

MINUTES OF HARRISVILLE CITY
CITY COUNCIL MEETING
Tuesday, August 6, 2013 – 7:00 p.m.
Council Chambers
363 West Independence Blvd
Harrisville, Utah 84404

- Present: Mayor Richard Hendrix, Council Member Chad Allen, Council Member Bruce Richins, Council Member Paula Knighton, Council Member Grover Wilhelmsen, Council Member Michelle Tait.
- Staff: Bill Morris, City Administrator, Lynn Fortie, Treasurer, Keith Wheelwright, Police Lieutenant, Jennie Knight, City Recorder.
- Visitors: Jeff Pearce, Ruth Pearce, Christine Robinson, Cori Hendrix, Sandra Dinsdale, Bill Smith, Gary Robinson, Kirk Halverson, Brent Thompson, Geri Esplin, Gerald Esplin, Mike Wells, Howard Dabb, Lloyd Barker, Ted Mayo, Eric McTee, Lena McTee, Stan Weeks, Penny Hanslik, Suzy Lemberes, Shalese Lemberes, Ray & Maxine Grange, Kathryn Lindeman, Chris Clark, Joyce Shrock, Leann Bowers, Reed Bowers, Gloria Johns, Bill Johns, Art Miller, Daniel C. Hastings, Roy Bronson, Kenny Loveland, Bill Hart, Chris Cope, Joann Cherpeski, Lynette Jensen, Brad Allen, Becky & Paul Strebel, Don Knighton, Dale Hanzlik, Elaine Andrushko, Ross Knight, Jennifer Morrell, David Ferguson, Mike Frost, Terry Ouderkirk, Bruce Brown, Maybahat Jeson, Chris & Paula Crawford, Roger Shuman.

7:00 P.M. CITY COUNCIL MEETING

1. Call to Order.

Mayor Hendrix called the meeting to order and welcomed all visitors.

2. Opening Ceremony.

Council Member Knighton led the pledge of allegiance and opening ceremony.

3. Consent Items.

- a. Approve the minutes of July 23, 2013 as presented.
- b. Review the July 2013 check register.

MOTION: Council Member Allen motioned to approve the minutes of July 23, 2013 as presented. Council Member Tait seconded the motion. All Council Members voted aye. Motion passed.

4. Business Items.

- a. Discussion/possible action to appoint Mike Wells as a Harrisville City Planning Commissioner Alternate.

Mayor Hendrix introduced Council to Mike Wells who has volunteered to serve as a Harrisville City Planning Commission Alternate.

Mike Wells gave a brief history of himself. He retired as a Captain after 37 years of service with Weber County Sheriff's Office. He said he would like to serve the city in his spare time.

MOTION: Council Member Knighton motioned to appoint Mike Wells as a Harrisville City Planning Commissioner Alternate. Council Member Wilhelmsen seconded the motion. All Council Members voted aye. Motion passed.

- b. PUBLIC HEARING: Truth In Taxation – Harrisville City is proposing to increase property tax revenue due to shortfall in revenue.

Mayor Hendrix gave a brief statement explaining the lost sales tax revenue from the past three years, creating a decline in the city's business district. Each department has cut to make sure they are not over spending. Last year the Mayor and Council proposed a 104% property tax increase. They cut even more to band aid the budget. He said he has received conflicting comments for some residents would like to see more commercial and others enjoy the small town atmosphere. The only way to bring in sufficient amount of sales tax is another big box store. Even if the city had another big box store the sales tax revenue would not be seen for many years.

Mayor Hendrix displayed his property tax notice from Weber County as an example. He stated everyone's home and business will vary, depending on the valuation. Based on the valuation of his home the increase in property tax is \$43.00 per year. He explained the services the resident's have become accustomed to cost money. Both roads and fuel costs have increased. He pointed out the proposed property tax increase gives an opportunity for Harrisville City to continue to provide these services, it will also affect himself, as he is a resident. He says to look to the future to bring in valued employees. He expressed his desire to retain employees, and not have the city be used as a training ground for public works and public safety employees. Public safety has lost three employees in the last two years. These employees have to provide for their families. He explained the Mayor and Council will listen during the public hearing while Bill Morris, City Administrator, takes notes. After the public hearing, he and the Council will address the comments and questions. He said the time limit is set to 3 minutes per individual and to please state your name and address for the record.

MOTION: Council Member Tait motioned to open public hearing. Council Member Allen seconded the motion. All Council Members voted aye. Motion passed.

