

## **WORK SESSION—JANUARY 12<sup>th</sup>, 2008**

Minutes of the Huntsville Town Council Work Session, held at the Huntsville Town Hall at 10:25 a.m. January 12<sup>th</sup>, 2008.

**Present:** Mayor James C. McKay  
Council Member Max Ferre'  
Council Member Richard Sorensen  
Council Member Jim Truett  
Council Member Steve Johnson  
Clerk/Recorder Gail Ahlstrom

Mayor McKay called the Work Session to order and led a brief overview and orientation for the new council member's on the town's financial affairs.

Mayor McKay stated off by reading a quote from Helen Keller. "I am only one, but still I am one, I cannot do everything, but still I can do something, and because I cannot do everything, I will not refuse to do something that I can do." This points that out there is a lot to be done and in our community and there are a lot of people who contribute to make our town great.

The Mayor stated that he wanted to go over three areas of the town's finances, first, the area of cash and cash equivalents, second, the town's assets, and third, quality of life. These three areas the council is involved in.

### **General Fund:**

On the financial end: The council is the stewards of the town's financial resources in the community, with regards to the revenue and expenses. The Mayor explained that the town receives the largest source of revenue from sales tax. Sales tax is paid to all entities throughout the state based on a formula, part by point of sale, and part by population. Huntsville receives most of its revenue from population. The last legislature passed a sales tax initiative that will reduce the sales tax on food, effective January 1<sup>st</sup>. We don't know how this will impact the town's sales tax revenue. The town's sales tax revenue is approximately \$85,000 per year, which is received on a monthly basis.

The town has received \$29,000 in property taxes so far, with an anticipated total of \$34,000 for the year. The B & C Road Funds are based on the amount of roads there are in town. They add up all paved, highway, and dirt roads and the town gets a credit for each mile of road in each category. The funding comes from a fuel tax. The Mayor commented that when he first took office the town was receiving about \$14,000 a year for roads that number has increased to \$30,000 per year. This amount doesn't cover the cost of sand, salt, wages, patching of pot holes, and equipment. CM Truett asked if the road leading into the landfill was included on the list of town roads. The landfill road is not inside of Huntsville and is considered a private road.

CM Sorensen asked if alleys counted. This was a good question that should be looked into. CM Truett stated that the town also paved the north end of 6800 east and 6900 east, these sections of road should be added as well. The Mayor recommended that CM Truett and Ferre' work with Rex Harris who is familiar with the procedure and do an audit of the roads to make sure the town is receiving credit for all new roads. CM Truett mentioned that he met with Scott Layton with the Forest Service, about chip sealing from Hwy 39 to the point, it would cost approx. \$90,000. There is no way the town could fund this type of project. CM Truett would like to see the town impose a tax onto the entrance fee at the point, and collect a portion of the fee that is now being charged. The public drive on town roads to get to the dam and it would be nice if they helped pay to keep the roadway in good repair. The Forest Service has been good to work with in the past. CM Sorensen suggested getting on this matter quickly because spring will be here soon and it would be best if the fees were established when the season begins. The Mayor mentioned that the Forest Service covered the cost of widening part of the road leading to the cemetery, they paid for the cemetery parking lot, and did a share cost on part of the road in the cemetery. It would be good to formulate some of the town's needs and requests before setting up a meeting with the Forest Service, the town could bid on the operating of the concession stands, this could possibly bring in more revenue to the town.

These are the types of things that will need to be identified in the town's Capital Improvement Plan. The Mayor mentioned that on the property west of Dale Grant's place there is property set aside for a memorial to Gunn McKay, and there needs to be some parking and a memorial constructed, the town needs to work with the Forest Service on this project as well.

To get back on track, the town receives \$8,000 in revenue from franchise tax, from Qwest Telephone and cable TV. The town has currently chosen to exempt the cable TV company from any tax. They are in a losing position, and are investing money into upgrading a system that is being outdated. However there are residents in the town still using the cable system.

Mayor McKay mentioned that in Weber County schools take between 50% of property taxes depending on where you live, plus what is taken out for the schools on your income taxes paid to the state. This is a huge issue. The school districts like their resources to come from property tax because it gives them a higher bonding rating. The system needs to be adjusted. The Mayor stated that the auditors have recommended that the town increase its property taxes, the town resident's pays more for fire protection than for all other services provided for by the town. The last time property taxes were raised in the town was in the early 1990's. At that time there was an overwhelming support of the increase, and it is an area that the council needs to look at. In regards to the property taxes, the town basically will receive what it received last year, plus, any new growth. There is no inflation factor, so the town gets further and further behind. The Mayor reported that the highest contributor to property taxes to the town is the Qwest station south of the Ogden Valley Library. The second largest contributor is the South Fork Village.

