

Date September 19, 2019

THE SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA BOARD OF TRUSTEES MET ON THURSDAY, SEPTEMBER 19, 2019 AT THE HOUR OF 10:00 A.M. AT THE SALT LAKE COUNTY SHERIFF AND UNIFIED POLICE DEPARTMENT OFFICE BUILDING, 3365 SOUTH 900 WEST ROOM 115, SALT LAKE CITY, UTAH

<u>Present:</u>	<u>Excused:</u>	<u>Attended Via Phone:</u>
TRUSTEE JIM BRADLEY, CHAIR TRUSTEE DAVID BREMS, EMIGRATION CANYON TRUSTEE CODY CUTLER, WHITE CITY TRUSTEE ALAN PETERSON, KEARNS TRUSTEE STEVE PROKOPIS, MAGNA	TRUSTEE MAX BURDICK, SALT LAKE COUNTY	TRUSTEE APOLLO PAZELL, COPPERTON TRUSTEE SHIREEN GHORBANI, SALT LAKE COUNTY

ALSO PRESENT:

FRANK NAKAMURA, SLVLESA DISTRICT ADMINISTRATOR/SLVLESA LEGAL COUNSEL

LISA DUDLEY, SLVLESA CHIEF FINANCIAL OFFICER

SHERIFF ROSIE RIVERA, SALT LAKE COUNTY SHERIFF AND SLVLESA CHIEF EXECUTIVE OFFICER

UNDERSHERIFF JAKE PETERSEN, SALT LAKE COUNTY UNDERSHERIFF

CHIEF JASON MAZURAN, UPD CHIEF OF POLICE

RICHARD MOON, SLVLESA TREASURER

MARCIE KAY, SLVLESA CLERK

LANCE BROWN, ECONOWEST

DOUG MCDONALD, ECONOWEST

Item #1-Call to Order.

Jim Bradley called the meeting to order.

Item #2-Disclosure of Conflicts of Interest

Action Requested: Identify Conflicts, if any

Discussion: Trustee Bradley asked if there were any conflicts of interest. None were identified.

Item #3-Public Comment:

Trustee Bradley asked if anyone was present who wished to give public comment to the Board. There were none. Public comment was closed.

Item #4-Financial report and update on expenditures during the month and other financial matters.

Action Requested: None

Discussion: Richard Moon referenced the check register document, which he handed out to the Board members. There were three checks cut to the Unified Police Department during the month of August. The first one was for \$64,214.91 that was for the administration fees for Frank's wages, Richard's and Marcie's as well for the months of January through June. The \$137,760 payment was for the budget adjustment for the two new officers that were added in Kearns and Magna. The \$1,394,935.00 is SLVLESA's contract payment to the Unified Police Department for the month of August.

Item #5-Report by Sheriff Rosie Rivera, SLVLESA Chief Executive Officer.

Action Requested: None

Discussion: Sheriff Rivera said she had no updates, other than what was delivered during the UPD Board meeting.

Item #6-Public Hearing

Consider A RESOLUTION OF THE BOARD OF TRUSTEES OF THE SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA (SLVLESA) AMENDING THE CALENDAR YEAR 2019 SLVLESA BUDGET REDUCING PROPERTY TAX REVENUE BY \$309,802 AND REDUCING BUDGETARY ADDITION TO FUND BALANCE BY \$309,802 TO ADJUST TO ACTUAL NEW GROWTH PROPERTY TAX REVENUE AND ORDERED REDUCTIONS PURSUANT TO SECTION 59-1-1330 OF THE UTAH CODE.

Action Requested: Motion and Vote on the proposed Resolution

Discussion: Trustee Cutler motioned to open the Public Meeting. Trustee Peterson seconded the motion.

Public hearing opened.

Richard Moon said the budget adjustment is \$309,802 and the \$279,802 is an adjustment to actual new tax growth. He said last year we lost Riverton, Millcreek and Herriman and so he did not have a lot to go on as far as proposed new growth for this year. He said each year can change a little in either direction. In June they will get the actual number from the County. \$30,000 was a judgment levy that they did not have this year.

Trustee Bradley asked if there were any questions regarding this information. There were none. He asked if there were any members of the public who wished to address the Board regarding this agenda item. There were none.

Trustee Bradley motioned to close the public hearing. Trustee Prokopis seconded. All voted in favor; none opposed. Public hearing was closed.

A motion was made by Trustee Peterson to approve the resolution and Trustee Brems seconded the motion. All Trustees voted in favor and none opposed

Item #7-Consider A RESOLUTION OF THE SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA BOARD OF TRUSTEES STATING ITS INTENT TO LEVY A TAX RATE FOR CALENDAR YEAR 2020 THAT EXCEEDS ITS CERTIFIED TAX RATE, THE DOLLAR AMOUNT OF THE ESTIMATED AD VALOREM TAX REVENUE THAT WOULD BE GENERATED BY THE PROPOSED INCREASE, THE PURPOSES FOR THE ADDITIONAL AD VALOREM TAX REVENUE AND THE APPROXIMATE PERCENTAGE INCREASE IN THE AD VALOREM TAX REVENUE GENERATED BY THE PROPOSED INCREASE AS REQUIRED BY SECTION 59-2-919 OF THE UTAH CODE.