Brent Thompson, 240 Dorchester Ave, said he understands there are pluses and minuses in the budget. He feels there are already pluses in the budget that can be addressed without increasing taxes. His personal budget is not increasing. One person who is running for Mayor said he is interest in increasing the tax base. Not necessarily property taxes. Doesn't want to increase sales tax but doesn't want to increase property tax. He questioned what Pleasant View is doing differently that Harrisville is not doing. He gave a brief history of his experience living in Pleasant View and asked what city could do Increase or improve the parks, lost good employees. What is Pleasant View doing that we can't do? In his opinion, they are doing nothing different. He gave a brief history of his experience living in Pleasant View. He speculated they have people involved more in maintaining services. He suggested Council get revenue from someone besides property owners.

Dale Hanzlik, 128 W Georgia Ave., said his property taxes are currently \$62.48 and will be going up by \$62.98 at a rate of 99% increase. He questioned who is doing the calculation on this. He said his personal wages took a 25% cut. He knows his other neighbors are suffering with the same furlough. He inquired about why all of the Big Box stores are across town. He said he would actually save gas by not traveling across town to shop. He said he was asked to volunteer for Heritage Days this year. He suggested asking for more volunteers. He feels the residents have been pushed too far. He stated in his opinion not everyone has to be skilled labor. Residents volunteer for churches, and they could also volunteer for city tasks. He

expressed his opinion that he has not seen improvement in services in all the years he has lived in the city. He cleans his local fire hydrant every snow storm from the snow plow. He inquired about the use of the Splash Pad, wondering how many residents use the splash pad. He would like to know every member of this Council's opinion on the property tax increase. He stated he will vote for the person that is not going to increase taxes. He said he understands Public Safety employees are risking their lives every day.

Howard Dabb, Commercial Property on Highway 89. Said he has commercial buildings and a vacant piece of property. He expressed his concern with his property taxes going up to \$3800 with library bond this year. His Harrisville property tax will go up \$1200 per year. He is already experiencing vacant spaces in his rental units. He has also been trying for a year and a half to develop a vacant portion of his property. UDOT has a hold on the access for the property and will not allow new access to service this property. He thinks the Police Force is great, expressing his support of a local police, not having a Weber County Sheriff's contract. He said he is happy to pay a little more, but this is a big increase for one year. It takes a lot of work to come up with extra money to pay the increased taxes.

Kirk Halverson, 292 W Concord, has been in Harrisville for 18 years. He enjoys this nice community. He said Howard Dabb is reasonable with his prices. What happens to business owner's when their taxes are increased? They must pass these prices on to the customers. He enjoys having these small business owners that can keep prices the same. Mr. Dabb is great. Increased taxes will have a direct consequence on these small businesses. He expressed his support to keep our own Harrisville police department. Although he feels our police force is a starting point for officers. They have bigger dreams than retiring in Harrisville. If the city loses employees, they are doing what they are trained to do. He asked what services the property tax will provide. Where is the 100% tax increase going to be used?

Lloyd Barker, Draperies, Commercial properties on Hwy 89, said he currently has 7 tenants. One tenant has said he needs only half the space, and he has reduced rates by 50% to help another tenant. He will be seeing the same kind of increase in his taxes at about an \$880 increase. This will force him to go to tenants and raise rent to pay for these taxes. He appreciated his relationship with the Police Department and feels they are doing a great job. He suggested the Fire Department needs improvement. In his opinion, raising city taxes will cause other things to suffer. Code Enforcement will suffer on his property because he will have to cut back on watering to save money. His employees have taken a 50% cut in pay. He said no city employee has taken that type of cut. He chose to do this instead of laying off employees.

Eric McTee, 205 W. Pennsylvania, said his wife works for the government. They have experienced a 50% decrease in wages. Property values have come down. He expressed his disapproval of a local building that is a large eye sore in the community. He suggested fining the property owner for not filling his property. He suggested instituting a Good Landlord policy for landlords to provide good renters that take care of their properties. In his opinion, employees will come and go. He disagrees with 100% increase. He took a cut in pay with the loss of his job. He asked for a lower percentage of tax to be considered.

Chris Robinson, 1645 N. 800 W., said she is a Harrisville transplant. She expressed her disapproval that North View Fire Department created their own entity. She said now the city is proposing to increase property taxes by 100%. She inquired as to where the money from the North View Fire Department went. She questioned if Harrisville City employees deserve a raise. In her opinion, Harrisville City can be a stepping point towards another place. The employees should be able to deal with a 30% proposed increase instead. She has only received a raise two

out of the last five years. Employees should expect for more work and less pay. She asked why city employees can't work for less. She again reiterated she hasn't had a raise in a few years. She and her husband lost a small business, and her husband took a lesser job.

