

**MINUTES OF MORGAN CITY
COUNCIL MEETING**

AUGUST 8, 2023; 7:02 P.M.

MAYOR AND COUNCILMEMBERS

PRESENT:

**Mayor Steve Gale, Tony London, Eric Turner, and
Dave Alexander**

STAFF PRESENT IN-PERSON:

**Ty Bailey, City Manager; and Denise Woods, City
Recorder**

STAFF PRESENT ELECTRONICALLY:

Gary Crane, City Attorney

EXCUSED:

Jeffery Richins and Jeff Wardell

OTHERS PRESENT:

Cliff Estes

This meeting was held in the Council Conference Room of the Morgan City Offices, 90 West Young Street, Morgan, Utah. Due to technical difficulties the meeting was not streamed live on YouTube.

This meeting was called to order by Mayor Steve Gale.

The pledge of allegiance was led by Councilmember London.

The opening ceremony was presented by Councilmember Alexander.

APPROVAL OF MEETING AGENDA

MOTION: Councilmember London moved to approve the agenda.

SECOND: Councilmember Turner

Vote was 3 ayes; Motion passed unanimously to approve the agenda; Councilmember Richins and Councilmember Wardell were absent.

Ty Bailey, City Manager, explained the process of the public hearings and stated the first item was the amended budget for the year ending June 30, 2023. He stated most of the items were just clean-up based on the final outcome of the year's expenditures. He stated the second public hearing item was the Truth in Taxation, and the third was adoption of the City's final budget for the 2023 – 2024 fiscal year, but this couldn't be adopted until after the Council makes a decision regarding the tax rate . He said the City had been operating off of the tentative budget which had been adopted in June.

PUBLIC HEARINGS

A. OPEN AND ADJUSTING THE 2022 – 2023 FISCAL YEAR BUDGETS OF MORGAN CITY – RESOLUTION 23-27

MOTION: Councilmember Alexander moved to open the public hearing to open and adjust the 2022 – 2023 Fiscal Year Budgets of Morgan City.

SECOND: Councilmember London

Vote was 3 ayes; Motion passed unanimously to open the public hearing to open and adjust the 2022 – 2023 fiscal year budgets of Morgan City; Councilmember Richins and Councilmember Wardell were absent.

Mayor recognized a gentleman in the audience, but he stated he was only there to observe and didn't have any comments.

Public Comments: No public comment.

MOTION: Councilmember London moved to close the public hearing.

SECOND: Councilmember Turner

Discussion on the Motion: No discussion.

Vote was 3 ayes; Motion passed unanimously to close the public hearing; Councilmember Richins and Councilmember Wardell were absent.

OPEN AND ADJUSTING THE 2022 – 2023 FISCAL YEAR BUDGETS OF MORGAN CITY – RESOLUTION 23-27

Ty explained the big adjustment in the amended budget was under the Road Department. He said since the fiscal year ended on June 30th and the new year begins July 1st a lot of the billing for the summer projects fell in one budget year versus the next year. He stated the Local Option Sales Tax expense account went from \$400,000.00 to \$651,000.00 because the majority of the Young Street Rebuild Project and there were some bills which came in July but would be paid out of the 2022 – 2023 fiscal year budget. He mentioned that a portion of that project was also paid out of B&C Road funds.

Councilmember Alexander asked regarding the reduction in revenue account 10.31.310 – Sales Tax – Transportation from \$400,000.00 to \$290,000.00.

Ty stated the amended budget was cleaning up accounts to align more closely with the 'actual' budget amounts for the fiscal year, for example in that account the original budget was \$400,000.00 because he anticipated the County adopting their Local Option Sales Tax, which didn't happen, so the actual was \$290,059.84 and the amended budget amount would be \$290,000.00.

Councilmember Alexander asked regarding the decrease in building permit revenue amounts.

Ty said based on the previous year the City received \$220,000.00 and by the end of June 2023 we had \$96,000.00 and basically all of that was residential and then the beginning of this fiscal year the City had a couple of big commercial building permits come in.

Councilmember Alexander asked regarding the increase in account 10.36.300 – State Treasurer General Fund Interest from \$18,000.00 to \$154,000.00.

Ty explained that interest was from the PTIF Savings Account and the interest had increased to 5.6%.

