

PERRY CITY WORK SESSION
PERRY CITY OFFICES
May 27, 2021

6:00 PM

OFFICIALS PRESENT: Mayor Kevin Jeppsen presided and conducted the meeting. Blake Ostler, Nathan Tueller, Toby Wright and Andrew Watkins

OFFICIALS ABSENT: Esther Montgomery

CITY STAFF PRESENT: Shanna Johnson, City Recorder; Robert Barnhill, City Administrator; Bill Morris; City Attorney, Scott Hancey; Chief of Police, Tyler Wagstaff; Public Works Director

OTHERS PRESENT:

ITEM 1: Welcome to Order and Welcome

Mayor Jeppsen welcomed everyone and called the meeting to order.

ITEM 2: Work Session FY2022 Budget Planning

Shanna Johnson said today they will be focusing on changes that the Council may want to see and some adjustments to the budget. She explained that the first responders have to have a doctor manage the medicine they have on hand. Mayor Jeppsen said that Dr. Bryce was doing it for free and the new doctor did not agree to do it that way. The fee to cover managing doctor is \$1800. Shanna advised that Tyler Wagstaff, Public Works Director, has asked for a little more in his budget for fertilizer. She said that the full fertilizer program is \$8,000 but this will only take his budget up \$6,800, and additional \$300 is needed in order to cover the cost. Ms. Johnson said she is working on the budget for April. She noticed the water is up due to work on well #3 wastewater. Sewer has gone up due to the interest payment on the refinance closing as well as equipment being higher.

Ms. Johnson reviewed the project sheet and asked for feedback on anything the Council may want changed. She noted major changes in the budget as follows:

- Administration
 - Carryover from FY21 \$103,000 for building enhancement
 - Adding back money that was taken out during Covid for concerns
 - Election year-budgeted \$7,225 (if there is a primary there may need to be more budgeted)
 - Professional and technical increases based on trend
 - Council budget back to original for supplies and training
 - Building state fee going up

Council Member Ostler asked for a definition of what a project is. Ms. Johnson explained the data being reviewed includes projects or expenses that have increased, so anything that is increased in a line item within the budget. She added that some things are new items, or the difference between what is already in the FY21 budget compared to what is being proposed for FY22.

Shanna continued to review the proposed FY22 department projects / expense increases:

- Community Development
 - Bringing things back to pre-covid states (engineering is an exception to make sure there is money for any projects they have coming up)
 - Increase in inspections (due to anticipated increase in building)
 - Increase in training dollars (for Bob to go to more training for economic development and planning)
 - Holiday event budget (due to limited events last year)
 - Donations expense increased \$500 (senior center, peach queen contest)

Council Member Ostler asked about inspections. Ms. Johnson explained that the revenues pulled in from inspections will be part of the building fees. Portions of the permit are allocated to inspections. She said they are anticipating additional inspection fees based on anticipated increase in building. Robert Barnhill explained that the expense is directly correlated with the revenue for building permits. Our expense on building permits does not exceed the revenue because they are tied together.

- IT budgeted expenses
 - Firewall maintenance (3 year renewal due this year)
 - Server maintenance costs
 - Laptop authentication and encryption
 - Wireless service
 - Offsite backup
 - Microsoft 365
 - Emergencies
- Police
 - Building improvement for remodel upstairs
 - Equipment
 - Fleet maintenance (fuel increase)
 - Miscellaneous supplies going back to regular budget
 - Uniforms
 - Training
 - Ammunition and tactical

Council Member Watkins asked if any of the CARES money that will be coming in will affect the budget. Ms. Johnson said that they don't know when the money will be coming in but there may be a longer period of time to use it this time. She said since they don't know what they are working with yet, it may need to be put in as a budget amendment later.

Council Member Watkins expressed wanting to scale back on the budget this year due to raising the water rates and rejecting the certified tax rate. He said that revenue and sales tax are doing well this year and feels they should just focus on the water rates. Ms. Johnson said that the certified tax rate should be coming out the first week of June. She discussed estimations of what the tax rate could be and what that would look like, with the possibility of reducing some projects if needed or using revenue that may carry over from last year. Mr. Barnhill said that one thing cities are doing more of is doing truth in taxation every year no matter what, with the policy of keeping it the same.