Suzy Lemberes, 1610 N. 400 W., said her husband is running for council. She is in attendance on his behalf. He is concerned with the direction the city is going. Her husband is friends with Chad Allen. They have been told that Council has already made their decision to pass the budget. She asked how many people were communicated this property tax increase was proposed. In her opinion, not very many people have seen the notices. She asked if this is an underhanded attempt to pass this property tax proposal without the resident approval. She said she understood Weber County Sheriff's Office made a proposal last year. She thought this proposal would save the city \$400,000. She thought the proposal included keeping the police department here and giving the employees a raise. She said her understanding was the city could have kept the same service and saved money by going with the sheriff's department. She expressed her concern for the future and asked Council how they decided to go against the sheriff's department proposal.

Fred Oates, 2459 N. Dorchester, expressed his appreciation for the work the council does. He said he was glad council rescinded the tax increase from last year. They looked at the departments and decided they didn't need the money. He suggested Council look at the budget from each department. Anything that is not essential needs to be cut. He said the Police Department large expense is gas. He suggested part time officers drive their own cars to and from shifts. He suggested Council look at the rules and regulations. Look up policies and go by them. Find different solutions to look at. He inquired as to how much is in the fund balance? He said to take unnecessary things out of each department, especially the administrative department. He suggested this may be what they are hearing is from the people tonight. He expressed his enjoyment during the Heritage Days celebration. He urged Council to consider these comments because the City Council is working for the people.

Ted Mayo, 206 W. Pennsylvania, said he had a quick comment about the fire department. He asked where the money went that was collected. He gave brief history of how the Weber County Fire District was created. He said when the district was created Weber County did not lower the taxes. He said he moved to Harrisville 22 years ago and fell in love with the city and intends to stay. Originally there was no outlet to Washington Blvd through Pennsylvania. He said this is now a major thoroughfare. He suggested revenue could be created through the police department by ticketing speeding traffic through this area. He said when the cost of fuel rises, everything else goes up. He suggested if employees don't receive raises, they will have to deal with less. Asked when the people in the state and community are going to take a serious look at Proposition 13.

Gary Robinson, 234 W Independence, said as his children are graduating from college they are being told to change their job every 5 years. Turn over creates a higher wage. In his opinion, the services provided by the Police Department and Public Works have been the same for 32 years. He said in looking at wages from 2011, on the Utah rights website, benefits are listed for 30 people. In addition to the base salary, the employee benefits are up to 75% of their wage. Not sure Council is aware of Obamacare potential punishment to cities that over pay their employees in benefits. If the Council intends to raise the employee base salary by 10%, this will also raise the benefits as well. He said his own medical expenses have gone up. He suggested Council needs to think about the future before raising wages.

Bill Johns, 223 W 1200 N, due to the government sequester, he is getting 88 hours less pay. He has recently gone from 11 working days down to 6 working days. He realizes the cost of living has gone up but he has never had a cost of living raise. He knows of business owners that go without salary. He said his personal budget is losing money already, doesn't know where the money will come from to pay a property tax increase. He inquired as to what improvements residents will see from the property tax increase.

Roger Shuman, 1870 N. 750 W., said his property tax statement was plenty. His amount will be 3 or 4 times what Mayor Hendrix is paying. He has many years experience managing a business. In 2007, his business budget was 14 times what the city budget is. Then in one year the budget dropped down to 4 times. The products they manufacture are sold for less than in 1984. He does continue to make a profit that wasn't easy to come by. The business conducted a major layoff, any overspending was cut. The business practices were changed, employees salaries were adjusted, and benefits were cut. The economy is driving these changes. He understands that the funds to build a splash pad came through ramp grants. He asked if these grants pay for maintenance. He recently talked to an employee, and others that use our facilities, and there is no way to cover the revenues other than from taxes. He inquired as to what happens with the franchise taxes collected from utility bills. All utilities have a franchise included to the city. He suggested to Council that appropriate cuts need to be made. In his opinion, 100% increase is too much. Hopefully attention will be given to businesses to gain sales tax revenue.

Bill Hart, 615 W. 2550 N, has an answer for what is going on in the country. Term limits for elected officials. He said elections bring out rumors in the community. He heard the current location of Deseret Industries was going to be a Lowe's. If it was, why did it not go in? He inquired as to whether any revenue is derived through D.I. He suggested Council consider in their deliberations to find out what will provide tax revenue to support the community.

