

PERRY CITY COUNCIL
MEETING PERRY CITY OFFICES
January 12, 2023

7:00 PM

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

OFFICIALS ABSENT:

CITY STAFF PRESENT: Robert Barnhill, City Administrator
Zach Allen, Public Works Director
Scott Hancey, Chief of Police (On-line)
Bill Morris, City Attorney
Shanna Johnson, City Recorder

OTHERS PRESENT: David Rogers (Davis & Bott), Michael Kitchens

ON-LINE: Melanie Barnhill, Nelson Phillips (BENJ)

ITEM 1: CALL TO ORDER

Mayor Jeppsen welcomed everyone and called the City Council meeting to order.

ITEM 2: PROCEDURAL ISSUES

A. Conflict of Interest Declaration

None

ITEM 3: PRESENTATION

A. Fiscal Year 2022 Audited Financials

David Rogers from Davis & Bott, CPA presented the financial statements for fiscal year 2022. He noted that he previously gave the council a physical copy of the Financial Statements and a pdf version was provided to them a few days prior and the report covers through June 30, 2022.

Mr. Rogers began his presentation by pointing out a few highlights of the year from the report. He started on page 6 with the Statement of Net Position (or the balance sheet) explaining that the total unrestricted balance or net position of \$7.2 million are the assets available to the City to use or run the city. He stated the \$7.2M is a combination of unrestricted assets within the Governmental Funds and all Proprietary Funds.

Mr. Roger's directed the council to page 7, which covered the Change in Net Position (or the profit and loss statement). He first reviewed the Governmental Activities, on page 7, stating Taxes went up from \$2.9M to \$3.3M noting the majority of the increase was from Mass Transit tax (45K), Property Tax (\$150K) and Sales Tax (at about \$150K). He stated that Other Revenues are up quite a bit due the property sales at Point Perry. He said Operating Grants and Contributions went up about \$50K, explaining that 2021 included CARES Act money and the 2022 amount reflects ARPA funding

and a contribution from the County. He reported that Capital Grants and Contributions went down because in the prior year we had received UDOT grant money for the 1200 West South project. He continued explaining the details of the Change in Net Position of the financial statement reviewing expenses. He said the Administration expenses were down, last year included CARES Act expenses that are not in the current year. He said the other big change was in streets, which again reflects the 1200 West South Project grant that were expended in 2021. Mr. Rogers noted that there was a transfer from the General fund to the Utility Fund of \$310,552; he explained that this is ARPA money that will be used for a water project.

Mr. Rogers reviewed the Business Type activity noting that charges for services went up a little bit, grant income went up Capital Grants and Contributions included impact fees and donations of infrastructure from sub-developers. He reviewed utility expenses stating that the water expenses were slightly up and the sewer was about the same.

Mr. Rogers noted that there is a new lease standard that was implemented this year, which is reflected in the adjustment to beginning net position listed at the bottom of page 7. He directed the council to page 35, note 2, which explains the adjustment. He said you can see the effect of the new lease standard on pages 42-43.

Mr. Rogers explained in the past most of the leases were already shown as capital assets and we would take depreciation. Under the new standard, we book leases as a different type of asset and take amortization. He said this report shows the amount of that amortization expense, which indicates that the total lease expense was \$74,000 (see page 42) and if you review page 43 you can see the new lease asset that is listed on the balance sheet. He reviewed this section stating that at the beginning of the year there was about \$167,000 in leased vehicles, with new additions of \$132,000, and amortization of (\$65,864) which equates to the net amount of the lease liability of \$189,519 with \$79,723 due in one year.

Mr. Rogers expounded more on the funds from the property sale and said they were broken down on page 18 with the Debt Service and RDA accounts. He said in prior years Pointe Perry has been a hybrid fund that has been reported within the Debt Service fund. The debt owed has been paid off for improvements at Pointe Perry and the Debt Service Fund now will be used for the City Hall Bond. Because of this, a new fund called "Special Revenue RDA," has been created and holds Pointe Perry land (assets) and property tax increment that has not been reimbursed to the general fund.

