

PERRY CITY WORK SESSION
PERRY CITY OFFICES
August 26, 2021

6:00 PM

OFFICIALS PRESENT: Mayor Kevin Jeppsen presided and conducted the meeting. Blake Ostler, Nathan Tueller, Esther Montgomery, Andrew Watkins and Toby Wright (listened the whole time and came at 6:28 p.m.)

OFFICIALS ABSENT: None

CITY STAFF PRESENT: Shanna Johnson, City Recorder; Bill Morris; City Attorney, Scott Hancey; Chief of Police, Tyler Wagstaff; Public Works Director, Tyra Bischoff; Deputy Recorder

OTHERS PRESENT: Julie Jones

ITEM 1: Welcome to Order and Welcome

Mayor Jeppsen welcomed everyone and called the meeting to order.

ITEM 2: Fiscal Year (FY) 2022 Tax Rate and Budget Planning

Shanna Johnson reviewed the budget changes since the tentative budget they received in May including the following:

- Adjustments for tax revenue and use of fund balance
- Cost for first responders medical control physician
- Fertilizer program and parks (\$5,000)
- Payroll changes for market and cost of living increases (\$31,159.78 with general fund \$24,632)
- Public works departments payroll increases due to higher performance ratings (split between the general fund \$2,880, utility fund \$4,212 and sewer fund \$416)
- Additional budget for sewer line replacement (\$5,000)
- Depreciation for police fleet lease (two vehicle leases expiring, and one vehicle was in an accident and totaled)

Ms. Johnson explained that the budget for FY22 would be \$4,277,206. She explained the use of fund balance and what the tentative tax rate vs. fund balance would be with each possible tax rate. She explained that the main discussion tonight would be whether the council wants to keep the certified tax rate at .001854, the tentative tax rate at .001970 (which is the rate that equates to the revenue planned in the tentative budget), the current property tax rate of .002175, or do something completely different. The tax rate of .002175 is the rate they adopted in FY20 and FY21. She also discussed the policy they put in place to consider maintaining this tax rate each year going forward to gain inflation and help cover the costs discussed. She explained the amount of revenue they would see with each option and what that does in terms of fund balance to cover the budget. With the current tax rate, they would be adding to fund balance.

Planned projects funded in the FY2022 Budget total \$896,143. The projects would be funded using

Fund balance carried over from the previous year (\$108,000). New tax revenue (\$206,903, which considers the council maintaining the current tax rate), Class C Road funds (\$200,000) and impact fees.

Ms. Johnson encouraged the council to keep these projects in their minds and feels if they are changing people's taxes, then the projects need to get done (so the public can see their tax dollars at work, the plans are not just lip service, and the City does not lose credibility). The goal is to complete these projects.

Council Member Watkins asked if someone for the new public works position had been hired yet. Ms. Johnson said that this budget does include a new public works individual (that has not been hired yet) and we have also had another public works employee put in their 2 week notice (so we will be hiring for 2 positions). Council Member Watkins discussed the amount of sales tax revenue that was not anticipated last year (during the Covid pandemic) and wanted to know what that amount was. Ms. Johnson showed the previous year's sales tax revenue being \$433,000 more than what they planned and \$221,000 more than the prior year. Council Member Watkins said that due to receiving that unplanned sales tax revenue, he feels there is enough to cover the expenses without having to go with the higher taxes this year. He feels it is best to go with the middle option (the tentative tax rate) or even going with certified tax rate to give a nod to those that may be on fixed incomes. He feels that a gradual increase is needed but compromising this year (with building expenses going up and having received the unanticipated sales tax revenue) is what he would feel comfortable with.

Council Member Montgomery asked how this would affect future years. Ms. Johnson explained the property tax rate process and how the new baseline revenue is calculated for the next year.

Council Member Watkins said he feels like going with the tentative tax rate would be middle ground (a compromise with some of the other increases tax payers have faced this year) and for those on fixed incomes. Ms. Johnson reviewed the information on fixed income approximates and said that not every senior citizen is on a fixed income. The information she got was from BRAG and found that senior citizens make up 12% of Perry's citizens, low-income level citizens make up 9.8% of the population, and 2.9% make up citizens considered at poverty level.