Action Requested: Motion and Vote on the proposed Resolution.

Discussion: Frank Nakamura said if they were planning on doing a tax increase, they would have to start the process by stating their intent to increase property taxes and that is the Resolution before the Board today. The decision to increase property taxes would not occur until after notices and public hearings on December 19th but this begins the process. He said they have retained EconoWest, Lance Brown and Doug McDonald, to do a financial model that will assist SLVLESA in their financial decision making and the impact of increasing property taxes. He said they have been following the strategic plan which was implemented in 2016. With the financial model, SLVLESA will be able to look at different scenarios as far as the budget is concerned.

Lance Brown from EconoWest went through the financial model that they created for SLVLESA and referred to the projection of it.

Frank Nakamura said that he does not want the financial model to be misleading in terms of SLVLESA's fund balance.

Lisa Dudley said that SLVLESA has a December 31st ending year, so the statutory minimum fund balance is measured and reported as of December 31st, but because SLVLESA only has one real source of revenue which is property tax, they monitor that on a monthly basis. She said she wants the Board to be aware that it is monitored every month and she and Rick have to prepare a month by month cash flow statement and a fund balance statement for the TRANS process. It makes a difference in terms of timing and the amount of the TRANS.

Trustee Bradley asked Lisa if in terms of the ending surplus, should they interpret the numbers on the financial model differently than what they are.

Lisa said she does think so.

Trustee Bradley asked if it was fair to say that the financial model is showing a trend of having a diminishing fund balance.

Lisa Dudley said yes.

Frank Nakamura asked if the Board had any questions concerning the financial model.

Trustee Bradley said that this is a process and they need to challenge the assumptions to ask if they are correct. He also said they need to decide what type of fund balance they want and what percentage of target reserves. As they answer those questions, it will show what numbers they need. He asked if they were comfortable with that projection of compensation, a 2% COLA, a 2.75% merit and the market adjustment at approximately 4%. He said his answer is yes.

Trustee Brems asked how often that adjustment takes place.

Trustee Bradley asked Lance Brown how often that takes place. Lance Brown said he assumes it is just once a year.

Frank Nakamura said that UPD did a compensation study and UPD wants to be in the upper 3rd for purposes of compensation. He also said on the financial model there is no tax adjustment and they would have to see what happens in 2022, 2023 and so on.

Trustee Bradley said that from his experience in local government that if they are reluctant to address the issue of when they are going into bankruptcy and delay dealing with that, the numbers to try and catch up will be much larger. He said he believes it makes more sense to have small tax increases each year, rather than large ones less often. He said the strategic plan they embraced five years ago had served them very well.

Trustee Pazell said since they are talking about different philosophies to tackle the budget, he views it differently like a frog in boiling water.

Trustee Pazell said he thinks Trustee Bradley views it as making the tax increases manageable but he views it as the government continuing to operate in an inefficient way, so if they expect to receive a tax increase every single year at the same rate then you are not going to be as responsible but if you know that the consequences are going to be bigger you are going to be more likely to spend responsibly, so there are different philosophies.

Lance Brown said looking at the financial model, there is a disparity between revenue growth and expenditure growth and it will require some type of action to address, either through a tax increase or reduction of expenditures or a combination of the two.

Trustee Prokopis said he believes the contract with UPD has a built-in 5% increase annually and he said they are already in trouble because they do not have a set place to account for that. If they follow Chairman Bradley's philosophy and do a 2% annually, they are still going to have to address it like Trustee Pazell said and every 3 to 5 years have a significantly larger increase.

Trustee Bradley said he does believe that to be the case.

Lance Brown said another consideration he and Lisa Dudley were discussing is the statutory maximum tax rate and that is .0023 and right now the rate is below that.

Trustee Pazell said Lance Brown made comments about inflation and an increase but he does not blame inflation for this very much. He asked how accurate the numbers on the financial model are.

Lance Brown said he would come back to that issue but said for the property tax revenue they are under the maximum of 18.4 million and potentially bumping up against the ceiling in 2024. He said in all likelihood as values of properties appreciate that will give SLVLESA some additional headway. He does not see it being an urgent issue for 2020 but it is something that will need to be addressed.

Lance Brown addressed Trustee Pazell's question asking if he was saying that inflation is relatively low and is not a large factor. Trustee Pazell said yes, that is what he was saying. Lance Brown said in years past, inflation has been much higher than what we are experiencing now.

Trustee Bradley asked how inflation is calculated into a compensation number or if it is at all. Lance Brown said it should and that the COLA is an acknowledgment of that inflation and that is where it is built-in.

Frank Nakamura asked what will happen in 2023 if there is no increase.

Lance Brown said there will be a very serious problem.

