

Town Hall Meeting
September 25, 2012 6:00 p.m.
Community Recreation Center
10640 N. Club House Drive, Cedar Hills, Utah

Present: Mayor Gary Gygi, Presiding
Council Members: C. Jackman, C. Rees, C. Martinez, C. Augustus
Charl Louw, Finance Director
Jeff Maag, Public Works Director
Courtney Hammond, Transcriptionist

This Town Hall meeting of the City of Cedar Hills, having been properly noticed, was called to order at 6:04 p.m. by Mayor Gygi.

Mayor Gygi stated that the Council wants to talk about the state of the city, including the pros and cons of different issues and all that goes into running the city. He invited residents to talk about any issues, ask questions, or make comments as they would like.

C. Rees reviewed the state of the city report.

Property Taxes

C. Rees stated that Cedar Hills receives about 23% of the property taxes collected. The Council wanted to make sure residents could see how much of residents' property taxes go to city operations and how much goes to paying off the golf course bond. She reviewed how the tax rate is set and why the city adopted the county's certified tax rate. Cedar Hills has the highest tax rate in Utah County, largely because Cedar Hills is a newer city with more recent infrastructure and the golf course bond that voters approved. She pointed out that when property tax is calculated per person, it is lower than many neighboring cities.

Darin Lowder emphasized that Cedar Hills' portion of property taxes is small in comparison. When residents complain that property taxes have jumped, it isn't because of the Cedar Hills' portion, which has remained relatively stable or even dropped over the past few years.

Jerry Dearinger stated that the only bond that is paid through property taxes is the golf course bond. The per person tax amount isn't as important as the per household tax amount. As far as he is concerned utility fees should be called taxes as well.

C. Jackman stated that utility fees are like taxes, the difference is in the way they are collected. Property taxes are based on the value of your home; utility fees tend to be based on usage. It may be worthwhile to create a bigger picture of what residents pay in both property taxes and utility fees.

Utility Rates

C. Rees stated that the city hired Bowen Collins and Associates to do an analysis of utility fees with the goal to maintain high quality, encourage wise use of resources, maintain stable revenue adequate for system needs, and minimize the city's long-term costs by avoiding debt. Their

recommendation was to increase utility rates over a period of 10 years. The percent increase each year is slightly over inflation costs. They also recommended changing billing to more adequately reflect true cost of service. In water that meant changing the basis of the base rate to meter size. For pressurized irrigation, the recommendation was to base the base rate on connection size. Sewer rates should also be based on meter size. The storm drain base rate for commercial should be based on lot size.

C. Jackman stated that none of these fees come out of property taxes. The study was designed to anticipate future costs and changing the base rates now will allow the city to cover those costs. The city is trying to align fees with costs and avoid sharp rises in the future. Periodic analysis and review ensures that the money accrued is adequate for ongoing and future maintenance.

Darin Lowder stated that there is intrinsic value in the utility system that residents probably don't recognize. The golf course contributes to some of that value because of the system through the ponds that feed into pressurized irrigation.

Public Works Director Jeff Maag stated that the Public Works Department investigates excessive water usage which will often show whether a house is on, or using the pressurized irrigation. Residential lots have three meter sizes, but there is no difference in base rate cost for those three residential meter sizes.

Finance Director Charl Louw stated that the utility fees that are collected are unrestricted, but the Council could set aside fund balance for maintenance. This money is for ongoing maintenance so there won't be a large buildup of money. Rather it will be spent gradually over time. Residents get charged the lowest meter size, and pressurized irrigation is based on lot size

Budget

C. Rees stated that the city has several funds, including: the capital project fund, general fund, motor pool fund, water, sewer and storm drain fund, and community recreation fund.

C. Rees explained that the general fund is the chief operating fund. Highlights of the 2013 budget were: increase in sales & use tax, increased costs of \$130,000.00 for Lone Peak Public Safety District because of changes in how it determines cost sharing, subsidy of \$65,000.00 to golf course, and legal expenses which are expected to rise.

C. Rees stated that in the capital projects fund there are three projects being discussed for Fiscal Year 2012: restrooms and storage at Mesquite Park, finishing the Community Recreation Center basement and a splash pad. Long term projects include acquisition and development of Deerfield Park and widening of Harvey Boulevard. The Public Works Building comes out of this fund. The Public Safety Building was paid off early.

C. Rees stated that the motor pool fund is for the acquisition, maintenance and use of city-owned vehicles. The recommendation to replace vehicles every 3 years comes from the Finance Department.

Finance Director Charl Louw stated that the life on vehicles is 7 years in straight line depreciation. Given the state's contract prices, selling after 3 years, the city can usually sell a vehicle for more than it paid after depreciation.

C. Rees stated that the increase in revenue in the water, sewer, and storm drain fund are due to increases in utility rates recommended by the utility rate study. Payments for three bonds come from this fund: two for the pressurized irrigation system and one for a redundant culinary well.

C. Rees said that the property tax revenue in the community recreation fund is to pay the golf course bond. Revenues and expenses are for the golf course, the grill, and recreation programs at the Community Recreation Center. There is a subsidy transfer from the general fund to cover golf course losses.

C. Martinez explained that fitness classes can be paid for with a monthly pass (\$15.00) which gives users access to all fitness programs, or a punch pass can be purchased which translates to \$3.00/class. The user fees cover the cost of the instructors. The employees in the Community Recreation Department at the center include Greg Gordon, the Recreation Director; Wade Doyle, the Golf Director; Kaity Whittaker, Recreation Manager; as well as grill and golf staff. The city has \$175,000.00 in the recreation impact fee fund. There are four options for finishing the basement. Council is still debating what to do with the basement. The council is also working on how the space in the basement should be portioned.

Darin Lowder said that the options for finishing the basement need to be in the context of how much money is available in different funds.

C. Jackman stated that there are three funds available for finishing the basement: impact fees, CARE (Cultural Arts and Recreation Enrichment) Tax and general fund. Estimating the costs of the options is difficult without spending money to estimate the costs. Council is attempting to analyze the funds available and narrow the options.

C. Rees stated that city debt includes two pressurized irrigation bonds, the golf course bond, the Public Works Building, the Cottonwood Well, and two capital leases for golf carts. In Fiscal Year 2012 the Public Safety Building was paid off seven years early, four capital leases for golf carts and equipment were paid off, and overall debt was reduced by a little over one million dollars.

Communication with Residents

C. Rees stated that the city communicates with residents through Facebook, Twitter, updated website, her own blog, collecting email addresses, and the city's monthly newsletter. Any advice or recommendations on ways to communicate are welcome and appreciated. There will be more Town Hall meetings. One is scheduled for November 15th to discuss the complete history of the golf course.

Mayor Gygi commented that many forms of communication are important, especially in emergency situations.

Jerry Dearinger said that the city needs to find a better way of communication rather than putting it on the city website. He only finds things out when someone else tells him.

Mr. Whitlock commended the Council on what they are doing for the city.

Darin Lowder suggested getting people to the meetings by offering free ice cream.

This meeting was adjourned at 7:16 p.m. by Mayor Gygi.