

Chairman Bradley opened the meeting and welcomed everyone.

Item #1 – Public Comment:

Chairman Bradley asked if anyone was present who wished to address the Board. Seeing none, public comment was closed.

Item #2 – Disclosure of Conflicts of Interest

Action Requested: Identify Conflicts, if any

Discussion:

Chairman Bradley asked if there were any conflicts of interest from Trustees regarding any of the items on the agenda. There were none.

Item #3–5 Year Strategic Plan – Policy for Revenue, New Resource Allocation, Buildings, & Annexation: U of U Sorenson Impact Center

Action Requested: Acceptance of Plan

Discussion:

Andrew Keddington stated that the purpose of this meeting is to create discussion in regards to SLVLESA five-year plan and dissect the formula for new resource allocation. He also states there is a draft copy of the resolution and policies, which should be discussed during this meeting.

Chad Salvadore states in his presentation that the eleven percent tax increase scenario raises \$3.2 million dollars in new revenue, and approximately every percent of tax increase raises \$300,000 dollars of new revenue. He then says that due to SLVLESA's budget which is largely based on salaries, each year the cost of salaries grows based on inflation, which is between 3% and 4% and when not raising taxes to deal with this, it has led to the shortfall of \$1.7 million dollars. He then states that right sizing the current trajectory of SLVLESA, this 11% tax increase actually generates new revenue for new resources of about \$740,000. Mr. Salvadore then states that \$750,000 new revenue from centrally assessed should be put into the fund balance due to the volatile nature of centrally assessed.

Trustee McAdams asks Mr. Salvadore if the new legislation regarding centrally assessed revenue and how it is now averaged, adds stability to the centrally assessed?

Kerri Nakamura responds that no matter the state of the bill, this new money from centrally assessed would be only revenue from the 11% tax increase, nothing more. She then states that they are only suggesting that the revenue from centrally assessed to be put in the fund balance for the next five years, and after that it can be used in many other ways.

Chad Salvadore then continues to explain the burden on the tax payers per household. He states that \$265,000 is the average home within the SLVLESA and the tax burden incurred is \$32.67. If the housing price is scaled +/- \$100,000 dollars, the tax burden ranges from \$20.35 – \$45.00.

Trustee Staggs then asks if the house presented in the example, was based on the appraised value?

Kerri Nakamura responds that the example was done using the appraised value.

Kerri Nakamura states that every year with the 11% tax increase scenario, the new revenue generated from centrally accessed will be placed into the fund balance. The goal for fund balance is at 25%. She states that having a 25 % fund balance allows the district to get lower tax rates on bonds. Mrs. Nakamura states that 50% of all new resources are direct precinct resources and the rest is distributed to pooled services, and other services within the UPD. Mrs. Nakamura states that the Sorenson center recommends in regards to current capital facilities of SLVLESA that SLVLESA moves from leased space to owned space. For \$156,000 contribution for the next 20 years, on top of current payments, Kearns and Millcreek precincts will be out of leased space.

Trustee Freeman asks Kerri Nakamura if the \$156,000 contribution would come out of new growth, in which she says it will.

Kerri Nakamura continues her presentation on the district's capital facilities and states, that by owning facilities it shows communities that UPD is invested into their communities.

Andrew Keddington presents cost benefit model comparing current leased facilities versus owned facilities for the Millcreek and Kearns precincts. The terms of model include 3% annual inflation for leased space and 3% annual interest rate for owned space, a 20 year loan term, and \$5 million total borrowing amount. He states that the entire borrowed amount would be for construction of facilities and that the land would be donated by the city in which the precincts resides. He explains that if the decision is to continue to lease then SLVLESA needs to invest in the current leased space in the amount of \$450K. The cost benefit analysis of leases versus building has a payback at year 25 at which point it is less expensive to own compared to leasing.

Chad Salvadore states that one of the major goals of the 5 year plan is to develop a model that distributes new growth of the district objectively. The weights of the model include 60% dedicated to the call load of the area, which is further sub weighted 60% towards calls that need multiple officers to respond and 40% to non-emergency calls. The last two weights of the model are population which is 30% and geography of the area which is 10%. Mr. Salvadore then discusses the breakdowns for operational expenses in the UPD. He says 50 % of expenses are direct precinct, while 38 % is pooled services and the rest account for administrative costs, rental costs, and other costs associated with operations.

