

PERRY CITY WORK SESSION  
PERRY CITY OFFICES  
June 08, 2023

6:00 PM

OFFICIALS PRESENT: Mayor Kevin Jeppsen presided and conducted the meeting. Council Member Blake Ostler, Council Member Dave Walker, 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 (on-line)  
Scott Hancey, Chief of Police  
Bill Morris, City Attorney (on-line)

OTHERS PRESENT: None

**ITEM 1: Welcome to Order and Welcome**

Mayor Jeppsen welcomed everyone and called the meeting to order.

**ITEM 2: Fiscal Year 2024 Budget Planning**

Ms. Johnson explained they needed to discuss the utility rate increase, the sewer fund, and a budget amendment in this work session. She said she sent the council a new updated budget workbook with changes and a new state form. She explained this updated budget includes changes to garbage, a planned lease for a backhoe to be shared by sewer and water, employee wage increases, including a 5% cost of living raise. She mentioned she adjusted payroll with actuals instead of projections to reflect completed performance reviews. Ms. Johnson stated she removed the open stall shed from the budget because they decided that this project will not be happening this year. She advised these changes led to having less use of the fund balance. She showed the budget workbook, highlighted the changes, and explained how it affected the fund balance. Council Member Ostler asked about the placement of the elected officials' salaries and Ms. Johnson explained they are spread through the different departments' fund accounts. As she was reviewing these changes, she remarked she adjusted other accounts with staff salaries to more accurately represent the hours they will be working throughout the year.

She explained the short fall in the utility fund (specifically in water and storm drain) and commented that hopefully this is attributed to one-time expenses, and next year we will not see these same losses. Council Member Walker asked how they estimated the loss with these budgets and Mr. Allen explained the circumstances with these particular two accounts. Mr. Allen mentioned that in the 2024 budget expenses include equipment for waterline replacements, a storm line replacement and the new lead and copper rules, which require the city to study water lines that need to be replaced as required by the U.S. Environmental Protection Agency (EPA).

Ms. Johnson said the garbage budget had increased due to a new contract, which was a big concern, and the city will have to raise the garbage utility rates in this current year to meet this contract increase. For the city to meet their cost she gave her recommendations on the new residential fees

for the garbage utility. They acknowledged that with the proposed fee increases city residents might want to trade their recycle cans for regular garbage cans. They then discussed the tipping fee with the new garbage contract. Mayor Jeppsen said that presently there were only three garbage service suppliers and that the only way to control the cost would be to have the neighboring cities join together to create their own garbage services. Council Member Ostler wanted to know more about recycling to see if this service was of value, and if we are being (good) environmental stewards. He also asked if the community still wants a recycle program. Ms. Johnson remarked that the new garbage service, Republic Services, stated that they offered recycling to provide sustainable solutions for protecting the earth, but that she was not sure what they did with the waste. Mayor Jeppsen said on Republic's website they say they recycle (the waste) so we must assume that is what will be done. Council Member Walker said he knows several people who want to keep recycling and were willing to pay for it. Ms. Johnson explained there were approximately 920 recycling and 584 additional cans, but she feels the residents only had recycling because it was cheaper than a second (garbage) can. After the discussion they agreed to make the recycling and second (or additional) cans the same fee.

Ms. Johnson returned to the budget and said there are budget shortages because they do not have automatic increases on storm drain and sewer. She mentioned that when we refinanced our sewer bond the state suggested that we have an automatic annual rate increase built in, to help pay for the unexpected capital costs. She recommended that the council think about implementing automatic increases because there are a few large capital projects that will be coming soon. Mr. Allen added that there were city waterlines to be replaced and they need more capital funds to accomplish the replacements. Ms. Johnson gave examples of the utility fee with a 2% and 3% annual increase, which will keep the city ahead of the game. Council Member Ostler explained that the bond already required a certain rate that provides for excess of the costs and expenses and to maintain an emergency fund; he wanted research to be done before they considered the plan. Council Member Walker said he would not want a built-in automatic annual increase that would outpace the expenses. Ms. Johnson suggested the council consider automatic increases and said that they might also want to re-evaluate it again next year.

Ms. Johnson reviewed a few accounts they had already discussed and touched on the budget amendment she will present at the council meeting. Council Member Ostler and Ms. Johnson then discussed options the city may take to get a better idea of needed capital costs. She mentioned that the city engineers were working on several capital facility plan studies, which will help us analyze capital needs, and whether impact fees can pay for the needed improvements. Mayor Jeppsen said that they should get an update from Mr. Barnhill and input from our city engineers on these studies. Council Member Ostler asked a few questions about the landfill passes and Ms. Johnson responded to his inquiries.

At the end of the meeting, Ms. Johnson explained what planned to present regarding the budget in the City Council meeting following this work session, which included a brief overview of the budget and a look at projects that have been funded and those that still need funding (see attached). Council Member Walker asked for the timeline of the 1200 South Road and trail project and Ms. Johnson explained the tentative plans which include the completion of the central trail and roadway improvements first and then the 1200 West North trail and 1100 South connection thereafter. She explained that the timeline may change as the phases get complete (. Before the close of the meeting,

Council Member Ostler asked Attorney Bill Morris if other cities implement automatic utility rate increases and Mr. Morris responded that he had not worked with any other cities that have this type of process.

## **ADJOURNMENT**

Mayor Jeppsen closed the work session.

The meeting adjourned at 7:00 p.m.

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Shanna Johnson, City Recorder

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Kevin Jeppsen, Mayor

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Anita Nicholas, Deputy Recorder