

SLVLESA WORKSHOP MEETING  
 Thursday, July 14th, 2022  
 Sheriff's Office Building Auditorium  
 3365 South 900 West  
 10:00 AM – 2:00 PM

<u>Present:</u>	<u>Excused:</u>	<u>Attended Via Zoom:</u>
TRUSTEE STEVE PROKOPIS, MAGNA		
TRUSTEE DAVID BREMS, EMIGRATION CANYON		
TRUSTEE ALAN PETERSON, KEARNS		
TRUSTEE DEA THEODORE, SALT LAKE COUNTY		
TRUSTEE CAROLYN KEIGLEY, BRIGHTON		
TRUSTEE DAVID OLSEN, COPPERTON		
TRUSTEE PAULINA FLINT, WHITE CITY		
TRUSTEE JIM BRADLEY, SALT LAKE COUNTY		
TRUSTEE CHRIS STAVROS, SALT LAKE COUNTY		

Also attended:

Mayor Joe Smolka, Emigration Township

Keith Zuspan, Town of Brighton Counsel member

Danial Knopp, Mayor of Brighton

Nate Rockwood, Brighton Finance

Allan Perry, White City Council

Dave Sanderson, Magna Finance

Lance Brown, Financial Advisor

Johnathan Ward, Zions Public Finance

Japheth McGee, Zions Public Finance

Frank Pignanelli, SLVLESA Lobbyist

Phil Dean, Kem C. Gardner Policy Institute

Richard Moon, SLVLESA Treasurer

Under-Sheriff Jacob Petersen

**Item #1-**Call to Order

**Item #2-** Welcome and Opening Remarks. Jim Bradley, Board Chair.

**Item #3-** Process for Facilitating the Meeting.

Under-Sheriff Jacob Petersen, Facilitator of the Workshop and Frank Nakamura, SLVLESA District Administrator.

**Discussion:** Undersheriff Petersen facilitated a discussion on how to best go forward in brainstorming and finding solutions to current SLVLESA funding issues.

**Item #4-** Introduction of Participants.

**Item #5-** Comments.

Phil Dean, Kem C. Gardner Policy Institute

Phil Dean presented his PowerPoint presentation on information concerning the advantages and disadvantages of property and sales taxes and user fees.

Japheth McGee and Johnathan Ward, Zions Public Finance

Japheth McGee presented his PowerPoint presentation on SLVLESA's financials focusing on the criteria for the imposition of user fees.

Frank Pignanelli, SLVLESA lobbyist

Frank Pignanelli presented his information on the legislature and possible legislative action SLVLESA could pursue. He focused on the statutory tax rate cap and the prior efforts to authorize townships to impose sales energy and use taxes and telecommunications taxes.

Lance Brown and Richard Moon presented their SLVLESA financial models. The financial models were based on the following assumptions: a 7.5% annual cost increase, a 5% fund balance, compensation with 3.5% COLA and 5% market. The projections show that additional revenue will be needed for 2024.

**Item #6-** Discuss Strategies Related to Ensuring the Financial Sustainability of SLVLESA, including, but not limited to the following:

- Financial Projections.
- Revenue needs.
- Options for Revenue sources.
- Options for Member Governing Bodies and SLVLESA.
- Needed Legislative Changes (Increase Property Tax Cap).
- Strategy for Implementation of Proposals.
- Future Direction for SLVLESA.

**Discussion:** Trustee Brems asked what the intent of the franchise tax was meant to do for the townships. He asked if it was intended to pay for law enforcement services or was it to give them a source of revenue to do projects in their communities.

Trustee Flint said as far as the franchise tax goes, they're thinking September. She said White City will put it on the agenda and each of them individually need to do that. The reason the legislature correlates them with the franchise tax and the metros is because the MSD is exactly the taxing boundaries except for Kennecott. The metros said they needed more funding resources, so the franchise tax was low-hanging fruit. It was an easy thing to get because it brought equality to what other cities have. They each must initiate that and follow the truth-in-taxation process. If we don't do it now, the legislature will come and go again and then they'll be into the next year. The sooner they start, the better.

Trustee Stavros said he would like to hear what their experts think is the most viable option and which option has the highest likelihood of success in the long term.

Trustee Keigley said she agrees with Trustee Stavros.

Frank Pignanelli said they are in July right now. The legislature starts in January, and he said if you want to pursue a bill you have to start the process now. He said most legislators do not know what a metro township is, so they had to teach them. The legislature will ask hard questions.

Mayor Knopp said the cleanest and most transparent is to do it with property tax and say, "here is how much it costs for the cops."

Frank Nakamura said if they are going to do a property tax increase this year, for 2023, they need to start in August.

Trustee Prokopis said they were potentially going to run a bill last year to raise the cap but the timing was off, it was a political cycle. This was our year to do it. If we don't do it this year, does that push it two years away because next year will be an election cycle? Do we do the \$5 million in franchise tax this fall, take that as far as we can, then we'll have a better argument when we go to legislature in two years' time, that we have exhausted all revenue sources and hopefully have a better chance at raising the cap.