Nick Fritz states that for annexation of a city into the district, there must be a high level financial assessment done, and that if a city doesn't fall within the 10% margin, they shouldn't be considered for annexations. There is also an operational assessment that must be done, based on how SLVLESA service level is determined, and then the new entity can be compared.

Trustee Freeman asks if this 10% margin metric includes both being in the positive and also the negative in regards to financial standing.

Nick Fritz confirms that is how the 10% margin metric works, and that there are currently only 3 entities that fall within that metric currently. The three entities are, Alta, Sandy and Cottonwood Heights.

Trustee Freeman then asks, why should SLVLESA consider any community that is losing money? He then states that he believes that the district cannot annex any community in which isn't breaking even and contributing to the greater good of the district.

Nick Fritz then responds that if the margin falls within the 10% range, there may be certain steps the district can take to get a newly annexed community into the positive in regards to their financial position.

Kerri Nakamura states that these annexation requirements, are just guidelines in the process, and that with each annexation there should be more aspects of the community evaluated, and that this should fall under operational staff to evaluate. There may be already owned assets and equipment in this community that would be greatly beneficial to SLVLESA in the future.

Trustee Freeman states that at this moment Herriman City isn't comfortable accepting the 5 year plan, as the model should be tested at least one year. Herriman City is comfortable with accepting a 3% increase.

Kerri Nakamura says that if there is only a 3% tax increase, there are no new resources to put through the resource allocation formula.

Chad Salvadore says that even with the 3% tax increase there are no new resources, and there will still be a budget deficit in the upcoming year.

Trustee Freeman asks, wouldn't there still be growth in the upcoming year?

Scott Juges responds that the new growth is already factored into the plan, as it is approximately \$600,000 every year. He then states that even if we raise taxes by 3% it will still leave the District in a \$1,000,000 dollar shortfall in 2017.

Chad Salvadore says that the 3% increase only freezes the downward trend, and doesn't fix the shortfall that is already in place, and doesn't allow the opportunity for new resources. Which is why the 11% tax increase is recommended, in order to reset the downward trend, and be able to add new resources based off of new growth.

Trustee Freeman says there is a lot of faith being asked to have an 11% tax increase, and then to trust an untested model to allocate resources appropriately. Mr. Freeman also suggests looking at new growth in terms of new houses being built, and Herriman approximately has 600 new building permits requested a year.

Trustee Staggs says that Riverton City is completely behind UPD and the UPD model. He states that no one in the Riverton City Council is currently still on the council who voted to annex Riverton City into the district. He states that there are some Council members who favor the UPD Contract approach rather than being part of the district. He then states that Riverton is at the point, where the city generates enough revenue through property taxes to pay for their police budget. He also states that within the Riverton City Council there is no appetite for a large tax increase, but in order to be a good partner, a 3% tax increase may be reasonable. He also says that due to the wide variety of differing issues of each entity in the district, it is hard to make decisions in order to better each entity. Due to some issues discussed within Riverton's City council Mr. Staggs asks the question as to why the district is targeting

this 25% fund balance amount. Another concern of the Riverton city council is that SLVLESA is subsidizing the canyons, and possibly Midvale, by giving Midvale assistance during high call times.

Chad Salvidore responds that the amount of fund balance written in the report reflects that no new resources would be added, but it has been stated earlier that Sorenson Center recommends that new resources be added in the future. If there are no new resources and the fund balance climbs near 50 %, at this point the District wouldn't need to rely on TRANS and would effectively switch its fiscal year.

Trustee Freeman states that by January 1st of 2017 there will be 6 new members on the SLVLESA board, and Herriman City and Riverton City will be heavily outnumbered. With these new board members, they could change what has already been accepted in order for their community to gain the most from the situation.

Kerri Nakamura responds that there will be one seat added for Millcreek and one for each township.

Trustee Freeman says that the dynamics of Herriman will be changing over the near future, and it must be guaranteed that changes in leadership cannot hinder this process.