Stan Weeks, not resident but owns business, said it troubles him to see what is happening in local cities. He said cities think they need to provide a lot of recreational activities. Cities are responsible to provide safety, through police and fire, maintain roads, and other things of this nature. He suggested Council go through the budget carefully. He said he is president of HOA with 10,000 members and is responsible for many services. This is one of the number one HOA's in the country, but one of the most expensive HOA's. When excess things are eliminated from budget, and only give service to what we are supposed to be providing. He has even been used as a consultant to some cities with the current economy. He suggested Council pay attention to the things that are not supposed to be doing, and eliminate these.

Becky Streble, 2404 N. 500 W., says she has lived in Harrisville her whole life and she chose to raise her family here in Harrisville. She said she owns a business in Harrisville. The value of her home has dropped dramatically. It is now worth \$40,000 less than what they paid. Both she and her husband are employed by the government. She is a teacher, and her husband works for UTA. They are not going to receive another raise. They can't sell their house because of the loss in value. Most residents are struggling through this recession. A 100% increase is too much in her opinion. She values the police department, and stated she feels society has priorities that are messed up, by paying entertainers and celebrities more than those who serve and protect society. She said her family has difficulty paying for health insurance.

Deborah Rhodes, 110 N. New Jersey Ave, said she lost \$1400 per month when her husband passed away. She encouraged Council to please budget the money more efficiently.

Joyce Shrock, 275 W. 1200 N., expressed her concern with residents comments appear to be beating up the city council night. She said many on the Council are friends that she loves. She realizes Council isn't trying to put resident's in a predicament. She said maybe this property tax should go through, she doesn't know how. She agrees with a long term solution and suggested bringing retail into the city. She has a home business that is growing, and wondered if she will have to build a facility to house her business from the growth. She doesn't want to go outside Harrisville to find a location that she can afford. She admitted she doesn't know how other cities are working to make solutions. As businesses come into the city, other businesses will fill up. She tries to buy within Harrisville, but there are many things she has to look outside the city to find. She wondered if other cities must have tax alternatives. She suggested Council find an answer for the future. She stated she enjoys the amenities that are available in the city.

Roy Bronson, 252 W Independence, lived in the city for over 30 years. Expressed is disagreement with the 100% increase. He expressed his concern if the city doesn't have money to do things right the first time, how can they find money for a second time. He doesn't feel like politicians represent the resident's once they get into office. He urged Council to represent the people. He said he is on a fixed income.

Dan Hastings, 118 E. 1400 N, said he works for Hill Field but has recently suffered from some medical issues. He may have to take a forced or medical retirement. He has had to cut personal budget drastically. He disagrees with 100% property tax increase but would accept more like 25% increase. He stated he respects the local police and appreciates their assistance.

Chris Clark, 111 E. 1200 N., says he appreciates the council. He would support a tax increase. He believes the city needs it but thinks 100% increase is a little much. He has worked for two cities during his career. He trained at a small city, and then moved on to a big city. He has experience dealing with budgets and thinks Obamacare has hurt small cities. He suggested Council use some creativity to balance the city budget. He indicated the social events at his employment have been reduced to potlucks. They have asked for volunteers. He said they are always looking for grants. He understands Council will have to get creative to do what they can to take care of employees and the citizens.

David Beveridge, 440 W. 2125 N., said he appreciated Councils work. He said he has heard two things, people want to keep their police, but they don't want tax increase. His dad used to say "You can't have cake and eat it to". He knows the expense of the police department. He supervises officers in Weber and Davis County. In his opinion, the proposal from the Weber County Sheriff's Department may need to be re-visited.

Don Knighton, His wife sits on the Council, wants to be careful not to endorse anything. He said hearing the people discuss the proposal from the Weber County Sheriff's department and the proposed savings that would be offered, if you see in the paper tonight, you will see the cities that are raising taxes to cover the costs of the sheriffs department contracts. He's hearing a lot of the people say they like the police department but they aren't willing to pay for it. In his opinion, that's hard to do. A lot of the people on Council struggle with what to do. This is not the first conversation the Council has had on the budget. But none of the residents have attended the meetings prior to tonight. Why do the resident's show up when it's time to vote? Where have they been during all of the other budget discussions?

Mike Wells said he was around when the sheriff's department offered contracts and has never seen \$400,000 saving ever. He doesn't know where these figures come from. He just wanted

to say that if the city did decide to go with Sheriff's Department, the local police department would be impossible to get back. All of the equipment and resources would be given up and the city would not ever be able to afford to get them back. The cost of an individual police department would be lost, never to be recouped.

