

**Interlaken Town Council Work Session Minutes**  
**Monday, 22 May 2017, 6:30 PM – 8:30 PM**  
**347 Luzern Rd., Midway, UT**

**1. Call to Order.**

Mayor Simpkins called the meeting to order at 6:36pm.

**2. Roll Call – Members Present:**

Lisa Simpkins, Mayor  
Sue O’Nan, Council Member  
Chuck O’Nan, Council Member  
Greg Harrigan, Council Member  
Scott Neuner, Council Member (by phone)  
Bart Smith, Town Clerk, present

**3. Approval of Agenda or Changes.**

**Motion:** Council Member Sue O’Nan moved to approve the agenda.

**Second:** Council Member Greg Harrigan seconded the motion.

**Discussion:** no discussion

**Vote:** The motion was approved with the Council Members unanimously voting Aye.

**4. Approval of 05/17/17 Work Session Minutes.**

**Motion:** Council Member Sue O’Nan moved to approve the 5/17/17 meeting minutes.

**Second:** Council Member Greg Harrigan seconded the motion.

**Discussion:** no discussion

**Vote:** The motion was approved with the Council Members unanimously voting Aye.

**5. Interlaken Taxation Policy and Budget Discussion.**

The council discussed the tentative FY2018 budget that was approved on May 5, 2017 at the regular council meeting. After further investigation, it was confirmed that the Town could no longer collect a “road” assessment directly from lot owners. Revenue for roads should be collected through a Wasatch County Property tax, assessed on the taxable value of Interlaken properties. It was also confirmed that it’s not possible to use revenue generated through a Water Utility fee to fund maintenance and repair of roads. It is the responsibility of the Town Council to act in accordance with State law, and the Truth in Taxation statutes, and institute a supplementary Wasatch County tax to generate revenue for our roads. In FY2018, the town will bill lot owners directly for an annual fee for basic water use. The amount of this fee is discussed later in this meeting. The revenue necessary for maintenance, repair, and capital investment in our road system will be collected by Wasatch County, through the normal November tax bill. The Interlaken Road Tax will appear as a separate line item on this bill. The amount of the tax is based on the taxable value of the property, as determined by the Wasatch County Assessor’s office.

The council discussed the budget for our water system, and the corresponding basic water rates. Smith presented a dual rate approach to the Water Rate structure, currently prescribed by Town Ordinance No. 3, executed on November 2, 2015. Currently the basic rate is \$63 per month per lot, for all lots. Smith proposed the rate be increased to \$69 per lot for lots with connections to the water system and also lots with active building permits. There are currently 143 lots in this category. The remaining 41 lots, without a water connection or an active building permit, would get a reduced rate, to \$58 per month. The logic behind this approach is described in the table below:

FY 2018 Proposed Water Rate Re-structuring				Last Edited	5/22/17 17:17
<b>As of 4/20/17:</b>					
#Lots with water connections	138				
#Empty lots	41				
#Lots with building permits not yet connected	5	Counted as Lots with water connections			
<b>Total Lots</b>	<b>184</b>				
<b>Proposed Water Billing for FY2018:</b>					
	<b>Who Pays</b>	<b>Number of Shares</b>	<b>Aggregate Amount</b>	<b>Amount per share</b>	<b>Destination</b>
Payment on Water Bond	All Lots	184	\$ 78,678	\$ 428	Bond Sinking Fund
Capital improvement reserves (5-yr plan)	All Lots	184	\$ 7,770	\$ 42	Water Reserve Fund
Telemetry Upgrade other Repairs & Maintenance	All Lots	184	\$ 11,187	\$ 61	Water Revenue Fund
Administrative expenses (from General Fund)	All Lots	184	\$ 30,550	\$ 166	General Fund
Operating expenses	Lots w/ Dwellings or Permits	143	\$ 26,169	\$ 183	Water Revenue Fund
Water Overage Charges - offset	Lots w/ Dwellings or Permits	143	\$ (7,500)	\$ (52)	
		<b>Total</b>	<b>\$ 146,854</b>	<b>\$ 827</b>	
<b>Total Revenue Collected:</b>					
	<b>Number of Shares</b>	<b>Amount per Lot</b>	<b>Total</b>	<b>Monthly Fee</b>	<b>Rounded Monthly Fee</b>
Lots w/ Dwellings & Permits	143	\$ 827	\$ 118,291	\$ 68.93	\$69
Empty Lots	41	\$ 697	\$ 28,563	\$ 58.05	\$58
<b>Proposed FY2018 Total Revenue Collected for Water System</b>			<b>\$ 146,854</b>		<b>\$146,940</b>

In the above table, the funds allocated to the water system are divided into two categories:

Category 1: Payment on the Water Bond, Capital Improvements, Telemetry Upgrade and Repairs, and Administrative expenses. It's proposed that these long-term expenses would be paid for by all lot owners. The logic being that all lot owners benefit from investment in infrastructure, regardless of whether they are using the utility.

