



# HOLLADAY@20 *Preparing for Tomorrow*

## Citizen Advisory Group

**Date:** Wednesday, September 25, 2019  
**Time:** 6:00 p.m.  
**Location:** Little Cottonwood Room (lower level), Holladay City Hall, 4580 S. 2300 E., Holladay, UT 84117

### ATTENDEES:

#### Citizen Members

John Ashton, Chair  
Kim Blair  
Alan Eastman  
Larry Hoffman  
Jim Wilson

#### City Council Representatives

Mayor Rob Dahle  
Council Member Brett Graham, District 2

#### City Staff

Holly Smith, Assistant to the City Manager  
Paul Allred, Director of Community Development

Fred Philpot, Lewis Young Robertson & Burningham

### ABSENT:

John Norton, Vice Chair  
Julie (Yujie) McCracken  
Gina Chamness

### AGENDA

#### *Dinner Provided*

- I. 6:00-6:05 Introductions – John Ashton
  - a. Fred Philpot, Lewis Young Robertson & Burningham
  - b. Guests
- II. 6:05-6:15 Update on Community Engagement Materials & Events – Holly Smith
- III. 6:15-6:30 Review of Current City Revenue Sources – Holly Smith
- IV. 6:30-7:05 Presentation on Potential NEW Revenue Options – Fred Philpot
- V. 7:05-7:20 Other Business – John Ashton
  - a. Questions and comments
  - b. Inside View – State Legislative Tax Task Force
- VI. 7:20-7:25 Next steps and action items
  - a. Next meeting – October 9, 2019, 6:00 p.m.-7:30 p.m.
  - b. Agenda – Review of Scenario Model, Prep for Open House
- VII. 7:30 Adjourn

### NOTES

- Chairman Ashton began the meeting at 6:00 p.m.
- Chairman Ashton thanked guest Drew Quinn for attending and asked Councilman Fotheringham and Fred Philpot to provide introductions.
- Holly Smith provided an update on community engagement efforts highlighting the upcoming messaging training sessions with members and Wilkinson & Ferrari, the October 14 open house, mailer that went out to all Holladay households, and other informational materials under development. Members commented that they had received the mailer and were complimentary to the content. Residents are beginning to visit the project website and comments are starting to come in.
- Holly shared a handout highlighting the fiscal year 2019-2020 City budget revenue sources, similar to the information provided to the Group in April 2019. Currently, 33% of revenue is produced by sales tax, slightly up from last year due to a new transportation tax approved by the State Legislature. This modest increase

was used by the City for road maintenance. Property tax accounts for 28% of City revenue; the property tax rate has not been increased by the City since its 1999 incorporation. The sales tax and property tax revenues are primarily spent on public safety (fire and police services), which accounts for about 48% of the City's budget expenditures. Franchise fees produce 16% of revenue and are used for general City purposes. 7% is from governmental revenue, like the B&C road funds that are used for road maintenance. The remaining 10% of revenue from the Justice Court and 6% from licenses and permits (like building permits and business licenses) are used to cover the administrative costs of providing services by the respective departments.

- Fred Philpot provided a presentation on revenue sources utilized by municipalities. He commented that many cities are facing similar challenges like Holladay and are seeking strategies to meet a growing need for more funding to continue services and address capital infrastructure needs.
  - The primary revenues available to the general fund include property tax, sales tax, franchise fees, and building and development fees.
  - Revenue sources are often compared to a stool – 3 or 4 legs are needed to provide a balanced, stable environment for the City to successfully meet its obligations in times of prosperity and recession.
  - The most common funding tools available to municipalities include:
    - Increasing taxes, which is stable but challenging as it does not capture inflation, results in loss of buying power, and requires Truth in Taxation hearing. Holladay's property tax rate was 16% of the total tax bill in 2004; now it's only 10% of the total tax bill.
    - Bonding, which helps amortize substantial cost, but may be a more expensive option of time. Many entities use bonding and it is ideal for bell-shaped capital cost curves. However, it can double the cost of capital infrastructure due to added interest and cost of issuance.
    - Establishing enterprise funds, which provide fees for specific services, like a storm enterprise fund or transportation utility fund.
    - Creating Community Reinvestment Area, which allows the reallocation of tax increment but requires participation from other taxing entities.
    - Charging impact fees for growth related infrastructure in compliance with the Impact Fee Act.
    - Establishing assessment areas (AA) or a public improvement district (PID) to isolate cost to a specific area with an associated tax or fee. AAs and PIDs can require a lot of administrative effort and be costly. PIDs require 100% consent of property owners within the PID boundary.
  - Property tax is the most stable source and rate controlled by the City Council; although, most cities have not regularly increased taxes due to the political will needed to go through a Truth in Taxation process. The Certified Tax Rate ensures revenue neutrality for the collection of property taxes.
  - Member discussion included, but was not limited to the following highlights:
    - Currently, 33% of the City's revenue comes from sales tax; LYRB recommends sales tax in excess of 50% would be concerning.
    - LYRB considers Holladay's H@20 process ideal for addressing revenue challenges. The challenge is in implementation. Many cities that are/were in similar situations as Holladay are starting to do a revenue review annually and if necessary, a Truth in Taxation process every year, instead of waiting several years, as had been the trend in Utah.
    - One consideration Holladay residents will need to address is their funding model preference. A bond-model would have lower upfront fees but come at a higher cost over time, yet improvements could be implemented quicker. A pay-as-you-go model would have higher upfront costs, be cheaper over time, yet improvements could only be constructed once funding has built up and may not be fully enjoyed by the residents paying for them for several years.
    - LYRB addressed several questions on bonding. Cities use sales tax, GO, and municipal bonding for different project purposes. You can issue multiple bonds but there are rules. You can link enterprise funds with bonds.
- "Inside View" focused on the State Legislative Tax Force efforts to look at the current tax structure. Mayor Dahle and Councilman Graham provided insight. The topic was first introduced during the 2019 Leg Session with a lot of pushback against a proposal to charge sales tax against services. A series of town halls were held by the Tax Force over the summer to get feedback. Many cities and the ULCT provided comments, as changes as the State level can have a ripple-effect, adversely impacting municipalities in their collection of sales tax and other taxes currently on the table for reconsideration. The Governor has made a commitment to the process, thus a deadline of sorts is in effect, but details are TBD. It will continue to be a hot topic in the coming 2020 Leg Session.

- The next meeting date was set for October 9, 2019, 6:00 p.m.-7:30 p.m., and the primary agenda items will include preparing for the October 14 Open House and reviewing the funding scenario model with LYRB.
- The meeting concluded at approximately 7:25 p.m.

### **CITY STAFF ACTION ITEMS**

- Finalize the October open house announcement for newsletter and other City communication tools.
- Review the October meeting agenda with the Group Chair and Vice Chair.
- Work with public relations consultant on messaging, including the preparation of a presentation boards, infographic brochure, property tax info sheet, and videos for use for planned public engagement this fall.
- Continue work with consultants on second survey content.
- Send agenda and materials by October 4 to the Group for the October 9 meeting.