

**TREMONTON CITY
CITY COUNCIL MEETING
February 12, 2008**

Members Present:

David D. Deakin
Roger Fridal
Lyle N. Holmgren
Jeff Reese
Max Weese, Mayor
Richard E. Woodworth, City Manager
Darlene S. Hess, Recorder

**CITY COUNCIL BUDGET SESSION
5:30 P.M.**

Mayor Weese called the February 12, 2008 City Council Budget Session to order at 5:30 p.m. The meeting was held in the Fire Department Meeting Room at 95 South 1st West, Tremonton, Utah. In attendance: Mayor Weese, Councilmembers Reese, Holmgren, Fridal, and Deakin, Manager Woodworth, Public Works Director Paul Fulgham, Police Chief David Nance, Alyson Draper, City Attorney, and Darlene Hess, City Recorder. Mayor Weese excused Councilmember Wood from the meeting.

Mayor Weese informed the Council that he had received a letter from Pauline Smith suggesting that the Council consider naming a street on honor of Jay Dee and Alice Harris. Discussion followed on the street that could be named in their honor. This item will be added to a City Council Agenda.

1. Approval of agenda

Motion by Councilmember Holmgren to approve the February 12, 2008 City Council Budget Session Agenda. Second by Councilmember Deakin. Vote: Councilmember Reese - aye, Councilmember Fridal - aye, Councilmember Holmgren - aye, Councilmember Deakin - aye. Motion unanimously approved.

2. Approval of minutes - January 19, 2008

Mayor Weese asked if there were any corrections to the minutes. **Motion by Councilmember Reese to approve the minutes of the January 19, 2008 City Council Meeting.** Second by Councilmember Holmgren. Vote: Councilmember Reese - aye, Councilmember Fridal - aye, Councilmember Holmgren - aye, Councilmember Deakin - aye. Motion unanimously approved.

3. Review of the Strategic Plan - Balanced Score Card

Mayor Weese asked Manager Woodworth to cover this item. Manager Woodworth asked the Council to review the measurement of the Balanced Score Card as this is the area that he is most concerned with. If the Council feels that changes are necessary, they are to give the information to him. Manager Woodworth told the Council the measurement is to see how the Council succeeds.

4. Budget Work Session - Revenues

Mayor Weese turned the time over to Manager Woodworth to discuss the Budget Revenues. Manager Woodworth told the Council that Councilmember Deakin had a topic he would like to discuss with the Council. Councilmember Deakin distributed a copy of the Income Statement and Balance Sheet of the Audit covering June 2004, 2005, 2006 and the current year 2007. Councilmember Deakin told the Council that you can see from the information on the Income Statement where the fee rates were increased and businesses came on board. Councilmember Reese told the Council that the information showed growth and it is good.

Councilmember Deakin then distributed a handout of graphs and charts. He discussed Bench Marking information where he informed the Council that Tremonton is high - above average - especially on property tax per capita. Manager Woodworth told the Council that in 2005-2006, the State made reappraisal adjustments. Mistakes were thought to have been made in the adjustments and Tremonton City contacted the State to report this error. Councilmember Deakin told the Council that he felt that the Council should reduce property taxes now to correct the error made.

Councilmember Holmgren asked Councilmember Deakin what percent of the property tax presented on the graphs/charts is paid by manufacturing? Mayor Weese commented that the information looks out of wack. Where would the City cut to give back the money you are showing in property tax in the information you are presenting?

Director Fulgham told the Council that Bench Marking is good; however, there are things that need to be considered when you compare municipalities. What does Tremonton City offer its citizens that other municipalities do not. You can't compare through bench marking unless you can totally compare apples to apples. Manager Woodworth told the Council that Tremonton City has to pay more in taxes because our homes are older. You can't compare Nibley that has newer/more expensive homes and Tremonton that has older homes. Taxes are just not the same and then some municipalities are exercising the 1/4 percent tax which brings in a lot more dollars.

Manager Woodworth told the Council that what is wrong with the analogy given by Councilmember Deakin is that it is not a fair review of what is happening in the City. What is coming into the General Fund and what is coming into the R.D.A. is not separated in the information. Manager Woodworth then distributed a handout showing a breakout of the General Fund, RDA #3 and West Liberty Foods property tax. The increase in property tax is property going from being in the green belt at a very low tax rate to being moved to manufacturing with the buildings and infrastructure at a higher tax rate. It is an unfair analogy because it doesn't show in lieu dollars and capital intensive infrastructure. In the

Redevelopment area, it shows Tremonton City getting full value or 100% of the tax when in actuality, we only get only 15% and the other percent goes to the School Board and other entities.

Discussion followed by the Council. The consensus of the Council was Tremonton City reported the error to the State, coming up with the correct amount that was overpaid is too difficult as there are too many variances to factor in such as new growth, additional property, new manufacturing, delinquent taxes, etc. and the citizens did not complain about their property taxes if an error was made.

Manager Woodworth then reviewed the revenues.

► **Taxes**

Property taxes - Councilmember Reese told the Council that there is nothing to compare apples to apples with. Taxes are not a problem. Councilmember Reese told the group that he did not think that leaving taxes the way they were will hurt the citizens because we have older homes. Councilmember Holmgren told the group that the City is in a growing mode now. We need to expand and with that comes adding infrastructure. Councilmember Reese told Councilmember Deakin that this exercise was very educational. Tremonton City looks good in Bench Marking. Alyson Draper told the Council that property taxes are fair in Tremonton as property is less than in other areas. The disparity comes in the services that Tremonton provides for other communities. If Tremonton looks at costs, services provided is the area we need to look at and see that we offer more not less.

