

RICHMOND CITY COUNCIL

AUGUST 20, 2019

The regular meeting of the Richmond City Council was held at the Park Community Center located at 90 South 100 West, Richmond, Utah on Tuesday, August 20, 2019. The meeting began at 8:01 P.M.; Mayor Jeffrey Young was in the Chair.

The following Council members were in attendance: Paul Erickson, Tucker Thatcher, Cheryl Peck, Lyle Bair, and Kelly Crafts.

City Administrator Jeremy Kimpton, City Recorder Justin Lewis, and City Treasurer Christine Purser were also in attendance.

VISITORS: Terrie Wierenga, Lora Smith, Keith Morris, Vern Fielding, Paul White, Jensen White, Shayne Bair, Jay L. Bair, Gale Alvey, Brandon Moore, Troy Hooley

PUBLIC HEARING TO DISCUSS THE PROPOSED INCREASE IN PROPERTY TAX REVENUE FOR THE CITY. THE RICHMOND CITY TAX ON A \$242,000 RESIDENCE WOULD INCREASE FROM \$164.25 TO \$181.95, WHICH IS \$17.70 PER YEAR. THE RICHMOND CITY TAX ON A \$242,000 BUSINESS WOULD INCREASE FROM \$298.63 TO \$330.81, WHICH IS \$32.18 PER YEAR. IF APPROVED THE CITY WOULD INCREASE ITS PROPERTY TAX REVENUE BY 10.74% ABOVE LAST YEAR'S PROPERTY TAX BUDGETED REVENUE EXCLUDING NEW GROWTH.

MAYOR: Last year, we raised the property tax rate. There was a lot of discussion on it. The rate had not changed for 40 years. One of my biggest frustrations in this is the process. The rate is based off of the amount we ask to collect. If you want to hold the rate, then you have to go through a Truth in Taxation hearing every year. We don't want to change the rate from last year. We want to keep it the same. By keeping the rate the same, growth will add to our amount collected. By keeping the dollar amount received the same, everyone actually pays less as the city grows. This can be problematic as the city grows. Lewiston has held the rate for years and years.

CHERYL: If the value of a parcel ever decreased, then the tax would actually decrease.

MAYOR: This year, the county got approval from the state to increase the value of every parcel in Cache Valley. If the rate is the same and the value increases, people will pay a higher tax. Our intent is to hold the rate the same as last year. We don't want to change or increase the rate over last year. The notice shows an increase. It sure looks like an increase, as the notice is written as dictated by state code. I have talked to legislators at the state level about having the ability to hold the rate yearly and not having to go through such a lengthy process. If values continue to increase and we keep the same rate, it will still show we are increasing taxes on a yearly basis. I have not gotten anywhere in this discussion with our legislators.

A motion to close the regular council meeting and open the public hearing was made by Tucker, seconded by Paul, and the vote was unanimous.

Yes Vote: Erickson, Thatcher, Peck, Bair, Crafts

No Vote: None

The public hearing opened at 8:05 P.M.

GALE ALVEY: The value of my home increased \$40,000. The schools keep increasing their rate. People have never talked about the value when talking about taxes. We are all smart and understand the value of the home will increase. We are not dummies. I don't like that the monthly utility bill increases by \$2.00 each year. Why does it? I am not sure what that increase is for. That is a \$24 per year increase. I am willing to show you my social security check. I know things increase. I want to know why the utility rate increases \$2.00 per year.

MAYOR: I support the yearly increase which is \$1.00 per year for water and \$1.00 per year for sewer. It is very simple to explain. Expenses and the cost of living increases every year. People earn more now than they did 40 years ago. We have two options. We can do gradual increases or do one large increase. Our choice was simple. We chose to do gradual increases. Our property tax rate had not been changed for 40 years. Last year, we had to review it and adjust. If the rate had been held the same for the last 40 years, we would be collecting more now than we have

Richmond City Council Meeting Minutes, August 20, 2019

requested. The rate was higher then than it is now. Last year we increased our property tax revenue by 75%. We went from collecting approximately \$100,000 per year to \$175,000 per year. I think increases should be done slowly over time. The sewer loan is at zero percent interest. The state mandated what we would charge at that time and how much we would hold in reserve. The state recommended three rate increases. We implemented two of the increases but did not implement the third increase. We did not want to increase the sewer rate an additional \$20 per month unless we had to. If we could slowly increase the rate over time, we hoped to keep from implementing the third increase. It worked, and we did not have to implement the third large increase. Our increases over time have still been less than the proposed third increase.

