



## REPORT CONCERNING PROPOSED TAX INCREASE

### BACKGROUND

In 2016, the SLVLESA Board met in a planning workshop to develop a 5 year plan. The strategic plan that was adopted in the March 2016 Board meeting (attached) recommended a “right-sizing” of the SLVLESA budget due to the declining revenues generated by the tax rate set in 2010. The rate had not been changed since its creation and due to inflationary pressures, the fund balance was projected to be depleted and SLVLESA would become insolvent by 2018. Therefore, a plan was adopted to stabilize the fund, increase fund balance to a healthy level, and provide an opportunity for adding resources and capital projects. The taxing strategy was to implement a 9.5% increase in 2017, a 5% increase in 2018, and 3% increases the next three years.

The fund balance currently stands at \$3.8 million or 21.2%.

New growth money collected is \$744,000 that can be used for additional resources, capital facilities or increasing the fund balance.

### PROPOSAL

The Board approved the 2017 and 2018 increases and it is now proposed to approve a 3% increase for 2019. The increase would generate \$481,000 in new revenues and would cost the average homeowner (est. \$148,060 average taxable value) approximately \$9.18 per year or \$0.77 per month.

**NOTE: A public hearing is scheduled for December 13, 2018 at 6:00 PM. Also, the approval of the tax increase now allows SLVLESA to increase the tax next year however, if in the meantime it is determined by the Board that a tax increase is not needed it may be canceled.**

### FACTORS THAT MAY IMPACT FUTURE SLVLESA BUDGETS

UPD contract increases. Generally between 3-4% each year.

Need for additional police resources.

Brighton incorporation. Potential for a \$740,000 decrease.

Pooled service funding formula change.

Kearns precinct building replacement.

Kennecott.

Change to fiscal year from calendar year accounting.

### RECOMMENDATION

To approve a 3% tax increase for 2019.