

PERRY CITY WORK SESSION
PERRY CITY OFFICES
July 28, 2022

6:00 PM

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

OFFICIALS ABSENT: Council Member Dave Walker

CITY STAFF PRESENT: Robert Barnhill, City Administrator; Shanna Johnson, City Recorder; Scott Hancey, Chief of Police; Jeremy Godfrey, Patrol Officer; Tyler Wagstaff, Public Works Director

OTHERS PRESENT: Nelson Phillips (BENJ)

ITEM 1: Welcome to Order and Welcome

Mayor Jeppsen welcomed everyone and called the meeting to order.

ITEM 2: Fiscal Year 2022-2023 Budget Planning

Ms. Johnson said they need to discuss the tax rate in preparation for the August 11, tax rate public hearing. She presented recent budget updates so the council had the information and will have time to review it to make the best choice for the proposed tax increase. The revisions to the budget were the following:

Police Compensation changes -

- Increases to meet area market & remain competitive
- Removal of 8th office
- Savings = \$76,266

Proposal to move 100% of side by side (ATV) to Sewer Fund

- Reduces General Fund budget by \$9,000 (but put \$20,000 into the Sewer Fund)

Total Reduction = \$85,266

She noted that with these budget changes, there were also a couple of budget requests, such as:

Budget Request -

- 520 overtime hours to be added to Police Compensation = \$23,077
- Tenure awards (All staff receive \$100 each 5 yr. milestone up to \$500) = \$2,000

Total new requests = \$25,077

Mr. Barnhill asked if the police overtime hours in this request was for the current staff only. Chief Hancey replied, yes, that it was for current staff. Council Member Wright asked if the savings in the police department would be reduced due to the overtime budget request. Ms. Johnson said, yes, if the council approved these budget changes the police department's overall saving would be approximately \$53k. Mr. Barnhill asked if meeting the market increases for the employees had

already been implemented. Ms. Johnson said, yes, that they used their current budget that was approved provisionally and talked to the Mayor and council members about the changes, which they agreed at that point to do them. Now the council has the option to approve the police department overtime or not. She commented that if this does not get approved and there is not enough money in the overtime budget there will be a gap in city police coverage. Mr. Barnhill said with meeting the market that hopefully the current police officers can have a good work and home life balance. And hopefully they do not get burned out in overtime hours.

Council Member Ostler asked for clarification on the tenure monetary awards. For example, as he understands if an employee had his ten-year anniversary working for the city, he will receive \$200. Ms. Johnson agreed.

Ms. Johnson said that the tax notices have been published and was wondering if the council had any feedback regarding the rate. She also asked them what they would like to present in the hearing. Council Member Wright began by saying he received his notice in the mail and he feels as written it was deceiving. The county property tax notice showed the tax rate increased by 25 percent over the tax amount from last year. Ms. Johnson explained why the notice might give that percentage for a property tax change. Property values were assessed at 25% higher, which increases the tax bill when we maintain our rate. She said that Perry City will only see an increase in total revenue of 4.7 percent with the 0.002175 rate. She then reviewed the tax rate options the council will need to decide on. She reiterated that the council wanted to go with the maintaining the property tax rate so the city will receive the increase through the property tax revenue. It is not a huge increase, but she predicts that there will be more public comments because of the inflation they are experiencing in other facets of their lives.

Council Member Ostler said the most difficult part about all of this is that the Certified Tax Rate, absent new growth, is a zero percent increase (in revenue), but yet the expense side of things is up 12%. The expectation to have a zero percent increase in revenue in a time of such inflation is just really difficult. Council Member Wright said that the city cannot just subsidize everything or we will be back where we started and it will not be good. Council Member Tueller pointed out that the city budget effects are similar to family budgets with expenditure going up and so he wants to continue with the budget plan as presented. Ms. Johnson commented that there will be some money carried over from the prior fiscal year (i.e. money for yard improvements not completed in Fiscal Year 2022).

Ms. Johnson said she will present to the public at the tax hearing why the city has been maintaining the tax rate. Noting the reason for maintaining the rate in the past was because the city wanted to focus on progress and there is a cost of progress. She pointed out that in 2021 the project needs were outlined around \$12,000,000 but the new building savings reduced this need to around \$8,200,000. Next, she explained the percent of completed or funded projects over the past few years. She said that she hopes the citizens will see the capital improvements and get a feel for the progress the city is making and realize their money is going places. She advised that current efforts in maintaining the tax rate will increase total revenue by 4.7 percent and help to cover the 12.3 percent in increased expenses the city is experiencing due to 8.7% inflation, 57% higher fuel costs and to remedy a wage and staff crisis being felt throughout the country. She mentioned several planned

projects that will benefit all residents i.e. cemetery, 1200 West improvements, and future trails and trailheads.

