

PERRY CITY COUNCIL
MEETING PERRY CITY OFFICES
August, 11 2022

8:31 PM

OFFICIALS PRESENT: Mayor Kevin Jeppsen presided and conducted the meeting. Council Member Nathan Tueller, Council Member Toby Wright, Council Member Blake Ostler, Council Member Dave Walker and Council Member Ashley Young

OFFICIALS ABSENT: None

CITY STAFF PRESENT: Shanna Johnson, City Recorder
Scott Hancey, Chief of Police
Bill Morris, City Attorney

OTHERS PRESENT: None

ON-LINE PARTICIPANTS: Anna Ostler, Melanie Barnhill, Jake Andrew, Jason Garn
Doyle (last name unknown), Lewis (full name unknown)

ITEM 1: CALL TO ORDER

Mayor Jeppsen called the City Council meeting to order.

ITEM 2: PROCEDURAL ISSUES

- A. Conflict of Interest Declaration**
None.

ITEM 3: Action Items (Roll Call Vote)

- A. Resolution 2022-14 Heather Ridge Estates Final Acceptance of Improvements and Escrow Release**

City Attorney Bill Morris explained he wrote this resolution because it is required in the city code. He mentioned that other cities have moved to have this action done administratively but at this time Perry City code requires it to go to the City Council. He said what is needed for escrow releases is an approval letter from the city engineer, which was included in the city council packet. This letter states that the city engineer has reviewed all the improvements included in the subdivision and indicates that we are okay to release the \$84,032.31. It also requires that the developers file a written request for Inspection of Improvements and release of escrow. He said it is his understanding that the developers for Heather Ridge Estates Subdivision had already submitted this written request. He advised that based on the recommendation of the city engineer he put together Resolution 2022-14, which authorizes the release of the escrow funds, since the subdivision is complete.

Council Member Ostler noticed a typo in the second whereas clause. He said it refers to "Health" Ridge Estates and should be edited to "Heather" Ridge Estates. He asked for the wording in Section 1 be revised from stating, "The city council has reviewed the written request to release funds" to say, "the City Council has reviewed the inspection report made by the city," or something to that effect. Mr. Morris suggested it read, "The City Council has reviewed the recommendation made by the City Engineer" Council Member Oster agreed with Mr. Morris' suggested language. Council Member Oster also agreed with Mr. Morris' suggestion that this type of request could be an administrative function and suggested the City Council update the code to change this process.

Council Member Tueller commented that he was glad this came before the City Council because in the past there have been issues. However as the codes improve through updates he said he feels this should be changed to be an administrative action.

MOTION: Council Member Tueller made a motion to approve Resolution 2022-14 Heather Ridge Estates Final Acceptance of Improvements and Escrow Release based on review of the City Engineer's recommendation and pending the changes that were stated in Section 1. Council Member Walker seconded the motion.

ROLL CALL: Council Member Wright, Yes
Council Member Tueller, Yes
Council Member Walker, Yes
Council Member Young, Yes
Council Member Ostler, Yes

Motion Approved. 5 Yes, 0 No

ITEM 4: DISCUSSION ITEM

A. Resolution 2022-15 Adopting a Final Tax Rate and Budget for Fiscal Year 2023

Council Member Walker said that as he looked at his tax bill and the second highest percent increase is the proposed tax rate in Perry. His tax bill showed a 26.2 percent increase. He stated that he personally feels maintaining the tax rate was too high. He expressed appreciation for the previous council and staff who have built up the General Fund Reserve and feels the reserve was made for times like this, and the council should allow the city to eat in to that reserve. He proposed a 5 percent increase of the certified tax rate (CTR), which will be a 0.00182 rate. The Mayor asked how that rate compares to the mid-point rate that has been considered. Council Member Walker said it would be about halfway between the certified tax rate and the mid-range.

Council Member Tueller acknowledged the efforts they have made to educate people but noted that some people will not see these efforts because they will not look for it. He said the council is not purposely making it difficult for the citizens to get information. Many of the comments from the people in the public meeting came from miss-information. He mentioned that the presentation that Ms. Johnson did in the beginning of the meeting helped with answering many of the public's questions. Yet he feels that maybe they needed to have discussions with the people to address some of the incorrect comments made in the public hearing. He indicated that he was surprised that more people did not call and personally discuss the tax rate increase with him. He stated there needed to be more community communication and he was glad the people expressed themselves at the public hearing. He said the city has built the General Fund balance for the past six years. We have pulled the trigger on purchasing the Lodge as the new city hall, which he feels we still have immense support from the community, with only a very small percentage that are not in support of this. He indicated that he wished the previous city council members would have done incremental tax increases in the past. He recognized the vision of the city and the revenue that can come from a business standpoint. He can see the city working through these tough times. He said he loves when people call him and talk to him one on one or come to city offices to get the city budget explained. He expressed appreciation for the community and the information shared.

