

MINUTES OF HARRISVILLE CITY
SPECIAL COUNCIL MEETING
Thursday, August 8, 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 Michelle Tait, Council Member Grover Wilhelmsen.

Staff: Bill Morris, City Administrator, Lynn Fortie, Treasurer, Keith Wheelwright, Police Lieutenant, Jennie Knight, City Recorder.

Visitors: Christine Robinson, Don Knighton, Ted Mayo, Eric & Lena McTee, Amelia McTee, Joyce Shrock, Mike Shrock, Bill Johns, Lamar Wandle, Elaine Andrushko, Gary Robinson, Roger Shuman, Kirk Halverson, Charles Hawes, Roy Bronson, Nicole Tripp, Kenny Loveland, Arnold Tait, Dale Hanzlik, Dave Ferguson, Joanne Christensen, Curtis Christensen, Steve Mueller, Jim Harris, Debbie Rhodes, Gayle Wardle.

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 Richins led the pledge of allegiance and opening ceremony.

3. Business Items.

- a. 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 opened the discussion. This meeting was set to discuss the budget and address questions and concerns voiced by residents at the previous public hearing. He expressed his appreciation to the residents that reviewed the budget and offered questions or suggestions for Council to review. He proceeded to answer some of the resident questions.

Are the 2 new vehicles listed in the budget needed or wanted? Mayor Hendrix explained the Public Safety vehicle replaces a 9-year-old vehicle. They will rotate down the vehicles and put the oldest vehicle with the most miles as the part time vehicle. The public works truck that will be replaced is between 10-15 years old. These trucks are fairly expensive. This is a regular public works truck that is needed and will come with the normal setup including a snow plow. Harrisville resident Bill Johns submitted written inquiries into the budget asking if all city employees will get a raise. Mayor Hendrix confirmed this is true. Last year there were no raises given, a few employees were given a wage adjustment. There was also an inquiry about Council getting a raise. Mayor Hendrix gave a history on a previous requirement for a public hearing to allow a wage adjustment for the City Recorder and Treasurer Positions. A new ordinance was drafted to do away with this requirement. As part of this ordinance, Council was given wage increases based on years of service. Each Council Member receives \$50 per year increase for each year of service, with the Mayor receiving \$250 per year of service. Council Member Tait pointed out Council had to enforce this ordinance or return to the public hearing

requirement. Council Member Knighton agreed this was to come into compliance with an ordinance that was already in place.

There were also 8 line items listed with questions as to their relativity to the budget. Mayor Hendrix said all of these are mandated benefits required by law for employees; basically the same benefits given in the private sector.

Why does the city pay a Comcast bill? The city has a business account that covers several locations throughout the city. There are TV's for local or national news broadcasts in case of an emergency. There were questions regarding the Cabin revenues balancing against the associated operating costs. There was a discrepancy in the numbers with cabin fees. Mayor Hendrix confirmed the cabin operating costs exceed the revenue generated from rentals. There was public concern regarding snow removal costs. Mayor Hendrix said this budget item is always an estimate. They must consider the cost of a hard winter each time this item is addressed in the budget to cover the cost of running snow plows and the sand and salt used for de-icing.

Mayor Hendrix explained how the budget surplus does not roll over from year to year. Any excess money returns to the general fund which is depleted to a zero balance at the end of each fiscal year. The only remaining money is in the rainy day fund which previously capped out at 18% but has recently been increased to 25%.

Mayor Hendrix asked residents if their questions had been addressed. Residents responded yes. Mayor Hendrix expressed his appreciation for resident's interest and concern.

Bill Morris informed Council of the current tax ranking throughout Weber County. From highest to lowest; Ogden, Washington Terrace, South Ogden, Roy, North Ogden, Pleasant View, Riverdale, Uintah, Huntsville, Harrisville, Hooper, Plain City, Farr West. Marriott-Slaterville and West Haven currently have no property tax. If all of the proposed property tax increase are approved the ranking will change.

The percentage of the Weber County line item decrease is approximately 24%. Bill Morris reminded Council the county rebate is for law enforcement services that the county has been charging that some cities do not use. If Council passes the proposed tax rate of 100%, 24% will be recouped from the county tax item being decreased.

Mayor and Council gave discussion on varying amounts of an increase. They gave discussion on how commercial properties will be affected differently because their property tax is based on 100% valuation of the property. They discussed what constitutes a commercial property.

A residential property is taxed on 55% of the valuation of the property. A discount is given for a property being a primary residence. Council Member Tait said she calculated the approximate amount per month at \$3.66 increase for an average \$143,000 home. The total for the year would be approximately \$44.00.

The total revenue generated from property taxes is \$162,100. This is to provide all the city services. With the 100% proposed increase, this amount doubles to \$364,200, to maintain the services the residents are used to having. These services include public safety, public services, snow plowing, and all other city services. This proposed tax increase would also allow for the city to fairly compensate their employees. They have cut the 401K and instituted an employee match contribution with this proposal as well.

