

PERRY CITY COUNCIL
MEETING PERRY CITY OFFICES
June 08, 2023

7:00 PM

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

OFFICIALS ABSENT: Council Member Nathan Tueller

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

OTHERS PRESENT:

ON-LINE: 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 2022-2023 Budget Amendment

Ms. Johnson provided a combined presentation regarding the proposed Fiscal Year 2024 Budget and proposed Fiscal Year 2023 Budget Amendment. She recognized this was the fourth amendment to the Fiscal Year 2023 budget and briefly commented on the changes in this most recent amendment. She explained that the proposed amendment would adjust general revenues to trend, reduce the use of available cash in the general fund from \$277,377 to \$275,521, and increase the Community Development budget to \$219,000 (see slide 13-14 of the attached Budget Presentation).

B. Fiscal Year 2023-2024 Budget

Ms. Johnson said that each year the city is required to present the annual budget to the public. The council has been having work sessions since April to create and refine the Fiscal Year 2024 budget. She gave an overview and pointed out the timeline for the budget process. She focused on a few principal parts of the Budget Form and said that they will not be planning a tax increase with this budget. Ms. Johnson reviewed revenues and expenditures of \$4,849,565 in the FY2024 General Fund Budget. She explained that the greatest source of revenue comes from taxes and intergovernmental funds. The highest expense categories were within the Police and

Administration Departments along with the planned road projects. She remarked on the planned 1200 W South: North and Central trail capital projects. She pointed out that with all the expenditures the projected Unrestricted Funds still showed a healthy balance of 23%, which was a very good percentage to have.

Ms. Johnson reported that the Utility Fund revenues and expenditures were broken down and shown to be \$1,372,386. She commented that water and garbage rates made up the majority of the revenue. She noted that the garbage service used by the city will change in July. The garbage sales will increase because of a new contract in place. She stated that the City plans to do a garbage rate increase to handle the expenses of a new garbage service contract with Republic Services. She noted that expenses follow the revenue trend with water making up 51% and garbage 35% of the total Utility Fund expenditures. She said they will be using Fund balance of \$123,746 to make up the revenue shortage in the water and storm drain operations. These two funds will be evaluated over the next year to see if their utility rate will need to be adjusted or if these expenses are isolated to system improvements. She reported on the new State of Utah lead and copper rules, requiring cities to test for and replace all lead and copper water lines and advised that this might impact the city water budget in the future.

The next enterprise fund she highlighted was the Sewer Fund and reviewed revenues and expenditures. She explained that sewer sales made up the majority (73%) of the \$1,425,351 revenue. While the wastewater treatment budget of \$1,087,435 (76%) was the greatest expense in this fund. Ms. Johnson said the city has a bond (for the wastewater treatment plant) and the city is required to maintain at least a 125% debt coverage ratio and she noted that we were at 136% and have a healthy Sewer Fund budget.

Ms. Johnson reported that overall, the General Fund Budget decreased by 10%, Utility Fund Budget increased by 25%, Sewer Fund Budget increased by 7% and all budgets combined decreased by 3% compared to the prior year.

Ms. Johnson remarked on a few FY2024 planned General Fund projects that included city streets and parks infrastructure improvements, department vehicles, building maintenance, and police staffing. And then she listed the Enterprise Fund projects that consisted of water capital improvements, a state required study on lead and copper lines, and utility line maintenance and repairs. She said that most of the water capital improvements will be funded through impact fees and grants.

In closing, she presented a budget progression chart showing how they have lowered the budget this year compared to last year (see FY2024 Budget & FY2023 Budget Amendment presentation slides).