Council Member Ostler asked if the Debt Service Fund will receive any income and Mr. Rogers said only a transfer from the General Fund to make the debt payment (for the new city hall). Council Member Ostler asked if the lease from the building tenant would book into the Debt Service Fund. Mr. Rogers said no that would be accounted for in the General Fund. He explained the only thing that should be in the Debt Service Fund is the payments coming in and the principal and interest paid to the Bond.

In conclusion, Mr. Rogers pointed out page 54, which is a new section this year that breaks out the balance sheet for the Utility Enterprise Funds and now shows a balance sheet by type of each utility (water, garbage and storm drain) This is an improvement to the report that was requested by the council. He noted this change was only for reporting purposes and not a requirement.

Chuck Palmer from Christensen, Palmer & Ambrose wasn't available so Mr. Rogers also gave the audit report. He reviewed the opinions of the auditor, which breaks out all funds. He said all

opinions are unmodified except for one, which shows a disclaimer only on the Aggregate Discretely Presented component Units. He explained this is referring to the Box Elder County & Perry Flood Control Board, which they did not audit as part of this audit report. Council Member Ostler clarified that the Box Elder County & Perry Flood Board is not required to get an audit because of its size; Mr. Rogers confirmed that this was true. Council Member Ostler asked why the disclaimer is necessary. Mr. Rogers advised that this is not a ding or something bad, but explained this was listed as a separate entity because the City is required to show the entity as part of their financial statement, but it is not required to be audited. He said the disclaimer reflects that this is not audited and there is a paragraph in the letter regarding the disclaimer that explains this.

Mr. Rogers directed the council to page 65 of the financial statement, which shows the Independent Auditor's Report on Financial Control. He said they look at internal control for the purpose of figuring out what to audit and if there were any significant deficiencies or material weaknesses in internal controls, they would present them here and explain what they are. Mr. Rogers stated that there were not any findings on Internal Control. He moved to page 66, which is the State Compliance Report. It reviews items that are required by the State to be audited for the year. He said some things are only looked at every 3 years. The items audited are listed on this report and everything they looked at was in compliance. He said overall this is a very clean report and Perry City complied in all material respects and requirements of this audit guide and is in compliance with State law.

ITEM 4: ACTION ITEMS (Roll Call Vote)

A. Motion to Accept the Fiscal Year 2022 Audited Financials

Mayor Jeppsen asked if there were any questions or if the council was ready to make a motion. Council Member Ostler said he didn't have time to review the audit report and wasn't ready to give his vote. Council Member Walker asked what the impact is if they were to table this. Ms. Johnson said they can submit this without the motion to accept. She noted that the audited financials are presented to the council for their review and this motion is just to show that they were provided to the council. She said they do want their input. However, the city was past the deadline to submit and the grace period to avoid penalty was almost over.

City Attorney, Bill Morris stated that the audited financials may be submitted now and this action item was only a technicality showing that the reports were presented to the council. He said since they cannot change the content of the reports the motion will be to accept only to show that the council was able to see the reports. He advised that Ms. Johnson would need to post notice that these are available for public review.

Mr. Rogers said that any changes would just be clerical. Ms. Johnson said if they do need to make a major change they may submit a corrected statement at a later time.

MOTION: Council Member Tueller made a motion to accept the Fiscal Year 2022 Audited Financial presentation. Council Member Wright seconded the motion.

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

Council Member Tueller, Yes

Motion Approved. 5 Yes, 0 No

B. Resolution 2023-01 Amending the Contract with Econo Waste Inc. for Solid Waste Disposal

Mayor Jeppsen said the proposal received from Econo Waste was given to the council for their review and was open for discussion. Mr. Barnhill explained that twice Perry City has done amendments to allow an increase to the costs for increased fees which were outside of Econo Waste's controls. He pointed out that our contract with them states that fuel and other increases are negotiated only by contract amendment and this was what Econo Waste presented to us. He noted that this proposed increase would cause the city to pay more per can than what the city charges the customer for garbage service. He mentioned he did some research on diesel gas prices and spoke to the owner of Econo Waste about their rates. He said he feels the amounts in their proposal are justifiable and pointed out that they do allow a reduction in cost if the prices go down. Council Member Ostler said he researched diesel gas prices and in 2020 when the city went into contract with Econo Waste diesel prices were low. Council Member Wright asked if the increase will fluctuate monthly. Mr. Barnhill said the city will need to set a fixed price and if needed the city might need to absorb the fluctuating costs. Ms. Johnson said Econo Waste has increased each garbage can by \$0.69 since our contract began while the city hasn't raised their rate to the customer. Council Member Tueller pointed out that the two amendments with Econo Waste were caused by increases at Box Elder Landfill and diesel gas prices. They discussed that they don't have all the information to decide how much the diesel gas price affects Econo Waste's operations to know if the proposed increases are fair and reasonable. Council Member Young commented that a raise in rates for the customers might reduce the number of cans they have.

