

UTAH LEAGUE OF CITIES & TOWNS
BOARD OF DIRECTORS MEETING
50 S 600 E, SUITE 150, SALT LAKE CITY, UT 84102 & VIA ZOOM
FRIDAY, MAY 3, 2019 @ 2:00 PM

1. Welcome and Introductions – Mayor Jon Pike, ULCT President

2. Clarification of Adoption of FY 2020 Dues Rate – Mayor Jon Pike, ULCT President

ACTION: Review & Approval of FY 2020 Dues Rate

HANDOUTS: Dues Comparison FY 2020

FY 2020 Dues Calculation Update

3. Adjourn



Date: April 30, 2019

To: ULCT Board of Directors

From: Cameron Diehl and Nick Jarvis

RE: Fiscal Year 2020 dues formula

While creating invoices based on the dues rates you adopted at the board meeting last Wednesday, Nick realized that the projections we provided to you were inaccurate. He notified me immediately and we have spoken with Dave Church and the Executive Board about remedies. This memo articulates the mistake, the potential difference in revenue from the mistake, and next steps for the board to consider in the conference call on Friday, May 3 at 2:00 pm.

What happened:

As a reminder, the ULCT dues formula consists of applying a rate to the assessed value of property, sales tax revenues, and population of each city or town. We presented three rates to you last Wednesday which you approved. We also presented projections based on the rates that we expected would generate an additional \$56,467 in revenue or an increase in dues of 3.21%. Those projections were based on the 2016 assessed property values instead of 2017 assessed property values. North Logan Mayor Damon Cann’s motion was to maintain the current trio of rates which would result in the aforementioned natural increase of 3.21% in revenue, consider moving the dues discussion up in the ULCT calendar, and discuss at a future meeting the appropriate amount of fund balance.

Potential differences:

If the rates had been applied to the 2017 assessed property values, then the rates would generate an additional \$116,886 in revenue over FY 2019 or an increase in dues of 6.64% year over year. The difference between the projections we presented last week and what the rates would generate based on the 2017 assessed property values is \$60,418.

	FY 2019 Dues	FY 2020 Dues	% Change	\$ Change
4/24 Board expectation using 2016 data	\$1,759,890	\$1,816,357	3.21%	\$56,467
Corrected Property Values (2017)	\$1,759,890	\$1,876,775	6.64%	\$116,886

FY 2020 Dues	4/24 Expectation	Corrected Values	% Change	\$ Change
Gap between Expectation & Update	\$1,816,357	\$1,876,775	3.33%	\$60,418

Our governing documents (constitution, bylaws, or internal policies) are silent about the exact years of data to use to calculate the dues. The rates and factors have been based on previous Board action and maintained for as long as our historic record exists. Therefore, 2016 assessed property values could be used for both the fiscal year 2019 calculation and for the fiscal year 2020 calculation.



Paths forward:

In the Friday conference call, we recommend the board ratify one of the following two actions to clarify the FY 2020 dues formula:

- 1) Sustain the vote to maintain the rates and apply the most recent years of data rather than the projections that we presented on April 24.
 - a. This would generate \$116,886 in new revenue, which would be an increase of 6.64% over FY 2019
- 2) Clarify that the April 24 vote on dues was with the expectation of what the projections showed and instruct staff to use the FY 2016 assessed property value.
 - a. This would generate \$56,467 in new revenue, which would be an increase of 3.21% over FY 2019
 - b. This would also mean that the FY 2021 dues would then jump from FY 2016 assessed valuation of property to FY 2018 assessed valuation of property

We apologize for the mistake and regret the inconvenience that we have caused. We have not distributed invoices and will not distribute them until we receive clarification from the board on the path forward. We have prepared invoices for both paths forward so that we are ready to print and send immediately upon receiving board clarification.

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