Councilmember London mentioned the differences in the building permits amounts between the 2022 amended budget, 2023 actual, 2023 amended, and the 2024 final budget. He asked if it was a conservative figure.

Ty said there had been a significant slowdown in most places regarding building. He stated the current subdivisions which had been approved had been almost completely built out. He explained building permits were closely tied to the building official and they paid for the inspections. He said since the building official was on contract there wasn't other costs so if we didn't have inspections the City didn't pay the building official. So, if the City received more revenue in the building permit fund the City also paid more, and if that happened the budget would be amended next year to reflect actuals.

MOTION: Councilmember Alexander moved to adopt Resolution 23-27 – A resolution opening and adjusting the 2022 – 2023 fiscal year budgets of Morgan City.

SECOND: Councilmember Turner

DISCUSSION ON THE MOTION: No discussion.

ROLL CALL VOTE: Jeffery Richins – absent
Jeff Wardell – absent
Tony London – aye
Eric Turner – aye
Dave Alexander – aye

Vote was 3 ayes: Motion passed unanimously to adopt Resolution 23-27 – A resolution opening and adjusting the 2022 – 2023 fiscal year budgets of Morgan City; Councilmember Richins and Councilmember Wardell were absent.

B. ADOPTION OF THE 2023 PROPOSED TAX RATES AND PROPERTY TAX REVENUE BUDGET AMOUNTS FOR MORGAN CITY – RESOLUTION 23-28

MOTION: Councilmember London moved to open the public hearing to discuss the adoption of the 2023 proposed tax rates and property tax revenue budget amounts for Morgan City.

SECOND: Councilmember Alexander

Discussion on the Motion: No discussion.

Vote was 3 ayes; Motion passed unanimously to open the public hearing regarding the 2023 proposed tax rates and property tax revenue budget amounts for Morgan City; Councilmember Richins and Councilmember Wardell were absent.

Public Comments: No public comments.

MOTION: Councilmember London moved to close the public hearing.

SECOND: Councilmember Turner

Discussion on the Motion: No discussion.

Vote was 3 ayes; Motion passed unanimously to close the public hearing regarding the 2023 proposed tax rates and property tax revenue budget amounts for Morgan City; Councilmember Richins and Councilmember Wardell were absent.

ADOPTION OF THE 2023 PROPOSED TAX RATES AND PROPERTY TAX REVENUE BUDGET AMOUNTS FOR MORGAN CITY – RESOLUTION 23-28

Ty explained each year the City received the proposed certified tax rate from the State Tax Commission. He said two out of the last 5 years the City has had Truth in Taxation hearings. He said the proposed certified tax rate indicated the City would collect less money than the City actually collected in last year's fiscal budget. He explained the certified tax rate was supposed to keep the City revenue neutral and if it truly did that the City would be working off of the same budget that they had last fiscal year. He stated the certified tax rate also didn't take inflation into account. He said the certified tax rate was what prompted him to propose to the City Council that we hold a Truth in Taxation hearing. He explained the certified tax rate was based off of last year's original budget instead of last year's actual revenue which the City received so we missed capturing the new growth. He mentioned the handout, which is attached hereto and incorporated herein by this reference, which listed three options for the Council to consider. He explained each of the options.

Discussion regarding personal tax notices received by the Council and the adjustments in the amount of property tax due. Ty explained the process of the County Assessor's office regarding the assessment of properties within the County/City.

MOTION: Councilmember London moved to adopt Resolution 23-28 – A resolution adopting the 2023 proposed tax rates and property tax revenue budget amounts for Morgan City; the proposed tax rate 0.001471 and the property tax revenue budget amount of \$626,029.00.

SECOND: Councilmember Turner

DISCUSSION ON THE MOTION: No discussion.

ROLL CALL VOTE: Jeffery Richins – absent
Jeff Wardell – absent
Tony London – aye
Eric Turner – aye
Dave Alexander – aye

Vote was 3 ayes: Motion passed unanimously to adopt Resolution 23-28 – A resolution adopting the 2023 proposed tax rates and property tax revenue budget amounts for Morgan City; the proposed tax rate 0.001471 and the property tax revenue budget amount of \$626,029.00; Councilmember Richins and Councilmember Wardell were absent.