Council Member Knighton commented on the public concern that residents are not receiving a COLA (Cost of Living Adjustment). She said the same COLA affects the city as well. They have to manage the city with the resources that are available. With sales tax revenue down, this proposed increase will help maintain services.

Council Member Allen asked specifically when the city's last property tax increase was held. Mayor Hendrix said this would have to be researched. There is no record of this increase here at the city; staff would have to check with the county. Bill Morris said we do not know this answer. There has not been an increase in at least 40 years. Council Member Allen pointed out the city has only been incorporated for 50 years.

Mayor Hendrix asked for discussion on a proposed 50% tax increase discussed at the previous meeting. Council Member Knighton asked where the cuts are going to come from. This was originally the problem to begin with. They made additional cuts to the budget last budget season which proved to be futile at the end of the last fiscal year.

Mayor Hendrix said the wage adjustment could be cut by 50%. Council Member Tait commented with the 100% proposed increase, this amounts to less than \$10 per month for residents to have the services the city provides. When the increase is looked at as a whole, this is not a lot of money. She expressed her desire to not have to go through this again. She would like to move forward with the 100% increase and only have to do this once. She said residents have expressed they feel Council is doing a great job. She does not want to raise taxes. She does not want to do this to herself. She does not want to reduce the increase to 50% knowing there is a chance they may have to do this again. She again expressed her desire to never have to go through this again.

Council Member Knighton commented in support of Council Member Tait saying this was not an overnight decision. Council has spent weeks and weeks, hours, and hours discussing the budget. Last year's solution was a band aid. It was not easy to make this decision.

Council Member Tait said she was glad no decision was made during Tuesday night's meeting. She said the comments that were made, she needed to hear. In her research those in attendance at that meeting opposing the property tax increase were about 14% of the registered voters in the city. The other 86% wanted to know where the money was going to. She said the Council works hard to provide these services to the residents and she did not feel appreciated for this the other night. She said Council does not get paid a lot to do this. She said she does everything she can to be here. This is an emotional decision, every week Council has spent discussing this item. She didn't necessarily want raising taxes to be her legacy from her service on the Council. She feels she is sticking her neck out and likely to make enemies with her decision but wants to stand by the 100% increase.

Mayor Hendrix expressed his appreciation for Council Member Tait's insight. He pointed out the cost of holding the truth in taxation sessions. Advertising is expensive and would likely eat up the cost of a small increase. This advertising requirement must be met each year. He commented after Tuesday night's meeting, emotions were high.

Council Member Tait said she has not discussed this with any other Council Members. Council Member Knighton expressed her agreement with Council Member Tait. She said this increase is a valid proposal. Council has gone through the budget line item by line item.

Council Member Richins asked for the advertising costs. Mayor Hendrix said it's around \$1,000 for the full page ad requirement. Council Member Richins called the requirement ludicrous because most Harrisville residents don't take the paper anymore.

Council Member Wilhelmsen asked if part of this money is to restore the rainy day fund. Lynn Fortie said the 18% maximum has now been increased to 25% so the total fund balance will increased to the maximum. The Capitol Projects fund has a healthy balance of around \$1,000,000. This fund must be used for specific projects; sewer lines, roads, reconstructions, etc. The rainy day fund is actually the city's saving account.

Council Member Knighton pointed out long term road maintenance is very expensive. Mayor and Council gave discussion on the potential cost of millions of dollars to widen Larsen Lane. Bill Morris said one mile of road costs around 5 million dollars. He said he is currently looking for grants to assist for the installation of the project. That is what the Capital Projects Fund is used for. He has been applying for this grant and it will likely take 5-10 years from now before the city would be in a position to do this. Mayor Hendrix confirmed this project is on the agenda for 5 years from now at a cost of 3.2 million dollars.

Mayor Hendrix informed the residents about 5 ½ years ago the rainy day and sewer funds paid to have a new sewer line put into place on Highway 89 at the Hunting Creek subdivision. The contractor who did the initial work was taken to court but the city lost. The city was tapped to

foot the bill for the repair. The judge on the case said the city did not have to put in such an expensive repair. The city opted for a permanent fix that would stabilize this area and protect the residents. This issue was discovered when our Public Works Director was viewing video tape of our sewer lines. The sewer line ran underneath the canal at this particular spot. The rainy day fund and special projects funds were used to repair this. The total repair costs were \$300,000-\$400,000. The Special Project Fund, also called Capital Improvement Fund, is for long term projects. The rainy fund is not officially called the rainy day fund. It's a savings account the state allows.

Council Member Allen said he respects Council Members Tait and Knighton. He agreed with going through truth in taxation to capture the county rebate. He suggested using the money captured through the county rebate along with the money that has been set aside for the rainy day fund instead of the proposed 100% property tax increase.

Mayor Hendrix commented if Council considers using the rainy day fund to balance the budget they will have to revisit this each year. Council Member Wilhelmsen asked for clarification.