Trustee Flint said it is just the activity of activating and starting the process for the franchise tax. Frank Pignanelli can go to the legislature and say they are doing everything they can, but they must have a bill to take over

where the franchise tax leaves off. They need to show the legislature that this is a band aid and not a fix. What are the real numbers and when do they run out of money?

Trustee Stavros said we must think about the political environment to raise the property taxes two years in a row. He said he thinks the probability is nowhere near what it was last time.

Frank Pignanelli said increasing the property taxes brings with it all kinds of issues. He said the number one issue is Kennecott. That would be increasing Kennecott's obligation for services that they don't pay for. Secondly, they will ask about the MSD franchise tax. It will not be easy to raise the cap without the legislature asking those questions that we do not have good answers to.

Trustee Flint said when you go to the legislature, they can approve it right then or it can be put into study committee. She said the only reason the cap is where it is at is because they had this artificial inflation of property. What happens if by the end of the year, as they predict, we're going to have a turn-down. She said when prices start going down, they are going to have a big problem. They still need to go to the legislature for a tax increase, but they also need to take it to the cap. She said if they don't do this, they will be sitting here next year at the same time, doing the same thing, and she won't be there.

Trustee Peterson said that Trustee Prokopis said he thought we should do a tax increase this year, a franchise tax next year and raise the cap the year after.

Trustee Keigley asked the different townships if they would be willing to do the franchise tax, etc. Trustee Brems said that Emigration would impose the franchise tax, but they probably could not commit all their funds to it.

Trustee Keigley said she does not think they would have to, just show that it is being used.

Trustee Peterson said he liked what Trustee Prokopis said but he might swap the franchise tax to a tax increase.

Trustee Olsen said he would be on board and would be happy to present truth-in-taxation this year, but he can't speak for his board on franchise taxes.

Trustee Keigley said it sounds to her like they have a majority of the SLVLESA Board that would consider allocating some amount of the franchise taxes, which would show the legislature the intent.

Frank Pignanelli said that would help a lot, with the legislature.

Phil Dean said we have flexibility now that we may not have next year.

Trustee Olsen asked why UPD costs are growing at a faster rate than inflation.

Mayor Knopp said it all has to do with compensation for the officers. That is going up faster than inflation. Wages are going up because no one wants to be a cop these days and they must pay them or else they won't show up to work.

Japheth McGee said broadly in the state of Utah, the labor shortage is not just for police officers, but it is in most industries. A lot of that is due to demographics because you have a lot of baby boomers who retired during the pandemic, by and large most of those are not coming back. These labor shortages are a permanent challenge not only in government but in the private sector. We used to have cheap, readily available labor and that is not the current economic reality, and he does not believe that is changing.

Johnathan Ward said there are more retirees than people entering the labor force, so it's an upside-down pyramid in most industries.

Trustee Bradley said it appears that the conversation is leading us to believe that both a tax increase and the raising of the cap is necessary. Trustee Bradley asked what our financial situation will be like if we do nothing this year.

Richard Moon said they will be fine this year and next year but it's 2024 when we won't be. He said Frank had mentioned if they don't do something this year, it may handcuff them to what they can do next year.

Trustee Bradley asked if it makes sense for them to look at raising taxes this year or not.

Mayor Smolka said he thinks they need to raise taxes to the cap immediately and strongly suggest to the metros that they add the discussion of the franchise tax.

Trustee Flint said that she seconds that.

Mayor Knopp said he agrees with that also. He said they do have to take it back to their councils.

Trustee Brems asked if with that, they start the process for increasing the cap.

Trustee Flint said she thinks they need to do a poll today because they are going to have to go back to their councils to initiate all of this. She said she is ready to vote aye to go ahead and take it to the cap, and then going after the franchise tax.

Trustee Olsen said he thinks that is the best solution.

Trustee Keigley said Brighton agrees.

Trustee Bradley asked if that satisfies the sense of direction they need.

Frank Nakamura said he anticipates coming in, in August and having a resolution on the agenda to vote on and he assumes at that point that they have talked to their councils.

Mayor Knopp asked if Frank Nakamura could send someone to their council meeting to present this information on the 9<sup>th</sup>.

Frank Nakamura said yes, he thinks he can do that.

Trustee Olsen said what his council is going to want to see is has SLVLESA exhausted every resource, cut every single cent out of your budget that you can, for them to agree to this. Asking them to approve this for the second year in a row is an uphill battle.

**Item #7- Consider Canceling Board Meeting Scheduled for July 21, 2022.**

**Action Requested:** Motion, Second and Vote.

**Discussion:** Trustee Bradley entertained a motion to cancel the upcoming SLVLESA meeting.

Trustee Brems motioned to approve.

Trustee Keigley seconded the motion.

All voted in favor; none opposed.

The motion passed and the July SLVLESA meeting was cancelled.

**Item #8- Adjourn.**

Trustee Bradley adjourned the meeting.