Ms. Johnson did some calculations and circled back to the proposed percentage changes requested by Council Member Walker. She said that at the 5 percent tax increase it would cost approximately \$72,000 of the unrestricted fund balance (which are funds that can be used in the event of an

emergency, for grant matches, etc.) to be used. She said maintaining the current tax rate would leave approximately 22% of unrestricted fund balance. She advised that if the mid-level rate was approved, 20% of the fund balance would remain and if the certified tax rate was approved, 18% of unrestricted fund balance would remain. Council Member Walker said he felt what he was proposing would eat into about 1.3% of the fund balance and he felt that was okay. Ms. Johnson guessed that it would leave 19% of unrestricted fund balance.

Council Member Young said she is conflicted; she has talked to people who would rather see the tax rate increase now instead of doubling next year. She noted that South Salt Lake has not increased taxes in 16 years and theirs is going up 110%. She stated that she understands that nobody wants to raise taxes but going eight years without increasing taxes is how we will get in trouble. She said she is not closing the door on the mid-level range but was concerned if the city goes with the mid-range tax increase that they might be worse off next year. She reminded the council that they have already made budget cuts and the people would rather pay the increased tax amount this year than go into the negative.

Council Member Tueller remarked that the city has increased the road budget from \$250,000 since he first became a council member. Council Member Wright said there was a comment that the city may receive road grants, which the city has received millions in grants. Council Member Tueller noted that these funds have been used for new roads. Ms. Johnson said that they have received around \$6 million in grant funds. He said there were several neighborhood traffic streets that still needed chip and seal maintenance and all this caused our budget to be increased. He liked the public comment of reflection on what kind of city do we want. He indicated that city council was following the master plan put in place several years ago, but improvements take time.

Council Member Young said that difference is that many people are financially hurting right now. She mentioned that people aren't receiving any governmental stimulus or child tax credit that they received last year and people are hurt and worried.

Council Member Wright commented that we actually received more in our wages than in prior years and he cannot imagine that everybody is not receiving increased wages as well. He said that some citizens have said to take care of what we have now and don't get more. Also, to manage what we have and that was what will make the city better. He appreciated the comments the public gave.

Mayor Jeppsen said he was sad to hear that some people do not think the city was doing anything with anything. He felt there was not enough communication and visibility with everything that has been going on. Ms. Johnson said that perhaps the city staff can give a published report on what has been accomplished in the city. Council Member Wright suggested that the council go out and do a blitz with the public to talk about what the city was doing. Ms. Johnson said that they could publish updates in the newsletter and create social media posts about current events or give updates on what the city had done that month or at the end of the year.

Council Member Tueller mentioned the city has taken an extreme frugal approach and it still did not satisfy the people. Council Member Walker said he saw a comment that the city needed to run on a shoestring budget. He said that was fine until there was not any water because the city was not able to maintain the water lines, or we do not have streets. The city will receive criticism no matter

what tax decision is selected. Council Member Tueller said the city was now in a strong financial position to take action or be preventative when needed. He remarked that for the last few years there were many things that came together to help the city to get into that position.

Ms. Johnson mentioned that what she has been taught about government was that the council was supposed to operate at the helicopter point of view. She said that the council was making decisions knowing the big picture. Yet, the people react and make comments about only one decision without knowing the whole process. She feels this was what happened with the Lodge. People are feeling the frustration now but it this was a cost saving opportunity for the city. She pointed out that the current city office cannot be used long-term. She noted that the city building is outdated and we have had an OSHA inspector say that the city needed a new building after finding many safety issues needing addressed.

Referring to the property tax rate Ms. Johnson said the council does have options they may consider and that there was not a bad decision. She said if they choose the certified tax rate it would not be a bad decision but it would deplete a lot of the city savings. However, if there was a huge recession then it would be a bad decision. If that happened then the city would be hit most in the building fees and sales taxes and we may end up back where the city was in 2008. This was when people felt the burdens of the economy worse than they are today. She said by approving the tentative tax rate (mid-level), the city will use minimal fund balance and will have money to help in a recession. The choice of maintaining the rate is not a bad decision because it may set the city up perfectly in a recession and we can continue to complete the projects that are needed. She again expressed that there was not a bad decision; it is what feels right for the public and what feels right for you as the council who represents them.