Trustee Bradley said they want to get out of the red and that is the goal. You can do that by increasing revenues or decreasing expenditures. He asked if anyone there thought they had too many officers for their area.

Trustee Pazell said he thinks there is a reasonable assumption that they are not aware of whether or not the pooled services is bloated or not and he is not convinced that there are not cuts which could be made.

Lance Brown said to answer Frank's question, the tax increase in 2023 would have to be in the neighborhood of 21 to 22 percent.

Richard Moon said that would put them over the maximum limit.

Frank Nakamura said the strategic plan calls for 3% tax increases for the next two years.

Lance Brown said there is a two-fold advantage to that. First, you will receive the compounding effect and essentially leverage time. He also said there is a case to be made for acting early and keeping those increases small.

Trustee Ghorbani said she also supports an approach that is small and incremental and planning for the future. Trustee Ghorbani then signed off from the phone call, as she had other meetings to attend.

Lisa Dudley said she wanted to point out that the resolution is not committing the Board to a property tax increase, it is just stating an intent so that they can make the decision over the next few Board meetings and that without the resolution, an increase will be off the table.

Trustee Bradley asked if even so, the resolution before them today proposes a 3 % increase. He said he thinks the Board needs to either approve that number or go higher or lower.

Frank Nakamura added that it is also an option for the Board to choose to not take any action on an increase.

Trustee Brems asked if inflation is higher or lower than they project it will be, when will they be able to change their decision on the tax rate?

Frank Nakamura said this would only be for 2020 and they have to go through this process every year.

Trustee Brems said the value of property in Salt Lake County has been going up a lot faster than 3%, and asked how that relates to this formula in the financial model.

Lisa Dudley said because they work off of a certified tax system and not a mill levy, your revenue stays constant so as the assessed value goes up your rate actually goes down. So if the assessed values go up it does adjust the rate. Therefore when they do hold a truth in taxation, they are approving a rate but they are actually approving the revenue. There are only three parts to the formula which are your tax revenue, your assessed valuation and then the tax rate.

Trustee Bradley asked if there were any questions from the Board members and if Trustee Pazell was still on the line.

Trustee Pazell said he think the financial model is flawed and the plan is flawed and he would not like to see this happen at all. However, he does understand that he is in the extreme minority so he would also suggest a compromise of a combination of cuts and a tax increase.

Trustee Bradley said he feels that Trustee Pazell's input is always productive and it is good to have his opinion.

Trustee Brems asked how much the 3% increase would amount to in dollars.

Frank Nakamura said it would amount to about \$20.00 per year to a home valuing about \$277,000.

Trustee Pazell said that is just one of many tax increases that his community has seen.

Trustee Bradley said what they do have to do this meeting is vote on the resolution and that he would entertain a motion for a resolution either presented as a 3% increase or to change that number.

Trustee Prokopolis clarified that they will have until the December Board meeting to change the percentage and that right now they are voting on whether to secure their ability to do a tax increase at all.

Trustee Brems asked if the ceiling number is predetermined and Trustee Bradley said it is the 3% and they could not exceed that.

Trustee Prokopolis said that he wanted to clarify that \$4 a month is not \$20 a year, it is \$1.67 a month.

Trustee Brems motioned to pass the resolution. Trustee Cutler seconded.

Trustee Pazell said he would like to do a substitute motion if he is recognized by the Chair.

Trustee Bradley said yes, he is being recognized.

Trustee Pazell said his substitute motion would be a 2% increase with across the board cuts of 1%.

Trustee Bradley asked if there was someone to second that motion.

Frank Nakamura said that the Unified Police Department passed its budget and SLVLESA is not in a position to dictate to the UPD.

Trustee Pazell said they are because they are a majority of UPD.

Trustee Prokopis said he does believe they went through a serious budget process last time and there were significant cuts in order to accommodate benefits and compensation for their employees and he does not believe they yet fully realize the impact of those cuts. He would like to see what that has done before they impose any further cuts. He has, however, committed to looking for any further efficiencies.

Trustee Pazell then proposed a 2% increase and 1% cuts.

Frank Nakamura said it would have to be in the form of a recommendation to UPD.

Trustee Pazell said he would go ahead and withdraw his motion if there was no one to second it.

Trustee Bradley said there is a substitute motion on the floor but it fails for lack of a second.

Trustee Bradley then called for a vote on the initial Resolution.

Trustee Pazell asked to do a roll call vote.

Trustee Brems voted in favor, Trustee Bradley voted in favor, Trustee Cutler voted in favor, Trustee Prokopis voted in favor, Trustee Peterson voted in favor, Trustee Pazell voted no.

Resolution passed.

Item #8-Approval of Minutes for the August 15, 2019 meeting.

Action Requested: Motion and Vote

Discussion: Trustee Prokopis motioned to approve the minutes. Trustee Brems seconded. All voted in favor; none opposed. Minutes approved.

Item #9-Adjourn

Trustee Bradley adjourned the meeting.