Another source of revenue within the General Fund, is business licensing fees, and building permit fees. Business license fees can't be a money making item, the town can only charge the amount it costs to administer and over see the process. The building permit fees can have some excess charges, to make sure the town is covering all of its expenses. The town also charges excavation permit fees, cemetery internment fees, and impact fees. Impact fees can only be used for what they are intended, so they can help the community but are restricted in their use. The town charges \$2,500 as an impact fee for a new home owner to hook into the town's water system. The money is then used only on the infrastructure of the water system. There is also a \$500 impact fee on a new home, which is split \$125 for the park, and \$375 for public safety. The impact fee for culinary water does not include the meter, there is another \$1,000 or actual cost for installation fee. The water department installs the meter, but the new customer pays for it. There are also park and bowery rental fees. There is also an arrangement between the school and the town where they pay the town \$1,200 per year to help offset costs for liability insurance on the park. The school district helps fertilize and mow the center of the park.

The town also receives revenue \$720 per month from the rental of the cell tower. There is no frontage to this space, which sits just west of the Yukon Grille. The other sources of revenue include interest earned on the reserves, and court fines. A portion of the court fines go to the state, a portion covers the cost of running the court, and a portion comes to the town. The revenue from court fines has been around \$20,000 per year. The town receives money from the sale of cemetery plots. The 4<sup>th</sup> of July has been a significant contributor to the enhancements made at the park. The net profit from last year's 4<sup>th</sup> of July was \$25,000 which is on the high side. There has been a real aggressive effort to procure donations for a lot of the celebration costs. Grant procurement has been important revenue; this money doesn't have to be paid back. There are needs in the community in regards to the town shops, roads, landfill, and items at the cemetery that could be supported by grant monies. The town also receives donations from generous citizens in the community. The bulk of what is done financially in the community is handled in the General Fund.

#### Enterprise Fund:

Mayor McKay further explained that the Enterprise Fund operates like a business. User fees are primarily the funding source for this fund. These fees are from the culinary water, garbage, late fees, overage charges, connection fees, impact fees, interest, and grants. These funds are restricted in its usage.

#### Capital Improvement Fund:

Mayor McKay stated that the Capital Improvement Fund is not a taxing entity, or a business. It is a separate category that receives its funding from grants and transfers from the General Fund. The council can made decisions on transfer amounts, and make changes to the budget for different projects. The Mayor commented that the town's Capital Improvement Plan needs to be updated as soon as possible. This will help provide a clearer picture for the current council's vision and priorities for the future.

Reserves:

Mayor McKay reported that the town's reserves are low. The auditor's indicated that it would be to the town's advantage to bolster these reserves. To do this to town needs to increase revenue and cut expenses. The reason the reserves are down, is that the town has made some really nice investments. As of mid November the towns General Fund had \$66,000, the Enterprise Fund had \$52,000, and the Capital Improvement Fund had \$66,000 most of which is already committed. There is \$2,700 in the court account. There are two accounts that the town has but can't use. One is the Cemetery Perpetual Care Fund which has \$125,000 it had only \$30,000 in it when the Mayor took office. The idea behind the Perpetual Care Fund is that the cemetery will never become a burden to the residents of the town. The other is the Rural Development Loan Reserve, the bonding done to develop the town's water system, each month the town makes its payment along with an additional payment made into a loan reserve which over the years will build up and eventually the loan balance declines and then this loan reserve will be used to pay off the loan seven years early. There is \$51,288 in this loan reserve.

Quality of Life:

Mayor McKay commented that the town also has non-cash assets and that is the council's responsibility to protect and preserve, roads, alleyways, parks, buildings, shops, town hall, cemetery, landfill, water storage tanks, old chlorinator plant, easements, fences, right of ways, water rights, etc.

The council's job is to provide, sustain, and maintain a quality of life for the town residents. Whatever the town does, with zoning, water, cemetery, the landfill, or the park, it all relates to the quality of life. We often look at things as restrictive but they help facilitate and improve the quality of life. What the council can do to provide and promote civility, togetherness, purpose and vision is very important. The council has the responsibility to run the different departments on day to day issues, but will also have to make decisions on things that will impact the town in the future.

All items on the agenda have been discussed. CM Ferre' made a motion to adjourn. CM Johnson seconded. All votes aye.

**Meeting is adjourned at 11:25 a.m.**

---

Gail Ahlstrom, Clerk/Recorder

---

James. C. McKay, Mayor