Mayor Jeppsen said there is one definite business confident decision and that was to maintain the path and anything other than that is a political decision based on the current times. He reviewed the potential loss in the General Fund with the different tax rate amounts. He said that the council knows what the options are and that the council members should have an idea of what they want to support.

Council Member Ostler said he wondered if it will get worse or get better. He was concerned about a recession and how long the city can sustain utilizing the Fund balance. He was also apprehensive to use the city savings to fund on-going expenses. Ms. Johnson expressed that if we were using the fund balance to fund wages she would be concerned but there are projects that have been carried over from last fiscal year, so if you use \$60,000 in fund balance it would be used on the projects that carried forward. She agreed with his concerns regarding a recession and said the city needs to be careful. She said her recommendation would not be the certified tax rate, but a rate higher than that and felt the mid-range or maintaining the tax rate would work the best if we had a recession. Council Member Ostler said he just wanted to be cautious about funding the reoccurring expenses out of a savings account (General Fund Balance). Council Member Wright said Council Member Ostler's points were valid because next year the city will be faced with the same decisions and perhaps these cost might double from the previous year. He noted that the city fund balance could drop even more to the point we cannot even cover emergency costs. Council Member Ostler commented that we are in an interesting situation, the state unemployment rate was at 2 percent

right now, which indicates that people are working, but maybe the people are just not making enough money.

Council Member Ostler wanted to express his opinion that city communication should not be for image sake but to foster a culture that helps us get together with the community to solve issues. He said he gets calls for all kinds of things that occur in the city that he does not know about or even how to respond to the caller. Council Member Wright responded that Council Member Ostler might not know the answer but he does know what to do about it or from who to get the answer and information. Council Member Tueller commented that typically we look at the federal level (they are the experts) for the answers. He liked that people in the city will call and voice their opinion on how to improve the city. Ms. Johnson appreciated these types of meeting when the public gets involved. In regards to a comment from the public hearing, she said that each year Public Works drives around the city streets with our city engineer and comes up with a road improvement plan and schedule. So perhaps the council members can get that information back to the citizens and let them know where their road is on the schedule. She also said there are times we have to say no to what the citizen might want at that time, but she suggested to focus on what the city can do for them and when it can be done; providing a positive response and action. She said that she is confident that the road issues noted are on a list of future repairs.

Council Member Walker said he talked to Tyler in Public Works and found that recently they have had many unexpected water line breaks that have caused other projects to be delayed.

Mayor Jeppsen remarked that the low unemployment rate percent might be skewed with the fact that many people who were close to retirement took an early retirement and did not take compensation. Ms. Johnson commented that she went to a compensation conference that day and learned that there was a nationwide shortage of workers, which was a driving force to the wage increase.

Council Member Ostler asked for an extended matrix of the tax rate options. Ms. Johnson said that she would be able to create this table and have it available for the council at the next meeting. She mentioned that they have tried to focus on two resolutions that they can either approve the proposed rate or select a lower rate and alter the resolution as needed. She indicated she would not make budget cuts based on their tax rate decision, but would adjust the fund balance based on what the council approves. Council Member Wright also expressed a desire to see a table showing the rate options and how they affect the fund balance.

Ms. Johnson confirmed what to include on the requested table. She noted that the unrestricted fund balance was not only used for emergencies but for grant money. She explained that per state law, the minimum the city must have in unrestricted fund balance is 5% and they can have a maximum of 35%. She said that the council has been to conferences encouraging municipalities to build up their emergency savings. Council Member Tueller agreed with building up the emergency fund, which can be used if an earthquake or flood happened for an example. Council Member Walker stated he feels that this year (referring to the economy) should be looked at as if it was a small emergency. He encouraged the city council to use a little of the fund balance (5-8%) this year. However, he said they shouldn't use the Fund balance year after year. Then next year the council will re-evaluate the Fund balance and tax rate.

Council Member Ostler commented that the proper percentage of unrestricted fund balance has always been an interesting balance with having the right amount of money for city operations vs. idle tax dollars. He said he thought the tax cap in the past was 25 percent. Ms. Johnson confirmed this percentage stating it later was increased to 35 percent. She said that in this city there was always a need (infrastructure) and a lot to be done. She said she felt the mid-level tax rate option of 12 percent will work for this year but wanted the council to tell her what percentage they would like to present at the next meeting. The council decided to have her show the following increases over the certified tax rate in the tax rate table: 5%, 9%, 12.2%, 18% and Maintaining the tax rate; they also asked her to show how each effects fund balance.