Category 2: Operating expenses, and water overage charges returned as revenue. It was proposed that the water system operating expenses be paid for by those who are connected to the water system and also by lot owners who hold building permits (if not currently connected). It was also proposed that the revenue generated through usage be used to offset these expenses.

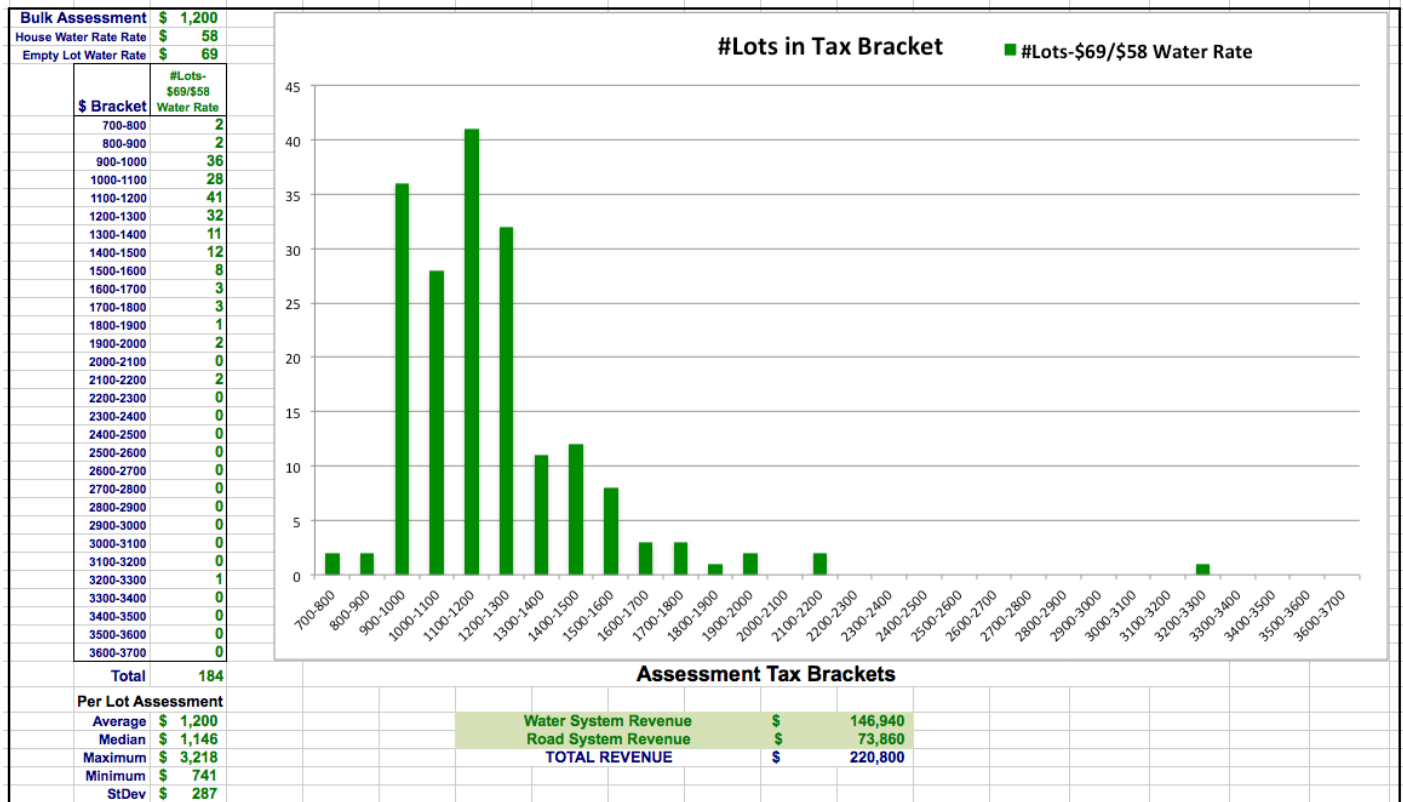
With expenses divided up in this way, the monthly fee for lots with water connections or permits would be \$69 (rounded up). For all other lots, it would be \$58. To change the water rates requires a public hearing. This could be held along with the budget hearing on June 17<sup>th</sup>.

The council discussed this proposal and agreed that it was an equitable structure that could be instituted in the FY2018 budget.