Council Member Wright said that when they did truth in taxation last year, they had a 4 year plan. Right now, looking at the budget, they are looking at the near future. He said if they do the certified tax rate this year, it would almost digress them from the 4 year plan they were doing with truth in taxation. Council Member Watkins said that with costs going up everywhere, he just wants to make sure they are looking at all angles and not putting an extra burden on people before they make the final choice. Ms. Johnson said that it should not be as impactful as last year because there will not be a revaluation of all properties like last year. She said to keep in mind that on June 10th they will be reviewing the tax rate, a public hearing, as well as passing the budget. She said if they go through truth in taxation, they set a proposed tax rate. They can still pick the certified tax rate but the deadline would be the end of August giving them more time to decide.

Council Member Watkins said he would like to keep two other projects high on the list. One being some land for cemetery and the other would be something to give back to the park, like resurfacing the basketball court for multi-purpose use (basketball, pickle ball). Council Member Wright said that after doing some research on resurfacing the basketball court, it would be more cost efficient and beneficial in the long run to tear it out and re do it as a new structure. If they do take it out, they may want to move the location. The cost would be closer to \$50,000-\$100,000. He is waiting to hear back on some estimates to know how much it would be for sure. Installation would be quick and it may need to wait for next fiscal year to make sure they have enough money saved for it. Council Member Ostler agreed that there should be some forethought in terms of location and master planning of that area. He added that if there is any inclination on doing this on a bigger scale, then it may be something to consider doing through a bond. He said there may also be wisdom in waiting for costs to come down.

Ms. Johnson and Tyler Wagstaff discussed the fertilizer application and if they would need the full amount for next year's application. Mr. Wagstaff said they would but he will check it and get back with her because he thinks one application will be before July and one after, with a couple in the spring.

Ms. Johnson discussed the proposed water rate increase to \$19.50 and then increasing 3% each year after. She said she had talked to Brett Jones, City Engineer, and he is excited they are looking at increasing the rate even slightly because there are things that need to be addressed with the system.

Council Member Wright asked where we stand with the sewer bond. Ms. Johnson said that it has been refinanced, it goes to the year 2035 (adding 5 years to the loan), the interest rate dropped to 2%, and the payment is much less, with \$7,350,000 remaining. He asked about the payment that he thought ended this year. Ms. Johnson explained that was the debt service payment of \$119,000 that the last payment was paid in October.

Ms. Johnson discussed the remaining fund balance, after revenues and expenditures. She said even though they are using some of the fund balance, a lot of the projects are one time purchases.

Council Member Watkins asked how much the average home is paying for sewer. Ms. Johnson said that it is \$49.50 per month. She added that it would probably be best to be doing a small increase to that each year as well as the water rate increasing in small increments.

Council Member Tueller said that he thinks there is a lot of good things going on and does not have any objections moving forward.

Ms. Johnson asked about the basketball court. She said when something new is put in, impact fees can be used for that (so they may be able to use some money for that project). She then asked about cemetery land and if the Council would like to put general fund money into that project or if they would rather wait. Council Member Watkins said it depends on if certain land owners would be willing to secure some of those spots. Council Member Wright asked Mayor Jeppsen if they should be looking at acquiring a piece of ground. He wondered if they had a location if it may gain more favorability. Mayor Jeppsen said he and Bob have discussed this and what land might be available as well as large enough. He feels they are not far enough along in the process to make that decision from a monetary standpoint. Council Member Wright said that maybe it doesn't need to be included right now with that information from the Mayor.

Ms. Johnson discussed the next meeting and how she would present the budget including pie charts and percentages breaking down each section/department. She wanted to make sure she is presenting information the Council wants. She will do two presentations, one keeping the current tax rate as it is now, which will require truth in taxation. She will also present a budget accepting the certified tax rate, which will reduce planned property tax dollars slightly and will require additional use of fund balance to correct that.

Mayor Jeppsen said that even if they go through the whole process and have a public hearing for truth in taxation and decide that is not what needs to be done right now, they haven't lost anything (because it would give them more time to decide). He said last year, there were only a few comments that contradicted what they did. Ms. Johnson said truth in taxation may make some people think automatically that a tax increase is taking place, but if they explain that it is just giving more time to investigate, they may be fine with it (because they may still choose to accept the certified tax rate). If they made it a policy so they just do it every year (to take the time to investigate), it may have less of a negative connotation.

ADJOURNMENT

Mayor Jeppsen closed the work session.

The meeting adjourned at 6:57 p.m.

Shanna Johnson, City Recorder

Kevin Jeppsen, Mayor

Tyra Bischoff, Deputy Recorder