MOTION: Council Member Richins motioned to close public hearing. Council Member Allen seconded the motion. All Council Members voted aye. Motion passed.

Mayor Hendrix said he wasn't going to bring up any specific departments during his opening statements. He offered an apology to the officer in attendance. He appreciates the hard work from all departments. Last year the Sheriff's Department was approached to offer a bid to keep all of our employees. The bid that was returned was of no savings. An unsolicited bid was received for \$650,000 that would have saved \$350,000. He's not sure where the \$400,000 figure came from. He appreciates the comments about the police department. He appreciates those individuals who have offered suggestions, and is willing to take another look, if necessary. What is Pleasant View doing that Harrisville is not? They are certainly collecting much higher property tax than we are. He said he understands some officer turnover is expected. The population difference between cities is not much bigger, but Pleasant View has a much bigger tax base.

Who is doing the math on the proposed property tax calculations? It's the county and the state. Mayor Hendrix responded he is not sure why the figures came back the way they did. Our financial officer put in a 100% proposed property tax increase. He is unsure where the discrepancy is.

Who has been asleep at the wheel? Harrisville is basically looking at the numbers in the budget. The 100% increase has been proposed for two reasons. One reason is that Harrisville City has not had a property tax increase for 40 years. They have received a suggestion to raise 10% each year. The decision was made to go ahead with the 100% because Council doesn't want to go through this ever again. This is why they agreed to propose the increase once.

As for the North View Fire District; 4 years ago they became their own taxing entity. The tax rate was given to them. This amount came out from our property taxes. They sort of stayed the same because the district was created so residents did not see a decrease in their overall taxes. It is now a separate item on the property tax notice due to the district being created. Council Member Wilhelmsen confirmed this as well. The money transferred straight through to the fire district.

As for how much is in the fund balance, he is not sure what fund is being referred to. The rainy day fund is allowed at 18% and is now being raised to 25%. Rainy day fund is for unpredictable expenses throughout the year. For example, a few years ago the Hunting Creek subdivision had a sewer line collapse. If there hadn't been money in this budget, there wouldn't be anything to fix these things. The special projects fund has a healthy balance but these funds must be used for specific things.

Mayor Hendrix said he was unfamiliar with Proposition 13, and doesn't know what this is regarding.

As for the suggestion to find some money, Mayor Hendrix indicated he's not sure where this will come from. That is what the Council is trying to address.

What improvements will come from this raise in taxes? The improvements are taking place through Public Works having a maintenance plan in place, taking care of roads.

Was the current location of D.I. to be Lowe's? Mayor Hendrix said the answer is "no". This was never the case. The city would have had interest in a Lowe's but they never approached the city.

Mayor Hendrix confirmed there is no sales tax revenue from the D.I.; that is correct.

Mayor Hendrix turned the time over to Bill Morris for explanation on the economic development in the city.

One of the questions from the public was how to bring in economic development. Some of the bigger cities have an economic developer. Harrisville City does not have the funds for this. He explained the Chamber of Commerce membership did not offer help for the two years we belonged.

As for the suggestion to add another big box store; there is no area within the city boundaries to currently zone to support another big box store.

Bill Morris explained when he starting working for Harrisville, several businesses were paying their sales tax revenue to the wrong city. This amounted to over 5 years worth of sales tax being paid to the wrong city. Also at that time Harrisville was one of the fastest growing cities in the state. The decrease in building permit fees was drastic. When residents shop online and enter the zip code, the sales tax revenue can be sent to Ogden, since this is usually the default and we share that zip code. The city conducted a business license audit to ensure the proper sales tax was being collected and also to audit the calls for service from the police department. WalMart's business license was increased to cover the cost of calls for service.

This is a difficult area to address. The city has made several efforts to bring in more businesses. The money does not exist to join the Chamber of Commerce. Several businesses have been denied access from UDOT due to the corridor agreement. The city would have responded if Lowe's had approached us.

Bill Morris explained he has contacted Boyer Company asking them to fill the empty lots by WalMart. We've recently had conversation with Maverick, Cracker Barrel, and other potential businesses. We lost 7-eleven on Harrisville Road because of the UDOT corridor agreement. This is an ongoing issue. He has personally sent letters to UDOT, they did not respond very favorably.

Mayor Hendrix admitted he shops at Costco sometimes, but for the most part he shops at WalMart to try and keep the sales tax revenue local.

The suggestion to ask for volunteers, Mayor Hendrix informed residents the Council had been requesting volunteers for the several months leading up to Heritage Days, with no response. Council Member Tait has made hundreds of phone calls to receive enough volunteers in the past. There are many things available to residents for volunteers.

