

# Interlaken Town Budget Fiscal Year Ending 6/30/18 Notes and Explanation

June 1, 2017

To Interlaken Town:

From Interlaken Town Clerk, Bart Smith

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The FY2018 Interlaken Town Budget is available for your review. There will be a public hearing with the Town Council to hear your comments and any concerns regarding the budget on June 17, 2017 at 4pm at the Town Pump House, 236 Luzern Rd.

## **Overview of Funds/Accounts**

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The Town currently uses six Zion bank accounts to receive revenue, pay bills, and save money (reserves) for future expenses. Since the main components of our Town's expenses are the water system and the roads, our accounts are organized around those two services.

Each bank account has it's own budget: revenue, expenses, transfers, and a resulting increase or decrease in the fund balance. As you read the budget, you'll notice that there are many transfers between these funds. This is how we move our revenue around to fill up reserve funds and to pay our bills. The sum total of all our transfers, at any given time, will be zero, summed over all the accounts. You'll see this on the last page of the budget (Net Transfers between funds).

Here's a brief description of all our bank accounts or funds:

| <b>Zion Bank Account</b> | <b>Type</b>  | <b>Description</b>                              |
|--------------------------|--------------|---|
| General Fund             | Checking     | Main operating account                          |
| Transportation Reserve   | Savings      | Reserves for road repair & improvements         |
| Water Revenue Fund       | Checking     | Operating acct for water system                 |
| Water Bond Sinking Fund  | Money Market | Reserve acct for water bond pmts                |
| Water Reserve            | Savings      | Reserves for water system repair & improvements |
| Building Fund            | Checking     | For building project transactions               |

The Fiscal Year budget for each of these funds appears on a new page in the budget document. At the end of the document, there is a summary across all the funds to demonstrate overall growth, surpluses, and withdrawals.

**General Comments – What’s Changed for FY2018**

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- **FY2018 Assessments** – the FY2018 Interlaken assessment will be different than in previous years. As IMWC, Interlaken could collect annual road fees from residents. As a town, state law requires that we collect any revenue allocated to our road system through a Wasatch County tax assessment. In November of this year, a separate line item will appear on your Wasatch County tax bill for an Interlaken Road Tax. Like the other items on your Wasatch bill, the Interlaken tax will be assessed according to the taxable value of your property. Interlaken Town determines the rate applied to the taxable property value according to the amount of revenue to be collected for roads. Note that primary residences are taxed on only 55% of the market value, as with other County taxes. Interlaken will continue to collect a Water Utility base fee directly from lot owners. In past years, this fee has been set as \$63 per month (\$756 annually) for all lot owners. This year, the council has decided to implement a 2-rate system: \$69 per month (\$828 annually) for properties that have a water connection in place, or are permitted for a future connection. Empty lots without a water connection, and no active permit, will be charged \$58 per month (\$696 annually). The council divided the annual Water System costs into expenditures for operation of the water system and expenditures for capital improvements and payments on the bond. Empty lot owners will contribute to just the capital improvements and bond payments, considered as investments in the system. Users of the water system will pay for these investments as well as the operational costs. This rate adjustment rebalances actual costs for water into actual users and non-users who stand to benefit from investments in the system. See the attached sheet that breaks down FY2018 water system expenses.  
Some lot owners will see an increase in their overall Interlaken annual assessment bill, which was formerly \$1200 for all lots. Others will see a decrease.
- **Road Capital Improvements** - FY2018 will see an \$101K expense for improving our roads: crack sealing, top coating, asphalt and shoulder repair, and re-graveling the pump house drive. This work will take place the last week in June, 2017.
- **Building Applications** – These will be processed differently in FY2018 than the past. All permit fees, plan review fees, inspection fees, deposits, and impact fees will be collected by the town, and deposited into the Building Fund. This fund will be used to hold deposits as well as pay the Town Engineer for services related to building permits and other contracted services for the town.
- **Water System Upgrade** - FY2018 will see the beginning of a 5-year plan for upgrading our water system. See the attached schedule for this project. The

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town will be upgrading the telemetry system with a cellular system. This system is more reliable and provides more control and better data collection than the current outdated system. In addition, the town will begin replacing our water meters with ipearl meters that can be read by a handheld device. This will speed up meter readings and provide more accurate data.

