy water. The price of consumption and getting water from the mountain to a tap cost money. WBWCD passes that cost onto the City in the form of an O&M fee. The O&M fee = gallons used (whatever the resident consume year after year). The WBWCD O&M fee is the City's responsibility. The fee is $\$110.00 \times 0.448 \approx 3.0\%$ per ERU

Tom said South Weber City will have to budget for water (WBWCD O&M fee). He said how that works is (1) WBWCD's O&M fee based on ERU's, (2) 1 ERU = $\$110.00 \times 0.448 \approx 3.0\%$ per year and (3) 1 ERU (essentially) = 1 Building Permit.

Tom explained that in 2016 30 building permits were issued. WBWCD's impact fee = $\$4,363.00/1$ ERU (paid by builder before building permit is issued). 30 permits \times $\$4,363.00 = \$130,890.00$. South Weber City is now contracted for only O&M at a rate of $\$110.00 \times 0.448 \times 30 = \$1,478.40$ annually + a = 3.0% per year.

Tom said the O&M amount will increase each year as the City grows and the building permits issued. This expense is paid thru the customer's monthly bill; meaning the rate won't go \uparrow or \downarrow .

Tom said eventually this will be self-sustaining. Mark McRae said every city should be doing it this way. He said this didn't come about until the City started asking questions. Tom said a lot of this research came from Brandon Jones. Tom said this model eases the burden of having current residents pay for incoming/new development. This also provides for the City to meet the Utah Division of Drinking Water Rule R309-510-7, Table 510-1 without acquiring additional water (old way). It will not waste any existing water that the City has already purchased. That water will be issued to permits before the impact fee is in place. Mark said by shifting from lots to building permits, the City will allocate all the water already paid for, and then it will kick in. He estimated two to six years. Tom said Jones & Associates has committed getting the Capital Facilities Plan in place by 31 May 2016.

Tom then reviewed South Weber City's current fiscal position. He said the general fund includes property tax, sales tax, and franchise tax. He said most of the City's revenue comes in through sales tax. He then discussed the per capita growth including inflation adjustments. Tom said the essential nexus is (1) Funding for infrastructural improvements and service delivery, including streets, code enforcement, recreation, police, fire, animal control, and trails, (2) Funding for a Public Works Facility, (3) Funding for an improved City Hall; and (4) Relief to cost pressures. He said the City cannot afford to keep making cuts to the budget in expenditures only. He said financial adjustments to the budget require a balance concentration on all aspects of the budget, including revenues. He said transfers from budget fund to budget fund are not healthy financial management practices because in most cases they are one-time money (robbing Peter to pay Paul). Also, the capital necessary for continued City operations is not obtained through expenditure reductions.

He said the last time the City raised property tax was over 25 years ago. Over time inflation has decreased our spending power by 31.3%. Currently, South Weber City residents are paying \$150.00 /year in property tax for the services of a full-service city. He said an \$8.00 a month or \$100.00/year increase per household would net the City \$200,000.00 additional revenue for infrastructure, improvements, and service delivery expectations. He said the median income for South Weber City is \$82,000.00.

He said the City staff is recommending an \$8.00/month increase in property tax this upcoming fiscal year; and hold a Truth of Taxation Hearing in May as required by state law. Council Member Casas is not in favor of raising the monthly fee as high as \$8.00 a month. Council Member Sjoblom understands the need to increase property tax. Council Member Taylor is concerned about those who are on a fixed income. Council Member Casas doesn't feel they can go over a 20% increase. Council Member Poore feels a compromise would no longer reserve \$85,000 for a fire truck. Council Member Casas is not in favor of not setting aside the \$85,000. He said the Council needs to agree that if there is a tax increase it would be used for streets. Mark said the money coming in from the property tax is put into the Capital Facilities Fund. Council Member Casas recommended using Brandon Jones road proposal as a part of the presentation to the public. Tom said Brandon's proposal includes a user fee, which will raise the utility bill per household. Council Member Casas is in favor of a property tax increase verses a user fee increase. The Council agreed that Brandon needs to make a presentation at the open house. It was decided three open houses will be held in April throughout the City and hold the Truth of Taxation Hearing in May.

CITY COUNCIL ITEMS:

Council Member Taylor:

City Council Packets: Council Member Taylor said he has been asked about finding City Council packets and agendas on the City website. Elyse said she posts the agendas, packets, and audio on the website. Mark McRae offered to help anyone having questions or issues with their email or devices.

Council Member Sjoblom:

Thanked Tom, Mark & Elyse: She thanked Tom, Mark and Elyse for all they have done and the positive feeling of the meetings. She stated she also appreciates the Council.

CITY MANAGER ITEMS:

Update on Water Tank: Tom said Commissioner Winsor has been asked to put together a SOQ for the water tank. Mark discussed a property swap concerning the location of the water tank. He said this would make the building of it a lot easier.

Council Member Sjoblom moved to go into a closed session at 7:10 p.m. as per UCA § Section 52-4-205(1) (a): Discussion of the character, professional competence, or physical, or mental health of an individual. Council Member Casas seconded the motion. Council Members Casas, Poore, Taylor, and Sjoblom voted yes. The motion carried.

The meeting reconvened at 7:20 p.m.

Council Member Casas moved to approve a three year contract for current City Attorney Doug Ahlstrom. Council Member Sjoblom seconded. Council Members Casas, Poore, Taylor, and Sjoblom voted yes. The motion carried.

Council Member Casas asked Council Member Taylor about the sidewalk by Job Corp. Council Member Taylor said they could discuss it at a later time.

Council Member Casas moved to adjourn the meeting at 7:23 p.m. Council Member Sjoblom seconded the motion. Council Members Casas, Poore, Sjoblom, and Taylor voted yes. The motion carried.

APPROVED: _____ Date
Mayor: Tammy Long

Transcriber: Michelle Clark

Attest: _____
City Recorder: Elyse Greiner