Manager Woodworth told the Council that when we get the full percent of property tax in the R.D.A. and E.D.A. or when we do get a “windfall”, we will have to go through a truth in taxation process. This will start in 2012 for Malt-O-Meal and 2018 for West Liberty Foods. There can be no inflation in property tax.

Manager Woodworth told the Council that he is projecting one hundred homes this year in revenues.

Franchise taxes - Councilmember Holmgren asked why the franchise taxes went down. Manager Woodworth told the Council that franchise taxes are hard to calculate with the State Law imposing new restrictions as in a mild winter - natural gas franchise tax goes down. Manager Woodworth told the Council that the State decided that cities/towns could not get a “windfall” when the cost of natural gas went up so taxes not to exceed 10% more than the previous year were decreased. In this years budget, we will be conservative and use the Wikstrom formula.

Manager Woodworth discussed the franchise tax. He told the Council that there is 3.5% on telephones and 6% on electric and natural gas.

Sales tax - Manager Woodworth told the Council that sales tax in the budget will be

understated in the budget. This will be a contingency pocket.

- ▶ **Utility charges** - Manager Woodworth told the Council that the plan is not to increase fees. To this point, we budgeted within \$300 of what we did last year. Fees will come in due to waste stream strength being accessed at a higher rate in the manufacturing area. Paul Fulgham told the Council that the City is working with the company on getting things taken care of. Councilmember Reese asked why the City does not want to treat the waste for the problem in the manufacturing area in our plant? Director Fulgham told him that we don't have the process necessary to take care of it. Councilmember Reese asked if it would be a good idea to upgrade the plant. Manager Woodworth told him that it would and the City is planning to do so. Manager Woodworth told the Council that the only increase will be in growth. Most of the revenues will be straight line projection from last year.

- ▶ **Fees listed on the Rate Resolution**

Manager Woodworth told the Council that the fees listed on the Rate Resolution will be a straight line projection except in the areas that the Council decide to change. If the Council goes through this resolution, it will show you what our fees are.

Manager Woodworth then discussed the proposed Animal Control fee increases which will be taken to the Council on February 19th. Animal licenses were discussed. The increases proposed by Greg Horspool were discussed and compared against fees charged before. Alyson Draper told the Council that she is working on Animal Control Fees and if it is cost affect to provide this service to other communities. She will bring the information to our next City Council Meeting.

Manager Woodworth told the Council that the City has not raised business license fees for years. Recorder Darlene Hess asked the Council to consider raising the Solicitor License to \$50. She told the Council that it does not seem fair for the home based businesses to pay \$40 a year and a solicitor come into the City from other municipalities going door-to-door to pay only \$15. She would like to increase the fee to \$50 for solicitors which is \$40 basic fee - the same as home based businesses - and \$10 for badging.

The Council discussed if the City charges enough for subdivision fees? Manager Woodworth told the Council that the City needs to ensure that the subdivision fees covers the cost for engineering. Discussion followed on a full-time engineer compared to paying for engineering services. The engineering fees in the last fiscal year were \$100,000. Manager Woodworth told the Council that the City could hire a full-time engineer with benefits for \$107,000 annually. A part-time engineer works for the City maybe a half of the year where a full-time engineer would be vested with the City full time at the same cost. Chris Breinholt does a great job for the City and is truly a team player with the City; however, we don't have his services all the time. This is one area that the Council needs to look at.

Impact fees were discussed. Manager Woodworth told the Council that an Impact Fee Analysis had been conducted. Councilmember Deakin told the Council that fees make people upset.

Manager Woodworth told the Council that the City is doing an impact fee analysis for water. When we get the information, it will show the City where we are on impact fees. Manager Woodworth then asked the Council to review the Fee Resolution and decide if they want to implement changes. After the Council has reviewed the information, we will meet and discuss if changes are necessary.

Manager Woodworth reported to the Council that the City will have new water bills coming out that will break out the charges on water, storm drain, etc.

- ▶ Leasing of vehicles was discussed. Manager Woodworth told the Council that if the City leases a vehicle, the expense is broken out by the lease amount times twelve months. The cost is listed in two places - lease proceeds will be in revenue and in the expense side with payments. We will add items as the Council progress with the budget.

Manager Woodworth congratulated Director Fulgham on his conscious reserve in not spending money. He told the Council that Paul showed great discipline. Director Fulgham knows if he wants a DAF Clarifier he can't spend the money. He has to wait and put money in reserves until he has enough money for the item. We are in a better position to put in a well than we realize.

Mayor Weese told the Council that he is trying to get hazardous pay - especially with what has been happening in the news recently and even in the City.

5. Adjournment

Motion by Councilmember Deakin to adjourn the meeting. Second by Councilmember Reese. Vote: Councilmember Reese - aye, Councilmember Holmgren - aye, Councilmember Fridal - aye, Councilmember Deakin - aye. Motion unanimously approved.

The undersigned duly acting and appointed recorder for Tremonton City Corporation hereby certifies that the foregoing is a true and correct copy of the minutes of the City Council meeting held on the above referenced date.

Dated this _____ day of _____, 2008.

Darlene S. Hess, RECORDER