- **Town Enforcement** - Heber Valley Animal Control and the Wasatch County Sheriff's Dept. will take over animal control and enforcement of our town ordinances. These services are required under new state law, and will tie Interlaken to an Inter-local agreement with other communities. The fees for these services in the current budget are estimates only. Final costs may not be available until July 2017.
- **Burgi Hill Ranches** – settlement for past road maintenance charges for lower Interlaken Drive. The town is currently pursuing BHR for past due funds owed to Interlaken as parties to the "Freedom Agreement." It's expected that we will settle sometime in FY2018. The settlement amount proposed by Interlaken is \$32,750. At this time there is no way to predict what the final settlement will be, nor what any associated legal fees may be. The FY2018 budget deals with this uncertainty by including a "null" balance between legal fees and settlement revenue.
- **Legal fees** – as a new town, we find it necessary to seek legal help to protect our interests and liability, interpret state law, and create and enforce our ordinances. We underestimated these fees in FY2017 and have increased our FY2018 budget accordingly.
- **Town Engineering fees** – as with our legal counsel, the town-engineering firm of Epic Engineering has played a larger role in the town's management of land use code and permitted building applications. FY2018 sees a larger expense for these services,
- **Town Council Expenses** – a line item expense has been added this year to purchase equipment to be used by the Town Council and Planning Commission. A display projector with screen will allow for a better review of meeting materials and save needless paper handouts during meetings.
- **Road Signage** – In FY2018, funds will be set aside to add speed limit and no-parking signs in key locations throughout town.
- **Reserve Contributions** – The FY2018 budget continues to set aside money for future capital improvements and emergency repairs for both our roads and the water system.
- **Election Expenses** – In November, the mayor and 3 town council seats are up for election. These new expenses have been added to the budget.

### Details

## Interlaken Town Budget Fiscal Year Ending 6/30/18 Notes and Explanation

The budget document compares three budgets:

- FY2016 **Actual** Budget (7/1/15 – 6/30/16)
- FY2017 **Approved** Budget (7/1/16 – 6/30/17)
- FY2018 **Tentative** Budget (7/1/17 – 6/30/18)

The FY2017 **Actual** Budget cannot be finalized until mid-July when all accounts have been reconciled.

Here are some highlights (literally, they are **highlighted**) in next Fiscal year's budget, FY2018:

Line 5 & 5a: Annual Road Tax Assessment – Wasatch County: **\$73,860**. As mentioned above, the road “assessment” of past years will be replaced by a Wasatch County tax, based on the taxable value of the property.

Line 40a: Town Council Equipment & Supplies: **(\$950)**. A digital projector and screen will be purchased for use at town meetings and hearings.

Line 44: Town Attorney Fees: **(\$20,000)**. This fee was increased significantly because of necessary legal counsel. It is expected that this will decrease in future years, once we lay the foundation in code and in practice.

Line 45: Wasatch County Enforcement: **(\$5,000)**. Wasatch County Sheriff, estimate only for enforcement of Interlaken Ordinances as well as all traffic and criminal violations.

Line 45a: Animal Control Enforcement: **(\$2,000)**. Heber Valley Animal Control, for enforcement of Interlaken Animal Control Ordinances.

Lines 45b: Municipal Election balloting & noticing: **(\$300)**. This is an estimate of the costs associated with running the November election for the mayor and 3 council seats.

Line 56a: Road Signage: **(\$750)**. To add approximately a total of 10 “no parking” and “speed limit” signs.

Line 60: Capital Improvements - Roads: **(\$101,000)**. For crack sealing, top coating, asphalt and shoulder repair, and repair of pump house driveway.

Line 92: Annual Water Utility Base Usage Fee: **\$146,940**. These fees, collected directly by the town, will be deposited into the Water Revenue fund. The total revenue received from the Wasatch County road tax and the water fees will be the total of this line 92 and Line 5a:  $\$73,860 + \$146,940 = \$220,800$ . This is identical to the assessment collected in previous years:  $\$1200 \times 184 \text{ lots} = \$220,800$ .

Line 117: Meter Repair/Replacement: **(\$4,700)**. Costs of replacing 20 water meters with modern ipearl units. This expense will continue for 5 years until all meters have been updated.

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Line 119: Telemetry System Operating Costs: (\$1,127). One year service contract for Mission Remote Control System.

Line 126: Telemetry System Upgrade: (\$6,187). Replacement of system with modern cellular based Mission Control System equipment.

Line 188a: Town Engineer – Plan Review & Inspections: \$13,600. These are fees that “pass through” our budget. We bill the permit applicant and then pay our Town Engineer.

Line 188b: Town Engineer – Additional Contract Services: \$10,000. These are fees paid to the Town Engineer for projects contracted by the town. In FY2018 these projects will include creation of a general plan and zoning map, consultation on water rights, and regular consultations with the Planning Commission regarding land use issues..

That’s it for line-by-line descriptions of the budget.

### **Your Feedback**

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Please attend the FY2018 Budget Hearing on June 17<sup>th</sup>, 4:00pm. The location will be 236 Luzern Road, the Town Pump house. If you cannot attend this meeting, you may forward your comments regarding the budget to the Town Clerk at [interlakenclerk@gmail.com](mailto:interlakenclerk@gmail.com) and they will be presented at the meeting.