The council further discussed the proposed Wasatch County Road Tax for Interlaken road revenue. Using the proposed rates (\$69/month & \$58/month) the total revenue collected for the water system would be \$146,940. If the average total assessment for each lot in Interlaken remained at \$1200, total revenue would be 184 lots x \$1200 = \$220,800. Deducting the desired water revenue from the total revenue collected, leaves the road revenue portion at \$220,800 - \$146,940 = \$73,860. This is the amount to be collected through the Wasatch County Interlaken road tax. Using this revenue amount, and dividing it by the 1/1/2017 total taxable real property in Interlaken (\$38,872,229) generates the following tax rate:

$$\frac{\$73,860}{38,872,229} = 0.0019$$

This tax rate, multiplied by the taxable value of a property, will calculate the amount of that property's Interlaken Road Tax. Smith presented a chart illustrating the distribution of total assessments for Interlaken Town.



From the chart, it's apparent that many lot owners (109) will pay less than \$1200 in FY2018. Some lot owners with higher assessed property, listed, as a non-primary residence, will pay more. The average will remain at \$1200. Although this represents a change from past assessments, the Council agreed that compliance with State law leaves the Town no choice but to move to a Wasatch County tax for the roads. It was also clear that the Water System requires \$146,940 for FY2018 revenue. If the intent is to keep the average assessment at \$1200 annually, the above model achieves that goal.

In further discussion of the FY2018 budget, Chuck O’Nan mentioned that the current amount budgeted for the June 2017 TopJob contract (\$86,000) did not include the asphalt cutout and repairs bid. He suggested adding another \$15,000 to cover this additional cost, bringing the total TopJob estimate to \$101,000. Chuck will prompt TopJob to come out and give us a bid for the asphalt repair to verify this amount. He also noted that the TopJob bid to re-gravel the shoulders included the full length of Interlaken Dr. and Luzern Rd. This is not necessary - he will contact TopJob and have them re-evaluate. It may be that savings from this re-evaluation will reduce the overall TopJob bid. However, Chuck also mentioned that it may be wise to use a seal, containing stone, to seal the upper, steeper roads. This additional expense may be covered by the reduced cost of re-graveling the shoulders. Chuck will resolve these issues with TopJob.

Sue O’Nan brought up the issue of whether the State or the DWB requires the town to allocate a certain percentage of revenue to reserve funds. Simpkins will contact MAG for advice on this issue.

**6. Motion to Approve FY2018 Amended Tentative Budget.**

Following the above discussion, the following motion was heard:

**Motion:** Council Member Greg Harrigan moved to approve the amended budget as described above, increasing the June 2017 road repair budget to \$101,000, introducing a \$69/\$58 dual water rate and instituting a Road Tax through Wasatch County for \$73,860.

**Second:** Council Member Sue O’Nan seconded the motion.

**Discussion:** no further discussion

**Vote:** The motion was approved with the Council Members unanimously voting Aye.

## **7. Other Business.**

Chuck O’Nan got a bid for updating the sign by the water tank listing emergency contacts. A new sign, from CRC, would cost \$40. Alternatively, we could update the contact information on the sign with a decal for probably \$5. The update would include phone numbers for Mac, Herb, and the Town Clerk. Harrigan brought up the issue of signage for the June road closures. We need signs at the entrance of Interlaken to alert UPS drivers, contractors, delivery and utility vehicles, and other vehicles that aren’t on our mailing list. We need to get a schedule of closures. Chuck will get this information when he contacts TopJob. It was also mentioned that the Town will not have TopJob crack seal or top coat Interlaken Drive below Edelweiss. However, TopJob will repair the marked out asphalt in this section of Interlaken Drive.

The Council discussed the Sheldon garage project, 272 Jungfrau Hill. Harrigan mentioned that there already is a house on this property, so the issue of whether we allow a garage to be built on an empty lot was a moot point. The council agreed that Sheldon should submit his plans to Epic and be issued a permit to build a garage.

We have not received invoices from Epic for a few months. We need to notify them and get invoices before fiscal year end (June 30, 2017).

The November election was discussed. To date, only one person has declared their candidacy for the two available 4-year council seats (we are short one candidate). The remaining seats for the mayor and the open 2-year seat each have a candidate.

## **8. Council Comments.**

Simpkins brought up the issue of her excavation permit. The planning commission has not yet produced an excavation permit. It was decided that she should go directly to Epic Engineering to apply.

## **9. Adjournment.**

Council Member Harrigan moved to adjourn the meeting. Council Member Sue O’Nan seconded the motion. The motion passed unanimously. The meeting was adjourned at 8:19 PM.

The next Town Council meeting will be held on Saturday, June 17<sup>th</sup>, at the Town Pump house, 236 Luzern Rd, following the public hearings for the budget and the water rate change.