Ms. Johnson advised that their final decision on tax rate and budget would be made tonight. Council Member Montgomery said that she feels with the \$108,000 being allowed to be carried over, the tentative rate option would be good. She wants to maintain a healthy fund balance.

The Council discussed the different options with each tax rate (including revenue).

Mayor Jeppsen pointed out that the County does have programs in place to supplement and help those that are below the income thresholds. He added that even though things look good right now, things are in a flux and we don't know where things will end up. A quote on street sweeping this year increased 5 fold from the first quote. Payroll in a couple of departments (turnover in public works and a big change across the state in the police department) is also something that may come back around to affect the City.

Council Member Wright expressed his thoughts that they should not change the course from the plan they have set up. He feels they would be in a worse predicament if they revert back to previous ways. He does not want to sound greedy. He thinks there are expenses the city is incurring that are the tax payers responsibilities and he doesn't know how else to do it. With the fund balance where it is at, it shows that it is healthy (but that can change quickly). He discussed an example of mass transit tax. He stated that he thinks they should keep the current tax rate.

Council Member Ostler said it is a tough decision. He said that on average, the impact per household is \$67/year (that is \$6.00 per month) which may be a lot to people, but it also could not be a lot to people as well. He also is thinking of funding, what needs to be funded with the various level of savings (use of fund balance). Maintaining the current rate in addition to providing for the additional revenue also makes it easier for future increases (if a larger increase were needed).

ITEM 3: Drought Emergency Rate

Mayor Jeppsen discussed the ordinance that was presented to the Council at the last meeting. He discussed the edit (taking the Mayor out of the equation and adding "upon the declaration of the Council by a majority vote"). Mayor Jeppsen is comfortable with that change. He said that some of the Council members wanted to put some criteria in place but he feels that may not be necessary because it would be up to them anyway. He said that because they have already had the public hearing for this, they should take advantage of this in some way. He said after going back through the engineer's recommendation, they veered off quite a bit from those recommendations. Part of the concern is that they should be thinking of conservation long term, which this does not address. He and Mr. Barnhill looked at the different connections and overages and some people in the city are using a high percentage of water in the summer. He discussed the drought and rebates available (systems that can save people money on automatic water systems). He asked the Council if they would like to see this as an action item in the near future or if they do not want to entertain that.

Council Member Montgomery said she would support it and hope to not ever have to use it. Mayor Jeppsen asked Council Member Tueller if those kind of systems do save people money. Council Member Tueller said they do if they are used properly. Education and self-reliance is the key here. He has some clients that have these systems in place and they can use their phone to control it. (If it is raining, they can turn off their sprinklers from their phone). He discussed drip irrigation and zero scaping in park strips. He said it is great to conserve but asked what they are doing on the developing side as well. He would recommend the City lead out with some of the controllers as well.

Mayor Jeppsen asked the Council Members to contact him if they do not want to see this as an action item before the next meeting.

ITEM 4: Zone Change Pointe Perry

Mayor Jeppsen explained that the applicant requesting the zone change at Pointe Perry at the last meeting (and was granted the request with the stipulation of obtaining the retail building permit within the first year) wanted to immediately find out how he could get an extension. There was some confusion of whether the applicant was the one that would be the developer or not. He

wanted to have a quick discussion with the Council on whether they would be open to see this come back as an action item so quickly or not.

Council Member Wright said that he understands construction deadlines, but he also understands that the City is in control of this and does not feel that the deadlines were out of place and that it is doable in the time frame they gave. He strongly encourages to not put it on the agenda.

Council Member Tueller said that it is a good project out there and supports it fully. His impression was that they are ready to go out there and that pulling a permit within a year should not be a problem. He felt it was a good compromise and that it does not need to come up on the agenda.

ADJOURNMENT

Mayor Jeppsen closed the work session.

The meeting adjourned at 6:55 p.m.

Shanna Johnson, City Recorder

Kevin Jeppsen, Mayor

Tyra Bischoff, Deputy Recorder