Thanks,  
Bart Smith, Interlaken Town Clerk

| FY 2018 Proposed Water Rate Re-structuring for Interlaken Town        |                              |  |                         |                               | Last Edited                | 5/24/17 15:21 |
|---|------------------------------|--|-------------------------|-------------------------------|----------------------------|---------------|
| <b>As of May 24, 2017:</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>   | 184                          |  |                         |                               |                            |               |
| <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 (from Water Revenue Fund)                          | 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)                       | Water Revenue Fund         |               |
|   |                              | <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>Calculated 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>\$ 146,854</b>       |                               |                            |               |
| <b>Proposed FY2018 Total Revenue - Water Utility Basic Usage Fees</b> |                              |  |                         |                               |                            |               |
|   | <b>Number of Shares</b>      | <b>Monthly</b>                         | <b>Annual</b>           | <b>Total</b>                  |                            |               |
|   | 143                          | \$69                                   | \$828                   | \$118,404                     |                            |               |
|   | 41                           | \$58                                   | \$696                   | \$28,536                      |                            |               |
|   |                              |  | <b>TOTAL</b>            | <b>\$146,940</b>              |                            |               |

| <i>Interlaken Water System - 5 Year Upgrade Plan</i> |   |                  |
|--|---|------------------|
| <b>Budget Year</b>                                   | <b>Allocation of General Fund Revenue for Water System Improvements</b>   | <b>Expense</b>   |
| <b>Year 1: FY2018</b>                                | Mission Telemetry Cellular System Upgrade, quote# 3960, includes 1 yr service pkg.  | \$ 6,187         |
|  | Mission Telemetry 1 yr service pkg.   | \$ 1,127         |
| 7/1/17 - 6/30/18                                     | Replacement of 20 water meters, upgrade to ipearl remotely readable meters.   | \$ 4,700         |
|  | To be put in reserve, 1/2 cost of ipearl reader plus new meter covers (25 @ \$15 each).                                   | \$ 7,770         |
|  | <b>TOTAL FY2018</b>   | <b>\$ 19,784</b> |
| <b>Year 2: FY2019</b>                                | Mission Telemetry 1 yr service pkg.   | \$ 1,127         |
| 7/1/18 - 6/30/19                                     | Replacement of 20 water meters, upgrade to ipearl remotely readable meters.   | \$ 4,700         |
|  | To be put in reserve, 1/2 cost of ipearl reader plus new meter covers (25 @ \$15 each).                                   | \$ 7,770         |
|  | <b>TOTAL FY2019</b>   | <b>\$ 13,597</b> |
| <b>Year 3: FY2020</b>                                | Mission Telemetry 1 yr service pkg.   | \$ 1,127         |
| 7/1/19 - 6/30/20                                     | Replacement of 20 water meters, upgrade to ipearl remotely readable meters.   | \$ 4,700         |
|  | To be put in reserve as a contingency reserve for water main breaks, pump failures, etc                                   | \$ 5,000         |
|  | <b>TOTAL FY2020</b>   | <b>\$ 10,827</b> |
| <b>Year 4: FY2021</b>                                | Mission Telemetry 1 yr service pkg.   | \$ 1,127         |
| 7/1/20 - 6/30/21                                     | Replacement of 20 water meters, upgrade to ipearl remotely readable meters.   | \$ 4,700         |
|  | To be put in reserve as a contingency reserve for water main breaks, pump failures, etc                                   | \$ 5,000         |
|  | <b>TOTAL FY2021</b>   | <b>\$ 10,827</b> |
| <b>Year 5: FY2022</b>                                | Mission Telemetry 1 yr service pkg.   | \$ 1,127         |
| 7/1/21 - 6/30/22                                     | Replacement of 20 water meters, upgrade to ipearl remotely readable meters.   | \$ 4,700         |
|  | To be put in reserve as a contingency reserve for water main breaks, pump failures, etc                                   | \$ 5,000         |
|  | <b>TOTAL FY2022</b>   | <b>\$ 10,827</b> |
|  | <b>TOTAL 5 Year Expense</b>   | <b>\$ 65,862</b> |
| <b>Subsequent Years</b>                              | Mission Telemetry 1 yr service pkg.   | \$ 1,127         |
|  | To be put in reserve as a contingency reserve for water main breaks, pump failures, etc                                   | \$ 5,000         |
|  | <b>TOTAL</b>  | <b>\$ 6,127</b>  |
| <b>Additional Notes:</b>                             |   |                  |
|  | At start of FY 2018 (July 1, 2017) 35 meters will be ipearl models with auto-read capability                              |                  |
|  | Hand held meter readings could commence July 2018, starting with 75 meters, & adding 20 meters each year forward          |                  |
|  | Current meter reading take 7-8 hrs with 3 teams. Hand held wand would reduce it to 2-3 hours, with more accurate readings |                  |
|  | Upgrade is available to radio system for drive-by readings  |                  |
|  | Estimated balance of Water Reserve Fund at FY2018 start (July 1, 2017) is \$171,692                                       |                  |
|  | Last Water Bond payment of \$77K will be made on January 10, 2024   |                  |
|  | Wasatch State Park easement agreement ends June 3, 2023. Prior agreement was 20 years for \$20,000                        |                  |

