

PERRY CITY WORK SESSION
PERRY CITY OFFICES
June 9, 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, Council Member Dave Walker and Council Member Ashley Young

OFFICIALS ABSENT: none.

CITY STAFF PRESENT: Robert Barnhill, City Administrator; Shanna Johnson, City Recorder; Scott Hancey, Chief of Police; Dave Freeze, Sergeant; Tyler Wagstaff, Public Works Director

OTHERS PRESENT: Nelson Phillips (BENJ), Melanie Barnhill

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 explained that after she received the certified tax rate from the state she sent an email with updated amounts for the tentative budget report. In this email, she submitted three options for Council review, with different property tax rates and how these effect the General Fund budget. She advised that property values went up about 25 percent. She noted that the tax rate goes down when these values go up providing the same budgeted property tax income as the prior year. Then mentioned that revenue increases with new home builds and not when the value of the home increases. Therefore, the certified tax rate went down to meet our current generating revenue. She said the city council may choose to approve the plan to maintain the current tax rate and the city would still receive higher revenue. However, if they select this plan it would require a truth and taxation process.

Mayor Jeppsen gave a little history of the budget approval process from prior years. He said that in 2019 the City Council had a general consensus that each year they would do the truth and taxation process and then evaluate if they want to take action on this. He declared that at this meeting they should decide if they are continuing with this type of procedure for this budget. Then he opened the meeting for discussion between the council members.

Council Member Walker asked about the current General Fund balance. Ms. Johnson answered him by saying she is projecting \$1.2 million. They discussed a healthy percentage of the General Fund balance that needs to be available for emergencies. Ms. Johnson said that 5 percent of the budget is the minimum, 35 percent is the maximum, and 15 percent and above is a comfortable range. Council Member Wright asked about the current percentage of a cushion the city has and if it could stay in that healthy range without raising the tax amount. He thinks it would be good if they allow the

residents a chance to work with the inflation rate for a year before taxes increase. He expressed his opinion to find a way to keep the tax rate low but still keep within the city budget.

Ms. Johnson said that if they elect to move forward with truth and taxation they have to pick a final rate before August 30. She informed the City Council that the proposed tax rate they select by July 30 would be the rate listed in the newspaper when the public hearing is advertised. She reminded them that the property tax rate is based from the average assessed value of homes in the city and the state will input this information in the required tax notice.

Council Member Tueller mentioned that he is open to anything, including taking a break from maintaining the tax rate for a year. He indicated that the city has a tight budget, but he understands what is going on for everyone in regards to inflation. He feels we may see healthy sales tax revenue, as although people may buy less items cost more and the taxes are based on the overall amount. He suggested that the City may want to look at specific projects that may be delayed for another year and possibly make a few cuts. He is not sure if the City should take a break this year or in the future. He stated he could be persuaded either way.

Council Member Wright suggested maintaining the current tax rate for at least one more year. He said if we stay the course this year maybe we will end just where we planned. Perhaps we might need to postpone some projects for a year and select the certified tax rate. He stated he would choose the middle tax-rate option, (which provides the revenue the city planned in the tentative budget).

Ms. Johnson said that is why she presented the three tax examples for the Council to review and see how it will effect the budget and projects. She recommended the Council Members also look at the year over year expenses, if they plan to make cuts. She said that cutting a one-time project only delays the expense and the city will have the same issue the following year.

Mayor Jeppsen asked for the increase per citizen last year. Ms. Johnson said she would have to look that up, but she thought the average increase was around \$60 a year or a \$5.00 a month.

Ms. Johnson explained that the money for the New City Hall is not part of this tax increase as the payment is being covered by lease revenue from a tenant at the building and using funds that were previously paying for the Pointe Perry SID (Special Improvement District) Bond. The request for a larger tax increase has to do with project expense increases, inflation, fuel increases, and the wage and staffing retention crisis.

Council Member Ostler said he is open to pursuing the tax rate of 0.002175 and going through truth and taxation as a matter of investigation, to gain feedback from the public, before making a final decision in August. He expressed that he is anxious that the economy may get worse and questioned whether using savings now is a smart thing to do, or if it is better to wait and use the savings when things get really hard.

Mayor Jeppsen and Council Member Ostler discussed the inflation and the federal interest rate increases. Mayor Jeppsen mentioned the city had relied on inflation increases and adjusting projects

for the past several years. He is concerned with the flow of revenue when inflation goes away and a recession happens. He expressed he feels the council is level head and he will support their decision.

Council Member Young said she agrees with Council Member Ostler that the city should try to maintain the current rate, but she can be persuaded either way.

Council Member Tueller said that the city should have options and then he thanked the city management for finding ways to make our city work. They discussed that there are options for the citizens to get assistance with tax relief if needed from the county or other government services.

Ms. Johnson reviewed wages as compared to operational costs with the council and asked if administration has the go ahead to communicate wage increases at the BRAG 7 wage plan she presented to the council in prior work session. The council members agreed that the BRAG 7 plan (including market increases based on the Bear River Area, Performance Increases and a 7% cost of living increase) was acceptable.

Ms. Johnson then reviewed the budget slides and information that she will present and explain at the public hearing in the next City Council Meeting.

Mayor Jeppsen commented that they will pursue the truth and taxation process.

ADJOURNMENT

Mayor Jeppsen closed the work session.

The meeting adjourned at 6:56 p.m.

Shanna Johnson, City Recorder

Kevin Jeppsen, Mayor

Anita Nicholas, Deputy Recorder