C. Fiscal Year 2023-2024 RDA Budget

Ms. Johnson reviewed the Redevelopment Agency (RDA) Budget. She said they receive tax increments for the development in the Point Perry project area. She explained that the tentative budget showed they will receive revenue of \$32,589 in property tax and \$153,559 in sales tax increments from the city. She reviewed expenses stating that \$3,000 has been budgeted for

administrative costs and \$189,401 will be contributed back to the city to reimburse the city for past special improvement bond payments they made. (See Tentative Budget Form for Perry City RDA)

ITEM 4: PUBLIC HEARINGS

A. Resolution 2023-14 Adopting a Fiscal Year 2022-2023 Budget Amendment

B. Resolution 2023-16 Adopting a Fiscal Year 2023-2024 Final Budget

C. RDA Resolution 2023-01 Adopting a Fiscal Year 2023-2024 Budget

All Public Hearings opened at 7:18 p. m.

No public comments

All Public Hearings closed at 7:20 p. m.

ITEM 5: ACTION ITEMS (Roll Call Vote)

A. Resolution 2023-14 Adopting a Fiscal Year 2022-2023 Budget Amendment

Council Member Ostler asked if it is typical to do a true-up each year (regarding revenues being adjusted to trend). Ms. Johnson responded that it depends on the impact, if it is not going to make a big difference in adjusting the revenues, she will leave them as is. However, when it comes to expenditures, she reviews each department carefully and will shore up department budgets to make sure they have what they need to end the year on a good note. She explained that if we go over budget it is a compliance issue.

MOTION: Council Member Walker made a motion to accept the Fiscal Year 2022-2023 Budget Amendment. Council Member Wright seconded the motion.

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

Motion Approved. 4 Yes, 0 No

B. Resolution 2023-15 Adopting a Final Tax Rate for the 2023 Tax Year

Shanna Johnson presented the certified tax rate (0.001857) to the council and noted that they would have received this in their email the day before. Council Member Wright asked what the certified tax rate was last year, Ms. Johnson could not recall what the certified rate was the prior year. Council Member Wright asked if we kept or maintained our current rate, would that give the city any benefit in covering the garbage service increase. Ms. Johnson responded that if we maintained our current tax rate residents would see a 17% increase to their tax rate, so they will either see an increase in taxes or in their utility bill. She explained that property tax revenue goes into the General Fund, and it would be better to have the Utility Fund revenue cover garbage service increases. Council Member Ostler noted that the certified tax rate was 0.001733 last year. They discussed the prior year property tax revenue in comparison to the current year revenue and

what this small increase might add to the city's budget. Ms. Johnson expressed her opinion to accept the certified tax rate stating that the proposed budget is healthy, using only \$63,000 in fund balance, which is covered by two projects being carried forward (from Fiscal Year 2023) into Fiscal Year 2024 totaling \$71,000.

MOTION: Council Member Wright made a motion to approve Resolution 2023-15 Adopting a Final Tax Rate for the 2023 Tax Year at the certified tax rate of 0.001857%. Council Member Walker seconded the motion.

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

Motion Approved. 4 Yes, 0 No

C. Resolution 2023-16 Adopting a Fiscal Year 2023-2024 Final Budget

Council Member Wright commented that he had questions about the final budget and Council Member Ostler would like more time to review it. Mayor Jeppsen offered to discuss it now or table the action.

Motion Tabled.

D. Ordinance 23-G Garbage Rates

Mayor Jeppsen said that needs to be passed so they may update the system to hit the billing deadline. Ms. Johnson reiterated that they had discussed this rate change in their work session. Council Member Walker asked where they got their garbage tipping fees estimates and Ms. Johnson responded that Mr. Barnhill received the information from Econo Waste and Willard City. She said that this can be evaluated and, in a year, after we have had this service, we can adjust the rate. It was noted that the landfill charges per ton and that our five-year contract requires an automatic 5% rate increase each year. Mr. Morris recommended they underline the automatic 5% rate increase in the ordinance and cross out the old cost amounts.