Mayor Hendrix explained the agreement that was signed by Pleasant View, North Ogden, Farr West, Harrisville, and UDOT was to preserve the main access through these cities. It was proposed to help limit the access and help get people across the major roadways. He has personally contacted several cities to try and address this issue.

Mayor and Council gave discussion on the success of the Splash Pad and although it is free to the public it brings people into the city that potentially shop and buy in Harrisville. The funding for the Splash Pad came from Park Impact fees that were collected on building permits. This money has to be spent within a certain period. The Main Park renovation and the addition of the splash pad were selected so the money would be spent in compliance with deadlines. The maintenance costs associated are minor at around \$7,000 per year. This is a relatively minor cost to maintain the atmosphere. Mayor Hendrix expressed he personally doesn't want the rural atmosphere to leave Harrisville.

Council Member Allen said the Weber County Sheriff's contract was his idea. He explained that last year they proposed a 104% property tax increase. In his opinion, this was an avenue to pursue to possibly save money. He stated Pleasant View runs an eight officer force, Harrisville City runs a nine officer force. His opinion of the rainy day fund; is it's raining.

Council Member Richins referenced the Weber County Sheriff's proposal. The \$350,000 savings was allowing two officers to be reassigned throughout the county, so basically we would lose them. Out of the 10 vehicles the police department uses, only 5 vehicles would be

accepted by the County. The nice facility we have made for our police downstairs would not be used.

Council Member Knighton said when Council discussed this option last year the big reason they opted out was there is no reverse on this option. If the Sheriff's contract becomes too expensive, there is no way to reverse this. The local residents would have to live with whatever the county provides at their cost.

Council Member Allen explained part of the contract was to buyout \$90,000 in benefits and he remembered \$10,000 would be paid to Harrisville in the car swap. He said no one wants the police department to go away. He felt this option needed to be addressed.

Council Member Tait pointed out Council Member Allen was not the only member that voted against the property tax increase last year, they all did. She said she works multiple jobs to make ends meet as well as the residents. She informed residents she has struggled for a year and a half on this decision. She does feel like the residents are piling on Council. This was not a quick decision. She knows what this will do to her personally. She said Council has tried to find a solution and they hear the resident's voices.

Council Member Wilhelmsen addressed the comment about the police department writing more tickets. He explained not 100% of the revenue is received by the city. The state takes the majority of the money on citations. He said there are two types of city revenue, sales and property taxes. He said he understands many residents are venting and underneath there is a heart-felt sincerity. He said to maintain the service for residents; they must make a decision to balance the budget. The Council has struggled, and realizes the importance of this decision and they are the ones having to make the judgment on this. The salary increase was not the only purpose of the property tax increase. The answers to these questions are not easy. A big box store doesn't just come into the city without having an impact. We have to cover the crime, through police responses, yet the sales tax revenue has to be split throughout Ogden and other communities. We are left the ones to maintain this. Maybe they need to talk to local politicians the change this burden and bring more money back to the city.

- c. Discussion/possible action to approved Harrisville City Resolution 13-05, a resolution adopting the Fiscal Year 2013-14 final budget for Harrisville City, Utah, fiscal year ending: June 30, 2014.

Mayor Hendrix encouraged Council to continue the budget discussion.

Council Member Richins asked if there is any in between options. Council Member Tait asked what happens if this decision is not made tonight. Bill Morris explained the rumors may possibly have been started by the Council passing the tentative budget. He said if Council opts to not pass this budget, staff will reevaluate the budget. They will have to start with staff cuts, and offered his position. That's where we are at for budget cuts, cutting staff positions. Because of the truth in taxation requirements, Utah State law states we have to have the public hearing in August. He reminded Council they did not have to vote for the property tax increase last year, and they don't have to vote in favor this year. The direction of the budget is going to the point we will have to cut employees.

Council Member Wilhelmsen said when he ran for public office, the policy and procedures were being established to cover and protect the city. He feels Bill Morris has paid for his salary over and over by covering the policies and procedures and helping protect the city. Bill Morris' receives \$24,000 in salary and \$55.00 per hour for attorney work. Council Member Knighton pointed out he saved the city \$50,000 alone in the sales tax revenue being realigned.

Council Member Knighton asked Bill Morris is they can table this item. Bill Morris responded yes, they would have to hold a special meeting to vote. The special meeting would not be a public hearing but residents could offer written comments ahead of time.

Council Member Allen asked if they could revise the resolution. Bill Morris clarified the property tax notice was referred to in this resolution. Council Member Tait asked if other local

municipalities are having proposed property tax increases this year. Bill Morris said yes, several cities are having proposed tax increases this year.