## FY2018 Approved Interlaken Budget (Rev 09) Notes

The following is a list of changes approved at the 6/17/17 Town Council meeting to the tentative budget (Rev08) passed previously, which was sent to the town for review prior to the 6/17/17 budget hearing:

**Line 44: Town Attorney** – Expense increased from (\$20,000) to (\$40,000) to cover additional “start-up” legal expenses for the town.

**Line 55: Annual Road Repair & Maintenance** – Expense was increased from (\$1,500) to (\$3,500) to include weed spraying and trimming for the road shoulders.

**Line 56a: Road Signage** – Increased the road signage expense from (\$750) to (\$1,100) to include road closure signs to be used during the TopJob road resurfacing.

**Lines 108, 154: Water System Capital Facilities Replacement Reserve Acct** – The label for the water reserve account transfer was changed to match the language DWB uses in our agreement.



## FY2018 Truth in Taxation Hearing Budget (Rev 10) Notes

The following is a list of changes made prior to the August 7, 2017 Truth in Taxation Hearing. This list consists only of changes made from Rev09, the version that was approved at the 6/17/17 Town Council meeting, following the Budget Hearing:

**Column Titled “7/1/16-6/30/17 FY2017 Actual.”** This column now includes the actual FY2017 numbers from the end of Fiscal Year Reconciliation Report.

**Line 14: Building App & Inspection Fees (Direct Deposit):** This line was revised from “Enforcement Fines” and includes Administrative fees and Inspection fees that were deposited directly into the General Fund (instead of the Building Fund). The \$200 in this line is from the FY2017 Sprague/Century Link project, which includes a \$50 admin fee and a \$150 Inspection fee to be paid to Epic Engineering.

**Line 25b: Water Overage charges collected through assessment:** This line was eliminated because in FY2017 these charges were already part of the transfer described in line 25. The actual overage collected as part of the FY2017 assessment was \$2243.

**Line 46: Misc. Admin Expenses:** This line was revised from “Enforcement Supplies” and includes a (\$20) expense for Chemicals and Monitoring that was incorrectly paid out of the General Fund.

**Line 51: Additional Consulting Fees (Codifiers, etc.):** This expense was added to hire contract help to complete the town ordinances (\$10,000).

**Line 55: Annual Road Repair & Maintenance:** This expense was increased from (\$3500) to (\$4500) to include weed clearing (\$3000) & TopJob cold patching (\$1500).

**Line 56: Additional Contract Services:** This expense increased from (\$0) to (\$1100) to include Chipping (\$1000) and Blue Stakes (\$100).

**Line 57: Contract Service (Snow Removal):** This expense was increased from (\$32,000) to (\$37,200) to reflect SuperDave’s expected contract price.

**Line 58: Supplies - Salt, Sand:** This expense was increased from (\$2800) to (\$3400) to match FY2017 actual expense.

**Line 95a: Water Connect Fee (Direct Deposit):** This line was added to include revenue collected for water connection fees that were not deposited into the Building Fund as part of a building permit application. For FY2017, this includes the Duer fee of \$200.

**Line 99a: Transfer from General Fund for water overages collected through assessments:** This line was deleted in order to match the change in Line 25b.

**Lines: 101, 107, 114, 138, 141:** These lines all reference the annual Water Bond Payment. This payment was previously (\$78,678) but in FY2017 it has been reduced to (\$77,732).

**Line 123b: Misc. Water Expenses:** This line was added to include expenses incorrectly paid out of the Water Revenue Fund. In FY2017, this includes a (\$850) expense for Sand & Salt that is normally paid out of the General Fund.

This completes the description of changes for Rev10 of the FY2018 budget.

## FY2018 Adopted Budget (Rev 11) Notes

The following is a list of changes made at the 8/7/17 Public Hearing, and adopted at the Town Council meeting immediately following:

**Line 55: Annual Road Repair & Maintenance:** This expense line was increased from (\$4500) to (\$7500) and approved by the council. The additional (\$3000) is the estimated cost to clear weeds from the roadway shoulders in the spring of 2018. Included in the original (\$4500) was the Amigo properties bill for (\$3000) for clearing in June 2017. The town was not billed in time to pay for this expense in FY2017, and so it will be carried over to FY2018.

**Line 126: Pump Replacements, Telemetry System Upgrades:** This expense line was increased from (\$6,187) to (\$8400). The additional expense includes the bill for the initial repair work (\$1206.36) and the well sounding upgrade, approximately (\$1000).