Council Member Allen said no increase would be passed on to residents if they use the county rebate along with the money from the rainy day fund. Council Member Tait commented that all of the money would have to come from the rainy day fund next year because there would be no county rebate. Council Member Allen expressed his agreement with the capturing the county rebate because otherwise this money would be lost. Mayor Hendrix said the rainy day fund is a projected number based on a guess. There is no guarantee this money or any money will be left over in the budget.

Mayor Hendrix admitted the 100% appears to be a large amount. This was the difficulty Council was faced with last year and it was a hard decision. The city tried not to specify a percentage but a dollar amount is required by the county. He specified the amount proposed will allow us to maintain the lifestyles our residents enjoy and also manage growth.

Mayor Hendrix addressed resident comments about Big Box stores. By bringing in WalMart, there was a need to add 2 police officers to handle the calls for service. He pointed out the city roadways are in good condition and need to be maintained. He understands the various feelings and frustration residents are having but without some kind of an increase, services will not be maintained.

Council Member Wilhelmsen suggested a 75% increase knowing 24% of the increase will be recouped from the county rebate. Bill Morris said this will be 51% of new increase for the residents. Keeping in mind, this is just a rough estimate that staff calculated from one county notice. Staff arrived at a 24% reduction as the county rebate. Mayor and Council gave discussion on varying amounts and what costs would be passed on to the residents.

Council Member Wilhelmsen said he empathizes with residents and their concerns. He also hears the city employee voices and is trying to find the best compensation between the two parties. The employees have been cut down to the bone. Maybe a compromise can be reached.

Mayor Hendrix said he hoped residents took a look at their property tax notices after Tuesday night's meeting to find out what the actual number for each residence will be.

Council Member Knighton said she was going back through notes from last year's budget sessions as a reminder as to why they are proposing this increase. She gave comparisons about where our employees ranked with surrounding cities. This was from a wage comparison Council Member Allen previously conducted. She said this is part of the initial discussion on how to retain employees. She stated Harrisville employees are an asset to the city.

Council Member Richins said he would like to conduct a small survey to see where the Council Members were at with the proposed increase. Mayor and Council agree on at least the 24% increase. Council Members Tait and Knighton are at the 100% proposed increase. Council Member Richins said he would go for a 50% increase. He admitted he was ready to vote against the increase on Tuesday night's meeting because he felt there was no middle ground.

He pointed out expenses and revenues that are unknown for each year. Tonight he feels there must be some agreement reached. Mayor and Council discussed what would be a fair compromise. Council Member statements were made regarding their comfort level, some felt strongly for the 100% increase to put the city structure back together, trusting the departments to bring the employees into a level playing field with surrounding cities. Council Member Wilhelmsen stated he does not want to go through this every year. He feels this has divided the city. Council is trying to give residents the most for their dollars. He feels comfortable with a 75% increase, knowing that 24% will be compensated from the county rebate.

A Resident asked for a definition of the Truth in Taxation requirement. Bill Morris responded this is the process municipalities must go through to properly notify the public and give opportunity for public comment when proposing a property tax increase. There are several requirements in Utah State Law that must be met with regard to noticing and holding the public hearing. The Truth in Taxation is this process.

Council Member Knighton said she read back through things discussed in the last budget season; services, staff, cost of fuel, etc. The Council didn't come to the proposed 100% easily. She said they may have to reach a compromise at 75%. She could not go lower than that in good conscience. She referred to incidents that used up funds that were cut this past budget year. She expressed willingness to compromise at 75% and work on where to cut.

Council Member Richins said the majority of the tax increase will go to a wage adjustment for employees. Everyone is in agreement to increase by the 24% county rebate amount. Council Member Allen said he supports the 24% increase so the city doesn't lose the county rebate. They can trim a few things, give the employees a raise but they may have to go through this again.

Mayor Hendrix pointed out the employees state retirement requirements are increasing. Employee Health Insurance rates go up just like the residents. Wage adjustments are necessary to help counteract these as well. Council Member Tait brought up property tax revenue stays in the city. We are paying for services we get.

Council Member Richins reminded Council the city has no debt.

MOTION: Council Member Wilhelmsen motioned to approve Harrisville City Resolution 2013-05, a resolution adopting the Fiscal Year 2013-14 final budget for Harrisville City, Utah, fiscal year ending: June 30, 2014, with the proposed property tax increase at 75%. Council Member Knighton seconded the motion. A Roll Call vote was taken.

Council Member Allen	No
Council Member Richins	Yes
Council Member Knighton	Yes
Council Member Tait	Yes
Council Member Wilhelmsen	Yes

Motion passed 4-1.

Council Member Knighton asked where the budget adjustments will be made. Bill Morris replied staff will work together to reduce the budgets accordingly.

4. Adjourn.

Mayor Hendrix motioned to adjourn at 8:22 p.m.

RICHARD HENDRIX
Mayor

ATTEST:

JENNIE KNIGHT
City Recorder
Approved this 27th day of August, 2013