Bill Morris further clarified the Weber County line item is being reduced this year and many cities are recouping this amount through a proposed property tax increase. The main reason for this is contracts provided by the Sheriff's Department. Washington Terrace is also proposing a tax increase for the amount the county is decreasing. Harrisville City opted to propose a 100% increase. This is to compensate for the losses we are experiencing.

Council Member Allen mentioned the city is required to go through truth in taxation to recoup the county realignment. Many other cities are doing this as well.

Council Member Tait pointed out Harrisville City is second to the lowest in property tax rates. With the other proposed increase, other cities might be higher than Harrisville now.

Council Member Wilhelmsen suggested possibly tabling the resolution and holding a special meeting to determine a new amount. Without the 100% increase, there is a possibility of having to revisit this topic next year, unless sales tax revenue increases.

Council Member Richins pointed out if they do not have an increase at all they will be unable to recoup the County realignment. Council Member Knighton asked if they table this, do they have to advertise another public hearing.

Bill Morris said there would be no advertisement requirements. The Mayor and Council must hold a special meeting before the final deadline on August 17th.

MOTION: Council Member Allen motioned to not approve Resolution 2013-05. Council Member Richins seconded the motion.

Bill Morris asked what changes the council would propose staff to make to the budget. Mayor and Council gave discussion about meeting the state requirements on the final budget. Bill Morris gave explanation on how to properly motion. Mayor Hendrix asked if the resolution is tabled, another meeting will have to be set in the next week. Mayor and Council inquired whether a lesser tax increase amount is allowable. Bill Morris said his understanding is Council could agree on a lesser amount, not more than was advertised. Now that they have heard from the public, they can use this time to think about the suggestions and make up their minds at a later date. Last year they decided against a property tax increase at all. Bill Morris reminded Council there is a motion on the table.

Council Member Allen withdrew his motion.

MOTION: Council Member Wilhelmsen motioned to approve Harrisville Resolution 2013-05, a resolution adopting the fiscal year 2013-14 final budget for Harrisville City, Utah, fiscal year ending: June 30, 2014. Council Member Richins seconded the motion.

Council Member Knighton inquired what the effect of this motion will be. If the Council votes no for this resolution, they will have to find another solution by August 17th. If this proposal is for the 99.26% increase and the Council votes this resolution down, they will have to find another solution by August 17th. Mayor and Council gave discussion on the options available with tabling this discussion, voting the resolution down, and compromising on a lesser property tax increase. They agreed they must create a balanced budget. Bill Morris informed Council to be in compliance with open meeting policies; they would have to allow 24 hours notice before the special meeting could be held. Mayor and Council discussed various schedules and options available to hold a special meeting. They agreed they need to meet as a full Council to vote on this resolution.

Bill Morris asked Lynn Fortie what effect would be caused by a 75% property tax increase. Department increases would be reduced to 7% and the other budget items would have to be reduced by 25%. Mayor and Council agreed they feel they should take advantage of the decrease in county taxes. Harrisville residents will no longer be overcharged by the county for police services they do not use. The cities that contract with the county will now be paying for

these services. By recouping the amount the county is lowering, the residents would not see a reduction in their property taxes.

Mayor Hendrix encouraged Council to continue to look at options. He suggested considering a 50% increase. He reminded Council the employee adjustments will be based on merit. He expressed his desire to find a long term solution; he doesn't want to be running into this same situation next year.

Bill Morris suggested modifying this motion to reflect the 50% increase rather than the 100%. Council Member Knighton asked if there is an understanding what the county tax reduction will be before they make a decision. Bill Morris said the exact number is unknown until the County holds their truth in taxation hearing. Mayor Hendrix used his home as an example. His county tax line is reduced by \$14.00. He pointed out if the county tax line item is going down, this is only a partial increase for Harrisville residents.

MOTION: Council Member Wilhelmsen motioned to approve Harrisville Resolution 2013-05, a resolution adopting the fiscal year 2013-14 final budget for Harrisville City, Utah, fiscal year ending: June 30, 2014 amending the property tax increase to 50%. Council Member Richins withdrew his second. Mayor Hendrix asked for a second. Substitution motion failed. Council Member Wilhelmsen withdrew his motion.

MOTION: Council Member Knighton motioned to table Resolution 2013-05, a resolution adopting the fiscal year 2013-2014 final budget for Harrisville City, Utah, fiscal year ending: June 30, 2014, and set a special meeting for Thursday, August 8th at 7:00 p.m. Council Member Tait seconded the motion. A Roll Call vote was taken.