Scott Jurgens responds that this dynamic could incur in any city at any time and that it is only stable for a very short time.

Trustee Staggs says that he sees the reason why Riverton City voted to be annexed into SLVLESA and that the centrally assessed revenue generated would have been a great positive to the district, if it wasn't for the slide that occurred in 2013.

Sherriff Winder states that new revenue was expected from the formation of the district. He states that this revenue generation would have occurred if moderate, responsible tax increases happened, and this entire issue would have been diverted. That even with the Kennecott slide, it was a conscious decision to not infuse any new revenue into the district.

Trustee Staggs says that with the large diversity of growth between all three partners, Riverton City would be better off contracting with the UPD instead of belonging to the district.

Chairman Bradley states that this entire scenario has come full circle and was discussed at the creation of the district, and that it is the same discussion with different faces, and different passions.

Trustee Staggs discusses that if each entity in SLVLESA continues to grow at their current rate for the next decade it is concerning that Herriman and Riverton are growing at a large rate while the county is only growing by 1%. He also says that it is concerning that new board members from smaller communities such as Emigration, will have equal say as Riverton City.

Kerri Nakamura says that when the original request for annexation for Riverton happened, it was very hard to get it approved through a 9 member board at the county, and it was hard to convince the county why it should share centrally assessed taxes with 2 more communities. The county was convinced to annex these 2 communities because it was presented that all new growth was happening in the southwest.

Sherriff Winder says that based on the recent discussions in each city and the prior board meetings, that as a district, there needs to be a plan put in place while this transition period happens, in order to keep operations running as normal.

Trustee Staggs says that even though in the long run it may be better for Riverton City to leave the district, it is still very time consuming and difficult to leave the district. For the process to take effect Riverton city must go to an open election to vote on the matter, and then the difficulty of making citizens aware that they are just changing the one tax for the other.

Sherriff Winder states that this process doesn't happen overnight, and that in regards to this, one possibility will be to look at SLVLESA as a hybrid model. The district is used as a base service funding model with infusion of other revenue sources. He states that you get your base service level, and that if you want further resources you pay for them with other revenue sources. This method can be used as you start to dissolve the district and go back to a 100% contract model.

Trustee McAdams asks that with this silo method in place, would there be any interest in doing an 11% tax increase. This tax increase would indeed help the other entities in the district while Herriman and Riverton still get their separate revenues.

Sherriff Winder says that he understands the concerns of all the entities and hears that that model put in place needs the ability to be more individualized and changed to cater the different issues that each entity has.

Trustee Freeman says that Herriman and Riverton will be starting the process of leaving the district in the near future due to the contract model having more control over revenues, and that its better for the citizens.

Sherriff Winder states that this model will guarantee that money earned off of certain revenues is only spent by the certain entities, and as partners get ready to leave the district, they are able to take the revenue that they earned with them. Even with this model in place, if there is no tax increase, the budget must be modified in order to reflect this decision.

Councilman Henderson says that in the interest of being a good partner, a small tax increase is needed to provide time for entities of the district to make more individualized decisions on future participation.

Trustee Freeman suggests that the direction of SLVLESA should move towards a 3% increase, and that in the next year discuss and change the model and come up with a plan that makes the transition of Riverton and Herriman equitable for everyone.

Scott Jurges says even with a 3% tax increase, it is still a bad practice to add new officers as there is still a downward trajectory. Without rightsizing the current debt, it doesn't make sense financially to add new resources.

Sherriff Winder states that there is a possibility of reevaluating the 2017 budget and with no revenue increasing, freezing wages, and other expenses that are normally increased each year.

Scott Jurges says that there are some expenses in which you can't freeze from year to year. If wages are frozen, on the UPD side, there will be difficulties in hiring new officers as the UPD is falling behind the average pay scale for police departments. Mr. Jurges then asks for direction on the 2017 budget and how the board would like staff continue forward?

Trustee Freeman asks how much time does that 3% tax increase give the district before insolvency.

Scott Juges responds that it is unable to give an exact timeframe due to many different factors being considered. These figures are just projections made each year, based on past data and past information collected. If a recession happens, then this time line is considerably accelerated due to new growth stalling.