Council Member Wright stated that no matter which tax rate option they pick, the city will still be experiencing a 12.3% increase to operational costs. Ms. Johnson said that is the case unless the council makes budget cuts.

Council Member Ostler said that some have alluded to receiving public comment and asked what are we missing, what more do we need to address in this process. He said based on what he has heard some folks are focusing on opportunity costs, stating that they believe that money went to the building instead of roads, which is hard to quantify. However, they are stating that they can't drive on 1200 West without dying, but the city purchased a Taj Mahal city building. Ms. Johnson said that she does not think that the public understands that there is a water project on the west side causing the road issues. She said this project is an improvement, increasing the size of a water line, but it also is development related, which can be frustrating for some. She agreed that these are the comments she is getting as well. The west side has been torn-up with the water improvements, roads are not perfect, yet there is a tax increase. Council Member Ostler expressed he wants to address these comments and asked if there is anything way we can educate the public regarding the tax process and the budget.

Council Member Tueller said the public meeting needs to explain and educate the citizens on the need for tax increases and give transparency of city funds. In example he stated that the city has made a decision to purchase a building for \$3M that three years ago would have cost \$9M to construct. He said he feels that the city can always work to be more efficient, but the city is not frivolously spending money and the staff with council works hard on looking into the details of the budget each year. He said everything at this time is more expensive, projects, energy, etc. and he prefers to see incremental increases in an effort to cover these items. Ms. Johnson said she agrees with these comments and that she and mayor have put together a packet to give to the public to help explain the budget and address their concerns. She also noted that the purpose of the truth in taxation process and public hearing is for the citizens to provide their input before the council makes a final decision on the tax rate.

Council Member Tueller asked if the intent was to have the hearing and then take action in a future meeting. He added that he would like to make an informed final decision at the second council meeting in August after they have a council discussion. Ms. Johnson said she believes that is the feedback that the Mayor was looking for so that we can set up agendas as the council prefers. Council Member Young said she agrees with what has been said about public comments. She noted that a lot of her neighbors are upset and when asked they say they want improvements with taxes cut. She has asked where in the budget they would like to cut (police, roads, etc.) but they do not want to cut anything but their taxes and she is not sure how this is possible.

Mayor Jeppsen said the council may make an action at this meeting or in the second meeting of the month, whichever they prefer. He reiterated the approximate 9 percent inflation, which does not account for the 57 percent increase in energy/fuel. He said he read that over ninety agencies in Utah are doing truth in taxation this year, which is about double from a normal year. What bothers him is whatever the city does will contribute to inflation. He pointed out that the city has tried to stay the

course and when you look at the 12.3% of increased costs compared to the 4% in increased revenue, it is less than one third of the need. He stated that the city didn't do anything for ten plus years and that we cannot recoup those missing funds. He said there are city improvements that are necessary (roads, parks, etc.) and these do not come for free. He agrees with all the comments made we are all concerned for the city and the citizens and we want to continue to move in the right direction and the numbers on paper show (budget) how this is to be done.

Council Member Tueller thinks the council should present the information to the public and ask them what they would do and/or what they want to cut from the budget. Or in other word ask the public to present a better solution if they have it.

Ms. Johnson said she will also present in the public meeting a breakdown of the budget minus the ARPA and mass transit funds. She will show the cuts and savings already done by the council. She mentioned that there are a lot of moving parts to the budget and especially in times of a possible recession. She appreciates that the council looks at all aspects of the budgets as they consider the proposed property tax rate change.

Mayor Jeppsen mentioned that there was another proposal that did not get put on the recent budget revision. He said it was \$20,000 for sewer testing equipment. Ms. Johnson said it will be on the enterprise fund side and is for equipment to test BOD's entering the sewer treatment plant. This specialized equipment will help the city know the degree of organic pollution that each city/business puts into the waste water treatment plant and sewer system. She said it will be a capital improvement and added to the budget before final approval.

ADJOURNMENT

Mayor Jeppsen closed the work session.

The meeting adjourned at 6:57 p.m.

Shanna Johnson, City Recorder

Kevin Jeppsen, Mayor

Anita Nicholas, Deputy Recorder