Ms. Johnson remarked that before Econo Waste ended their contract with us they were going to raise their costs and they were close to the amounts we received in the bid from Republic Services. Unfortunately, she explained, inflation and rising costs have hit everywhere and everyone and that was what we were seeing here. Mayor Jeppsen asked the Council if they all understood that there would be a 5% automatic increase, he had thought that it would be based on the Consumer Price Index (CPI). Ms. Johnson clarified that the city had the option of allowing an automatic 5% increase or the increase could be based on the CPI, which has been as little as 2% and as much as 7% in the past; the option selected was the 5% increase. Council Member Walker asked how long the contract would be in place. Council Member Ostler said it is for 5 years, noting that the provider would not do less than this due to investing in an additional garbage truck. He recalled that in a prior meeting, he asked the Republic Services representative what the average garbage industry CPI has been and the representative did not know what it was. Ms. Johnson said if we look at the current overall CPI it is 5%, and in prior years it has been up to 7%. Council Member Ostler also inquired if the \$150 replacement can was going to cover the can cost to the city and Ms. Johnson responded that it

would. They acknowledged that at this time there were not any other options for garbage services and the contract with Republic Services was already signed. Mr. Morris recommended that they add to the ordinance a notation that the contract was beginning in 2023 and that a 5% automatic annual rate increase will be implemented in 2024.

- A. MOTION:** Council Member Walker made a motion to approve Ordinance 23-G Garbage Rates with the modifications that additional garbage can rate be \$11.20, and the recycling can be \$11.20 with correction and cross through that have been stated of the annual increase of 5% beginning in FY 2024. Council Member Wright seconded the motion.

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

Motion Approved. 4 Yes, 0 No

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

A. Approval of Consent Items

- May 11, 2023 City Council Work Session Minutes
- May 11, 2023 City Council Meeting Minutes
- May 25, 2023 City Council Minutes
- Fiscal Year 2023 Fraud Risk Assessment

Council Member Ostler wants the May 11 Work Session minutes to be looked at again and this consent item will be tabled for review of the minutes. Line 75 of the May 25 minutes needs to be changed from Walker to Wright.

Ms. Johnson explained the annual Fraud Risk Assessment and said this questionnaire will be reviewed by our insurance company. In order for us to be covered by them we need to have a low risk level score (370 points). And before she submits the form it needed to be approved as a consent item by City Council.

MOTION: Council Member Wright made a motion to approve the consent items minus the May 11, City Council Work Session minutes and with the correction on the May 25, Council Meeting minutes. Council Member Walker seconded the motion.

Motion Approved. All Council Members were in favor.

A. Mayor's Reports

None

B. Council Reports

Council Member Walker reported that last Saturday they had a successful Perry City Service Day. He said around 25-30 people were there to help at Perry and (Dale Young) Nature Parks. They

cleaned the parks, added a weed barrier, and cleared the (overgrowth) on some of the trailed areas. He thanked the people who helped along with the Public Works Department for their support.

Staff Comments

Mr. Allen reiterated what Council Member Walker said on the service day project being successful. He said they did a lot to help (the city) by trimming tree limbs, clearing out the weeds, and more. He expressed his appreciation for their help in saving many hours of Public Works Department work.

Ms. Johnson recapped that they had the declaration of candidacy period that was open from June 1-7 and closed yesterday. She said there were three candidacies declared: Toby Wright, Nathan Tueller, and Blake Ostler. She noted that there will be a primary election if there are write-in candidates, however we will not know up until 65 days before the general elections. She mentioned a few things discussed in the Fourth of July meeting and that they will bring to the council a list of candidates for the community awards (for the council and mayor to vote on). She said a nomination form is available on-line for community awards and the public may put a nomination in for someone they know who is deserving. She thanked the council for their hard work on the budget.

Planning Commission Report

None.

ITEM 6: EXECUTIVE SESSION

None needed.

ITEM 7: ADJOURNMENT

MOTION: Council Member Wright proposed to adjourn the meeting.

Motion Approved. All Council Members were in favor.

The meeting adjourned at 7:54 p.m.

Shanna Johnson, City Recorder

Kevin Jeppsen, Mayor

Anita Nicholas, Deputy Recorder