Mayor Jeppsen asked for a public comment from Michael Kitchens who wasn't a Perry City resident but in attendance at the meeting. Mr. Kitchen said before they tax the citizens they should find out what makes up these increased costs from Econo Waste. Mr. Morris said he has seen these amendments with his other clients and they all seem about the same. Public Works Director, Zach Allen mentioned that perhaps Econo Waste was trying to recoup their losses from the recent fluctuation (upsurge) in operating cost.

Council Member Walker said he feels they should not increase the cost to the citizens but have the city absorb it from other funds. Ms. Johnson said the only fund they may pull from would be the utility fund. She reminded them that they recently raised the storm drain and water fees but not at the rate recommended by the engineer. She said she analyzed the proposed fee changes from Econo Waste and found with the \$1.32 increase the breakeven point for the city will be an additional \$0.75 of the current rate per can. Then if the city wants to collect administration fees she suggested an increase of \$1.75 for the first can and \$1.00 for the second can. She noted that the city doesn't have a lot of extra funds in the other utility account to help cover the additional costs. Council Member Ostler and Walker again expressed their concerns on increasing the garbage fees for the citizens. They both felt the city should defer or absorb part of the fee for a time. Mr. Barnhill did a quick review and estimated that at \$1.00 subsidize per can the city would lose approximately \$20,000 per year.

Council Member Tueller stated that costs go up and that city elected officials need to understand they might have to raise fees or taxes to cover the cost of civilization. He noted it is irresponsible for

the council members to not raise taxes for twenty years or so. He said he's glad this Council researches and makes the most minimal increase to cover the cost while providing services to our citizens.

Mayor Jeppsen reminded the council that the budget was done with projects in mind and the fund appropriated for that project was shown in the budget. He said the breakdown in the financial report doesn't mean there is money just sitting in an account and growing it has already been spent on the predetermined projects. He said he also feels the city might be able to absorb the garbage fee increase for a while but will need to come up with a new schedule because there will always be a fluctuation on fuel costs.

Council Member Ostler asked about the wording in the resolution. He said he didn't want it to sound like the city did the analysis and found that the fuel cost were doubling and the CPI increased because those facts came from the provider. Mr. Morris asked if the council members objected to the removal of the third whereas clause in the resolution and there wasn't any objections. They will also change the words "terms" to "the fuel surcharge" in the therefore clause. Council Member Ostler then pointed out there needs to be clarification on the letter from Econo Waste with the increase per resident per container header and mentioned that maybe it should read increase per container per month. They discussed that the analysis and projections that have been created by Econo Waste and how to get more information. Council Member Ostler pointed out that the fees in the first tier are what current gas prices were when the contract was originated. It was discussed that maybe the fees should begin at tier 2 of their proposal. Mr. Barnhill said he would take this to them and negotiate the starting price for the fuel surcharge.

Mayor Jeppsen tabled Resolution 2023-01 Amending the Contract with Econo Waste Inc. for Solid Waste Disposal for counter proposal with no dissent from the council.

Motion was Tabled

ITEM 5: DISCUSSION ITEMS:

A. City Council Retreat

It was decided that the City Council Retreat will be on a Saturday morning, January 28 at 8:00 a. m.

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

A. Approval of Consent Items

- December 08, 2022 City Council Meeting Minutes

MOTION: Council Member Walker made a motion to approve the City Council Meeting Minutes from December 08, 2022. Council Member Young seconded the motion.

Motion Approved. All Council Members were in favor.