Trustee Freeman asks, what is the amount of a tax increase that fixes this issue?

Scott Juges responds that a 6-7 % increase makes the trajectory flat but doesn't make anything that has been spent and also doesn't allow new growth to be used for new resources as it's already built into the projection.

Kerri Nakamura states that the idea of the 11% increase is to first right the issues of the recent past and then hold the future board accountable for raising taxes 3% every year to keep up with inflation.

Sherriff Winder says that either way, new revenue must be generated. With the silo approach if in 2 years an entity wants to leave with the generated revenues from the past, then there will be policy in place for that to happen.

Kerri Nakamura says that it can be expressed to the public, that there has been no tax increase since 2012, and that when there hasn't been an increase in such a long time, it takes time and money to right that issue.

Trustee Freeman says that the logic behind the idea of 11% tax increase with future 3% increases is correct. The issue Herriman city is having is the unproven model that will allocate the resources based on new revenue being generated.

Sherriff Winder responds that with 11% increases you get 3 FTE's immediately. This 11% tax increase will provide 2 new precincts for unincorporated county.

Trustee McAdams says that he is committed to the model, and that having a diversified tax base, based on certain markets fluctuating, helps with the overall stability. Even with Herriman's and Riverton's plan of leaving the district, there must be something done today to stop the bleeding. Trustee McAdams suggests that SLVLESA staff run some more scenarios based on a 3% or a 6% increase, and meet again to discuss the possible benefits and concerns of these plans.

Chairman Bradley then agrees with Mr. McAdams, and asks what time is left to do a tax increase?

Sherriff Winder then says that August 18th is the last date for a tax increase.

Trustee Freeman says more information needs to be provided on the 6% scenario in which each entity can discuss amongst themselves and amongst their own city councils to make a decision.

Trustee Staggs agrees that there needs to be more research done on a possible 6% scenario and to look at a contract either with the UPD or SLVLESA to contract with Sandy city for policing for White city and the possible outcome of that.

Chairman Bradley suggests that the board resumes this discussion on the 5 year plan on the April SLVLESA meeting.

Sherriff Winder responds to Trustee Staggs that the idea of contracting with Sandy City in regards to White city doesn't change any outcome on this plan. He says that looking at these allocations on a global

scale, there is no issues. He then asks Andrew for the exact breakdown on the need for allocations in the district.

Andrew Keddington responds that with the current resources being ran through the model, Herriman is down 2 officers, Riverton is currently up 3 officers, and unincorporated county is down 1 officer. Mr. Keddington then says that by looking at the silo method, reshuffling resources around has no impact on the future plan of SLVLESA. If White City would contract through Sandy, those savings would be seen 100% into unincorporated county and no would be seen in Riverton.

Sherriff Winder says the operational impact would be very detrimental to White city as Sandy city isn't required to hire new officers to patrol White city.

Trustee Staggs states that the 5% scenario in the plan would be the highest Riverton city would be willing to go.

Councilwoman Coralee Wessman-Moser says the silo method is the way that the cities feel the direction of SLVLESA should go, and that if staff can present a model displaying this, and the ability to change numbers to check future scenarios.

Item #4 & #6 – Motion: Write-off Remaining Balance of Police Fee & Adoption of minutes from December 17, 2015, January 21, 2016 & February 18, 2016

ACTION: A motion to write-off remaining balance of police fee and approve of minutes from December 17, 2015, January 21, 2016 and February 18, 2016 was made by Trustee Staggs and seconded by Trustee Freeman. All Trustees present voted Aye

Item #7: Other Business:

Discussion:

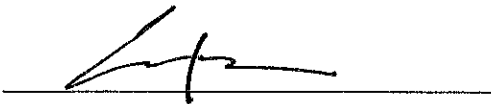
Chairman Bradley asked if there was other business that needed to come before the Board. There was none.

Chairman Bradley moved to adjourn meeting. All Trustees present voted aye.

Meeting Adjourned at 3:47 P.M

MINUTES APPROVED:

By 
CHAIR, SALT LAKE VALLEY LAW ENFORCEMENT SERVICE AREA


CLERK

BOARD APPROVED: 5-19-2016