



# HOLLADAY@20 *Preparing for Tomorrow*

## Citizen Advisory Group

**Date:** Wednesday, February 19, 2020

**Time:** 6:00 p.m.

**Location:** Little Cottonwood Room (lower level), Holladay City Hall, 4580 S. 2300 E., Holladay, UT 84117

### INVITED ATTENDEES:

#### Citizen Members

John Ashton, Chair  
John Norton, Vice Chair  
Kim Blair  
Alan Eastman  
Brett Graham (call-in)  
Larry Hoffmann  
Julie (Yujie) McCracken  
Jim Wilson

#### City Council Representatives

Mayor Rob Dahle  
Council Member Paul Fotheringham, District 2

#### City Staff

Gina Chamness, City Manager  
Paul Allred, Community Development Director  
Jared Bunch, City Engineer  
Holly Smith, Assistant to the City Manager

#### Guests

Fred Philpot, LYRB  
Hilary Robertson, Wilkinson Ferrari & Co

### AGENDA

- I. 6:00 Welcome – John Norton, Vice Chair
- II. 6:05-6:35 Review Sustainability Scenario Options
- III. 6:35-7:55 Group Discussion / Development of Recommendation & Scope of Work (Framework)
- IV. 7:55-8:00 Determine Next Steps and Action Items
  - a. Consideration of forming a subgroup
  - b. Next Meeting – March 11, 2020, 6:00 p.m.-8:00 p.m.
  - c. Agenda – Continue Work on Recommendation
- V. 8:00 Adjourn

### NOTES

- Vice Chair Norton began the meeting at approximately 6:05 p.m.
- Fred Philpot reviewed his analysis of five financial sustainability scenarios, which are paired with the road maintenance model options previously shared with the Group by City Engineer Jared Bunch. Road Scenario 1 is based on current spending of \$800,000 annually; Road Scenario 2 raises current spending to \$1,600,000 annually; and Road Scenario 3 includes spending \$1,600,000 annually plus an infusion of a bond to immediately improve road conditions.

All scenarios assume a 5-year policy horizon while planning for the 10-year horizon; maintain a fund balance ratio of 25% (City's rainy day fund); and include a storm fee of \$6.50 with 7% inflation thereafter. The storm enterprise fund should be re-evaluated in 5 years. All scenarios, with the exception of Scenario 1, include a potential general obligation bond (GO Bond) in year 2026 to address high-cost capital projects anticipated for construction in the 2025-2030 timeframe.

- Scenario 1: Baseline: Road Scenario 1 (No CIP)
- Scenario 2: Road Scenario 2 (Upfront Property Tax Increase)
- Scenario 3: Road Scenario 2 (Gradual Property Tax Increase)
- Scenario 4: Road Scenario 3 (Upfront Property Tax Increase)
- Scenario 5: Road Scenario 3 (Gradual Property Tax Increase)

Fred reviewed each scenario, including the fund balance produced by each scenario and impacts at the household level per month and annually. Under the existing City of Holladay property tax rate, the current city portion of the tax bill is 10% or \$340 for a home with a market value of \$500,000. The potential scenarios could change the existing City of Holladay portion of the tax bill from 10% of the total to an updated share in the 14.75% to 19.43% range depending on the parameters. Fred indicated that a desirable range for cities is in the 18-20% range. At the time of incorporation in 1999, Holladay's share was 18%, but it has declined over time to only 10% of the total property tax bill.

Members discussed the presentation, asked questions, and provided comments, abbreviated below:

- Clarification was given that scenarios with a gradual property tax increases would require a Truth in Taxation (TNT) each year. Many cities have a policy to do an inflationary or hold their property tax rate through TNT annually.
  - The intent of TNT was for entities to go through the TNT process frequently and annually for inflationary and small increases. This practice is generally supported by the taxpayer association. The reality is that TNT created a difficult political process and many cities, including Holladay, have not raised their taxes in several decades as a result.
  - The need for property tax changes can be justified.
  - Inflation is more than CPI – it is a true cost of doing business in Holladay. It captures the projections based on the historical actuals of the Holladay General Fund. Increases have and continue to occur in public safety to remain competitive in the market and cover pensions. Additionally, contractor costs are rising (airport and other larger projects are driving up costs), and the City is bearing changes to its public works as capital needs are growing.
  - City debt is low with only one bond outstanding for City Hall and the Fire Station. (2032)
  - Common revenue streams to back bonds include sales tax, property tax, franchise fees, municipal buildings, RDA tax increment, and enterprise funds
  - The distribution of the capital projects drives the timing of potential bonds.
  - Bonds usually run 10-20 years with all funding spent in the first 3 years.
  - The model does include a 4% inflationary rate for sales tax revenue.
  - It's difficult to estimate the impact of the redevelopment of the Cottonwood Mall site. This project is slated for buildout over the next 5-10 years. As real revenue is collected, the City has the flexibility to adjust the financial model to account for new revenue and the property tax rate could go down as a result.
  - The City needs to review the financial sustainability plan annually and make adjustments as needed. The financial model informs the budget and the budget informs the model.
  - If a scenario with a gradual increase is selected, its success hinges on annual TNT, subject to future City Council support.
  - The Group doesn't want the City in a similar situation we see ourselves in today.
  - Need long-term plan and demonstrate transparent and responsible use of funds.
  - Group generally supports Scenario 3, but wants to conduct a deeper review.
- The Group elected to form a subgroup to do a more detailed review of the scenarios and refine potential Group recommendations. The subgroup will include John Ashton, Jim Wilson, and Brett Graham with support from Mayor Dahle, Gina Chamness and Holly Smith. The subgroup will meet once or twice before the next full Group meeting.
  - The full Group Meeting is scheduled for March 11, 2020, 6:00 p.m.-8:00 p.m.
  - The meeting concluded at approximately 8:00 p.m.

## **CITY STAFF ACTION ITEMS**

- Work with LYRB to fine tune the model and working scenarios for review at the next meeting, considering points of discussion outlined above and feedback pending from the subgroup.
- Continue to schedule and provide small group presentations.
- Review the March 11 meeting agenda with the Group Chair and Vice Chair.
- Send agenda and materials to the Group as soon as available for the March 11 meeting.