A. Mayor's Reports

Mayor Jeppsen said in February Brigham City will be having a fire protection meeting that will present the study regarding a fire district on the south side of Box Elder County. He mentioned that Perry City should look more towards being part of this district. He mentioned that they said the

next fire station to be built will be on the west side of Highway I-15. The date for the meeting will be given soon.

B. Council Reports

None.

C. Staff Comments

Mr. Barnhill said the new city hall bid is out and will have its opening on January 18. He mentioned they should receive the costs for the technical and audio visual systems within the next couple of weeks.

Planning Commission Report

None.

ITEM 7: EXECUTIVE SESSION

MOTION: Council Member Tueller made a motion to close the public session and open the executive session to discuss the purchase, exchange, lease, or sale of real property, and a strategy session regarding pending, or reasonably imminent litigation. Council Member Wight seconded the motion.

Executive Session opened at 8:28 p.m.

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

Motion Approved. 5 Yes, 0 No.

MOTION: Council Member Tueller made a motion at 8:53 p.m. to close the executive session and move back into the regular meeting. Council Member Walker seconded the motion.

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

Motion Approved. 5 Yes, 0 No.

ITEM 8: ADJOURNMENT

MOTION: Council Member Tueller proposed to adjourn the meeting.

Motion Approved. All Council Members were in favor.

The meeting adjourned at 8:54 p.m.

Shanna Johnson, City Recorder

Kevin Jeppsen, Mayor

Anita Nicholas, Deputy Recorder

SWORN STATEMENT SUPPORTING CLOSURE OF MEETING

I, the presiding member of the Perry City Council, which met on January 12, 2023.

Appropriate notice was given of the Council's meeting as required by ' 52-4-202.

A quorum of the Council was present at the meeting and voted by at least a two-thirds vote, as detailed in the minutes of the open meeting, to close a portion of the meeting to discuss the following:

- ☐ ' 52-4-205(1)(a) regarding the character, professional competence, or physical or mental health of an individual
- ☐ ' 52-4-205(1)(b) regarding strategy sessions to discuss collective bargaining
- ☒ ' 52-4-205(1)(c) regarding strategy regarding pending or reasonably imminent litigation
- ☒ ' 52-4-205(1)(d) regarding strategy sessions to discuss the purchase, exchange, or lease of real property
- ☐ ' 52-4-205(1)(e) regarding strategy sessions to discuss the sale of real property
- ☐ ' 52-4-205(1)(f) regarding deployment of security personnel, devices, or systems
- ☐ ' 52-4-205(1)(g) regarding investigative proceedings regarding allegations of criminal misconduct

The content of the closed portion of the Council meeting was restricted to a discussion of the matter(s) for which the meeting was closed.

With regard to the closed meeting, the following was publicly announced and recorded, and entered on the minutes of the open meeting at which the closed meeting was approved:

- (a) the reason or reasons for holding the closed meeting;
- (b) the location where the closed meeting will be held; and
- (c) the vote of each member of the public body either for or against the motion to hold the closed meeting.

The recording and any minutes of the closed meeting will include:

- (d) the date, time, and place of the meeting;
- (e) the names of members present and absent; and
- (f) the names of all others present except where such disclosure would infringe on the confidentiality necessary to fulfill the original purpose of closing the meeting.

Pursuant to ' 52-4-206(5), a sworn statement is required to close a meeting under ' 52-4-205(1)(a) or ' 52-4-205(1)(f), but a record by tape recording or detailed minutes is not required:

- ☐ A record was not made.
- ☒ A record was made by: ☒ Audio recording ☐ Detailed written minutes

Pursuant to ' 52-4-206(1), a recording is required for a meeting closed under ' 52-4-205(1)(b), 52-4-205(1)(c), ' 52-4-205(1)(d), ' 52-4-205(1)(e), and ' 52-4-205(1)(g) was made:

- ☐ Detailed written minutes of the content of a closed meeting although not required, are permitted and were kept of the meeting.

I hereby swear or affirm under penalty of perjury that the above information is true and correct to the best of my knowledge.



Presiding Member

1-18-23

Date of Signature

ATTEST:



City Recorder

01/18/2023

Date of Signature