Council Member Allen	Yes
Council Member Richins	Yes
Council Member Knighton	Yes
Council Member Tait	Yes
Council Member Wilhelmsen	Yes

Motion passed 5-0. Special meeting set for Thursday, August 8th, 2013 at 7:00 p.m.

5. Public Comments.

Gary Robinson, asked if the sales tax revenue audit included online sales. Bill Morris responded there are two types of sales tax, direct and indirect sales tax. The city receives the indirect sales tax from the state tax commission. There are no details about where this sales tax is generated from. The direct sales tax is collected from online sales within a specific zip code. Some online sites allow purchasers to select their city within the zip code. If there is no city selection, these sales taxes default to Ogden City.

Gary Robinson suggested Council be involved in local city and county meetings to petition legislators to equally distribute businesses throughout the area. He suggested joining with the other local cities to try to improve the business districts.

Bill Morris explained that a few things have changed since Gary Robinson's service on the city council. He said state legislators mandate that a portion of the collected sales tax be distributed to the cities that don't have a sales tax base. We are actually collecting less sales tax than we used to because of this distribution. This is something most previous council members and mayor don't realize. This has greatly affected the sales tax revenue collected. There is no zoning for dollars allowed through cities anymore. We now subsidize local cities that don't have sales tax base. These changes have taken place over the last five years. Although we impose a 1% sales tax we don't collect the full 1%.

Chris Robinson said she works for a taxing entity and has been through truth in taxation before. She asked if Council could hold truth in taxation yearly. Bill Morris clarified that yes, municipalities can hold truth in taxation every year.

Lloyd Barker, 2224 N. Hwy 89, said he recognizes not much can be done about the redistribution of the sales tax. He suggested capturing the sales tax revenue from internet sales. Most internet distributors do not have sales tax. It would be beneficial to recoup some of that when they are taxed. He also suggested Council consider natural gas vehicles when replacing city vehicles. He has replaced his fleet with natural gas vehicles and thinks this is something to consider in the future.

Roger Shuman, thanked Council for listening to the resident's. He said he has learned a lot by listening this evening and can tell the Council really cares about the community and the employees. It's a touchy decision that could go both ways. He recognizes this is difficult when faced with the decision of raising taxes or cutting employees. Cutting people in service is not necessarily the best way to go. He recognizes the hard job Council has to do and he respects each Council Member. He said he has lived in Harrisville a long time; unfortunately, most of the addresses he uses are associated out of Ogden. He doesn't know how many thousands of dollars that are spent on the internet. He acknowledged he doesn't know how zip codes are assigned; but wondered if we could change the zip codes to define Harrisville. He suggested putting a sales pitch out there to make sure residents know to select the proper city in regards to sales tax. Mayor Hendrix said this has been addressed and cannot be done. He said the specific zip code of 84414-7064 is the other zip code and will bill for Harrisville. They will continue to make sure businesses are reporting the sales tax correctly. The legislature is looking at various ways to distribute the money down to the cities, and to start collecting sales tax from internet sales.

6. Mayor/Council Follow-Up.

Council Member Knighton said she has an issue with the quote that came out in the Standard Examiner. She expressed her concern with Council Member Allen advertising his vote before a discussion was given on the property tax increase. She said in her opinion, as a candidate, there is no issue making a blanket statement like that. But as a City Council Member, she feels he holds a position where advertising a vote before the public hearing is an issue. She disagreed with using the statement that he is against a proposed property tax increase. Knighton suggested using a statement that he is against a proposed tax increase. Mayor Hendrix said he realizes it is common for those running for political office to use such statements. He thanked Council for their attention during this budget discussion tonight.

Council Member Wilhelmsen said they have been receiving feedback in the community for the tree resolution and thought maybe Council should address a few concerns. Bill Morris suggested sending the abatement letters out to the effected residents and see if Ken Martin can work up a solution with the residents first. Then have City Council work with residents that may have unresolved issues at that point.

Bill Morris informed Council of a change to the Waste Management services. Waste Management will realign their route to service the entire city on the same rotation. There will be special service given to those resident's who will be effected by this change.

Bill Morris passed around thank you cards for the two Heritage Days volunteers that went above and beyond at this year's celebration.

7. Adjourn.

Mayor Hendrix thanked council for their attention at this meeting and motioned to adjourn at 10:03 p.m.

RICHARD HENDRIX
Mayor

ATTEST:

JENNIE KNIGHT

City Recorder

Approved this 27th day of August, 2013