Council Member Wright stated he still supports staying the course. He said we made a plan a few years ago to accomplish certain goals. He said that there is nothing wrong with staying the course because we have given the citizens much more than they expected, even though in their minds they are not seeing it. He said the council needs to work on making that information more visible. Council Member Walker asked the seasoned council members what “stay the course” means. It was explained that it meant maintaining the same tax rate for a number of years. This process is to build up reserves for capital projects and to set the city up for the future. Council Member Young asked how many years the rate has been maintained and how much revenue has increased. Council Member Tueller said the rate has been maintained for two years. It was noted that it provided \$70,000 the first year and an additional \$133,000 the second year. Council Member Young pointed out that the amount of tax revenue projected this year is crazy as it is much higher than we were planning (due to the unpredicted increase in home values).

Ms. Johnson stated that the plan to maintain the property tax rate was away to tackle infrastructure projects that were not being addressed, the biggest driver was roads. The engineer did a study, provided a road maintenance plan and stated we have to start generating revenue to address problems or go back to dirt roads. He suggested transportation utility fee. It was decided by the council to address the needs in a different way. Council Member Tueller said the projected maintenance cost was \$2.5M, just to get the street maintenance where it needed to be. Ms. Johnson added that maintaining the tax rate was a workable idea of collecting money for capital improvements without bonding and implementing a utility rate to pay for the bond. She noted that it didn’t cover all the capital needs and the city financial situation is better but it’s not great or perfect.

The council discussed needed park improvements. Council Member Walker noted that Anderson Park needed new park equipment as it is faded and cracked.

Mayor Jeppsen turned the conversation to where the taxes were delegated. He mentioned that Perry City provides the majority of services, yet the majority of the increase to citizens is going to other entities that really are not providing any services on a daily basis.

Ms. Johnson remarked that even if you cut the Perry City property tax rate in half, the tax bill will still go up due to a major commercial operation that is no longer operating in the county, which was a huge taxpayer, so now the tax burden is being passed onto the homeowner.

Council Member Walker said in the long-term Perry needs to bring more commercial businesses in the city. Then we can focus less on maintaining the tax rate and more on how to bring in commercial revenue for the tax base. He was concerned that if the city was built out with homes and not any businesses at the same time it would create a tax burden for residents. Council Member Tueller commented that the city master plan does layout prime business property, but the city needs the population before the big commercial businesses would come. He said we need to figure a way to attract small businesses instead. Then if we stay the course, are steady, and look for ways to get businesses to come in, the city will be the premier city in Box Elder County. He said we need to focus on building the community right and creating a good balance in regards to city life. They discussed creating a committee for economic business development in the city.

Council Member Walker suggested that the “whereas” statements be amended in the resolution option for a lower tax rate. He feels that the language needs to be changed to better explain the reason for adopting a lower tax rate, which would be to balance the needs of the citizen. Ms. Johnson said that she will make the change and submit it to the council members to accept the wording and then the percentage notation will be added after the council member’s final approval.

ITEM 6: MINUTES & COUNCIL/MAYOR REPORTS (INCLUDING COUNCIL ASSIGNMENTS)

A. Approval of Consent Items

- July 28, 2022 City Council Work Session Minutes
- July 28, 2022 City Council Meeting Minutes

Earlier in the week Council Member Ostler requested from Ms. Johnson to make a change of language from the work session. It was when he was talking about the zero percent increase in revenue based off the certified tax rate (lines 72-74). It was not worded clear so they clarified it. Then other corrections done were from miss spelled words and/or grammatical error. These correction didn’t change the content of the meeting.

MOTION: Council Member Wright made a motion to approve of consent items with the changes listed. Council Member Young seconded the motion.

Motion Approved. All Council Members were in favor.

B. Mayor’s Reports

Mayor Jeppsen said he did not have anything to report.

C. Council Reports

Council Member Young – none.

Council Member Walker mentioned the upcoming September 11 service day. He asked if they had discussed how the city would support that day as a service day. He said that in Box Elder County and Brigham city was to do something the following week because of Peach Days. He indicated that he was not sure if the city was going to be assigned something or had to come up with an idea. He said that removing the weeds in the parks was a good place to start. He will follow up on this.

Council Member Ostler – none.

Council Member Wright- none.

Council Member Tueller – none.

D. Staff Comments

Chief Hancey – none.

E. Planning Commission Report

None.

ITEM 7: EXECUTIVE SESSION

None.

ITEM 8: ADJOURNMENT

MOTION: Council Member Walker proposed to adjourn the meeting. Council Member Tueller seconded the motion.

Motion Approved. All Council Members were in favor.

The meeting adjourned at 9:47 p.m.

Shanna Johnson, City Recorder

Kevin Jeppsen, Mayor

Anita Nicholas, Deputy Recorder