

Minutes of Interlaken Town Informational Meeting
Monday, 17 August 2015, 7:00 p.m.
Midway Community Center

1. Call to Order: Opening Remarks

Mayor Headley called the Informational Meeting to order at 7:00 p.m.

Members Present/Roll Call

Larry Headley, Mayor

Herb Bowen, Council Member

Greg Harrigan, Council Member

Sue O’Nan, Council Member

Lisa Simpkins, Council Member

Guests Present:

Eric Johnson, Attorney for Interlaken Town

Jeremy Walker, Manager, Local Government Division, Office of the Utah State Auditor.

Mayor Headley informed the residents that this meeting would educate the community of the benefits of dissolving IMWC and transferring its assets to the Town, how the transfer would be accomplished, and discuss options for funding the town.

Mayor Headley introduced Council Member Lisa Simpkins as the appointed Treasurer for Interlaken Town and Council Member Sue O’Nan as the acting town clerk until an official clerk is hired.

2. Alternative long term funding sources for Interlaken Town

Presentation by Jeremy Walker, employed by the State Auditor’s Office in charge of training and compliance for small cities and towns in Utah. He explained what options are available to Interlaken Town for funding.

- a. Property Tax: 100% of municipalities in Utah use a Property Tax. Each property is assessed by the County, adjusted for growth and value, and a certified tax rate is set. The Town has the ability to

- increase this tax as necessary. The taxes are collected by the County and a percentage is distributed to the town sometime in December.
- This system is predictable and enforceable. A lien can be levied if the taxes are not paid and a tax lien sale can incur if the taxes are not paid in five years.
 - Levying a property tax collection is not an option this fiscal year due to the tax year cycle.
- b. Municipal Water System User Fee:** Available only if the Water System is transferred from IMWC to the Town. Fees would be set by the Town Council and enforced by shutting off the water for nonpayment.
- Collecting utility fees has not been tested in court but the State Auditor's Office has indicated that this mode of raising revenue is commonplace.
- c. Utility Transportation Fund Fee:** This is a flat fee collected by the town for road maintenance and repairs.
- Deemed legal by the Utah State Auditor's Office.
- d. Percentage of taxes from the State's B & C road funds.**
- e. A share of the State's 1% sales tax.**
- f. Utility Taxes:** Taxes imposed on power and cell phone usage.

3. Dissolution of IMWC and Transferring the Water System to the Town.

Mayor Headley spoke about the advantages of creating a Municipal Water System.

- Savings of approximately \$9,925.00 in unneeded insurance.
- Savings in administrative operations.
- Management efficiency. Would need only one set of budgets, assessments, governing bodies, and meetings.
- Governmental immunities and limits of litigation liabilities.
- Would have a single pool of reserves to more effectively handle unexpected expenses.

Mayor Headley stressed the importance of achieving a quorum at the IMWC annual meeting in order to conduct business and vote on the two issues of debate. Mr. Johnson affirmed the legality in obtaining electronic proxies. The two proposals to be voted on:

- To dissolve IMWC and distribute all its assets, property, and liabilities to Interlaken Town.

- If IMWC is not dissolved, to allow all funds held in IMWC accounts for road maintenance and administration to be transferred to the Town to maintain the communities roads.

Attorney Eric Johnson outlined the process for transferring a private water company to the municipality and the advantages of becoming a Municipal Water Company.

- IMWC's loan with the Department of Drinking Water will turn into a municipal bond. The interest rate and terms most likely will stay the same.
- Interlaken Town will enter into a water system asset transfer agreement. All shareholders will need to transfer their water shares to the town to receive water service.
- A Municipality qualifies for grants that a nonprofit water company does not.
- A Town's water shares are protected for 50 yrs. while a private company has only 7 years.
- Under Utah Constitution, all water fees must be uniform.
- All laws favor municipal water systems over private companies.

4. Public Discussion

Attorney Eric Johnson answered and clarified all questions from attending residents. It was agreed to aggressively obtain as many proxies as possible through phone calls, emails, and personal contact.

5. Adjournment

Council Member Greg Harrigan moved to adjourn the meeting. Council Member Lisa Simpkins seconded the motion. The motion passed unanimously.

The meeting was adjourned at 8:40 p.m.