GALE: People don't know that, and that is why I am asking. Does the city have a reserve?

MAYOR: The reserve in the general fund is about \$528,000. We need to have a reserve amount of one budget year, but we are not there yet. We don't have it right now. We want to increase our reserve over time. We have borrowed money internally from different funds over time and paid the funds back. How much was the internal water loan?

JUSTIN: The sewer fund loaned the water fund approximately \$400,000, and it has been paid back in-full.

MAYOR: We are happy you are asking these questions. We need to build a reserve for the future.

GALE: If you didn't have a reserve, I wanted to know why. I am glad you have something.

PAUL: The balance in the enterprise funds has increased more than the general fund. There is more money in the two enterprise funds. The water fund does not have as many long term maintenance and repair costs as the sewer fund. There are other funding sources in the general fund other than property tax as well.

MAYOR: Justin, how much was the new Logan City sewer plant projected to cost?

JUSTIN: If I recall correctly, the original estimate was \$105,000,000, and the last estimate I was told is \$160,000,000. The plant is not projected to go online for another 40 months or so.

MAYOR: We were lucky and received a zero percent loan for our MBR plant. Those types of loans no longer happen.

GALE: It sounds like you are in good shape.

MAYOR: We want to be reasonable with what we are doing as well as responsible at the same time. We want future city councils to be able to build on what we are doing.

TERRIE WIERENGA: I support the way the council is approaching this issue. Many other communities have done it as well. Each year results in a small increase. The property tax form is confusing to understand. There is an appeal process on the valuation of a property or parcel.

CHERYL: We did that process, and it did not help.

TERRIE: I heard around 25% of those who appealed the value were approved or the value reduced. It is possible.

GALE: The advertisement in the newspaper says "if" the tax is approved. That is a joke. It is always passed. My tax is only increasing because the valuation has increased.

MAYOR: If the value and the rate stay the same, then you would pay the same amount.

A motion to close the public hearing and reopen the regular council meeting was made by Lyle, seconded by Cheryl, and the vote was unanimous.

Yes Vote: Erickson, Thatcher, Peck, Bair, Crafts

No Vote: None

DISCUSSION AND POSSIBLE VOTE ON RESOLUTION 19-03, A RESOLUTION SETTING THE PROPERTY TAX RATE.

PAUL: There are only two times seeing a change in the valuation is good. When either borrowing money against the property or selling the property.

GALE: My house value increased from \$150,000 to \$190,000.

VERN FIELDING: It is hard to find a home to live in, in Cache Valley, for under \$200,000.

PAUL: I hate how the state does the formula and process for property tax. It should be as simple as if the value increases, then the person pays more. The rate should only change if the council asks to change it and goes through the process.

MAYOR: There has been a lot of discussion at the state level on the rate. Having it based on a dollar amount collected hurts the city. The city needs to stay with the same rate unless the council wants to change it. I suspect this will be reviewed as part of the ongoing tax review by the legislature.

Richmond City Council Meeting Minutes, August 20, 2019

TUCKER: Last year, very few communities held the rate the same. Now, almost all communities have started to do it.

PAUL: The school district is separate from the city and does their own process and hearing.

MAYOR: Between the local schools and state school fund, about 75% of the property tax collected goes to the schools.

A motion to adopt Resolution 2019-03, a Resolution setting the Real and Personal Property Tax Rate the same rate as the previous year at 0.001367 was made by Tucker, seconded by Lyle, and the vote was unanimous.

Yes Vote: Erickson, Thatcher, Peck, Bair, Crafts

No Vote: None

PAUL: How much of the property tax owed is not collected or delinquent?

JUSTIN: I would estimate less than 5%. People have up to five years to pay back tax owed before the county will sell the property because of property tax owed. We collect past due taxes on a yearly basis. It is not a large amount but still collected as people pay their old tax past due property tax bills.

A motion to adjourn was made by Paul, seconded by Lyle, and the vote was unanimous.

Yes Vote: Erickson, Thatcher, Peck, Bair, Crafts

No Vote: None

Adjournment at 8:24 P.M.

RICHMOND CITY CORPORATION

Jeffrey D. Young, Mayor

ATTEST:

Justin B. Lewis, City Recorder