C. ADOPTION OF THE 2023 – 2024 FISCAL YEAR BUDGETS BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024 FOR MORGAN CITY – RESOLUTION 23-29

MOTION: Councilmember moved to open the public hearing to discuss the adoption of the 2023 – 2024 fiscal year budgets beginning July 1, 2023 and ending June 30, 2024 for Morgan City.

SECOND: Councilmember Turner

Discussion on the Motion: No discussion.

Vote was 3 ayes; Motion passed unanimously to open the public hearing to discuss the adoption of the 2023 – 2024 fiscal year budgets beginning July 1, 2023 and ending June 30, 2024 for Morgan City; Councilmember Richins and Councilmember Wardell were absent.

Public Comments: Mayor Gale read an Open Comment Card submitted by:

Kent Francis, 325 East Deer Valley Drive, He said he wanted to thank Ty Bailey for spending time with him by email and in person to better understand the income statement for the 2023 – 2024 budget. Please continue to attract new businesses to Morgan City. Thanks, Ty, for seeking grants when possible.

MOTION: Councilmember London moved to close the public hearing.

SECOND: Councilmember Turner

Discussion on the Motion: No discussion.

Vote was 3 ayes; Motion passed unanimously to close the public hearing to discussion the adoption of the 2023 – 2024 fiscal year budgets beginning July 1, 2023 and ending June 30, 2024 for Morgan City; Councilmember Richins and Councilmember Wardell were absent;

ADOPTION OF THE 2023 – 2024 FISCAL YEAR BUDGETS BEGINNING JULY 1, 2023 AND ENDING JUNE 30, 2024 FOR MORGAN CITY – RESOLUTION 23-29

Ty explained a couple of changes from the tentative budget which was adopted in June to the final budget presented tonight for adoption. He stated the amount for the property tax revenue was changed to \$630,000.00 to reflect the adoption of the proposed tax rate and revenue amounts. He said after reviewing the budget he was able to reduce the overall budget by \$30,000.00. He explained the main decrease was from money put in a line-item for disaster relief which was developed the later part of last year due to the anticipated flooding, but the City didn't need to anticipate those expenses since the flooding concerns have been alleviated.

Councilmember Alexander asked how much sales tax the City received from the car dealerships.

Ty stated it was approximately 25%. He said as the City's entire tax base grew it was becoming a smaller portion of our budget and that was a positive because the City wasn't reliant on that amount. He mentioned the spike in sales tax revenue during COVID because people shopped from home and the City received online sales tax from businesses such as Amazon and Home Depot. He said people have become accustomed to online shopping.

Councilmember Alexander asked what the \$110,000.00 in the cemetery capital outlay account would be for.

Ty said it was for sprinkler system updates in the cemetery.

Councilmember London stated the split between property tax and sales tax was 70/30 and the City ran more on sales tax than property tax.

Ty said the County generated property taxes countywide, and they relied on property tax heavily.

Discussion regarding the Transient Room Tax which was another supplemental revenue source for the City's budget. This tax came from the hotel and short-term rentals through Airbnb and Vrbo.

MOTION: Councilmember London moved to adopt Resolution 23-29 – A resolution adopting the 2023 – 2024 fiscal year budgets beginning July 1, 2023 and ending June 30, 2024 for Morgan City.

SECOND: Councilmember Alexander

DISCUSSION ON THE MOTION: No discussion.

ROLL CALL VOTE: Jeffery Richins – absent
Jeff Wardell – absent
Tony London – aye
Eric Turner – aye
Dave Alexander – aye

Vote was 3 ayes; Motion passed unanimously to adopt Resolution 23-29 – A resolution adopting the 2023 – 2024 fiscal year budgets beginning July 1, 2023 and ending June 30, 2024 for Morgan City; Councilmember Richins and Councilmember Wardell were absent.

D. AMENDMENT TO TITLE 1, CHAPTER 1.15 OF THE MORGAN CITY CODE AMENDING THE NET METERING ELECTRIC RATE OF THE CONSOLIDATED FEE SCHEDULE – ORDINANCE 23-10

MOTION: Councilmember Alexander moved to open the public hearing to discuss the amendment to Title 1, Chapter 1.15 of the Morgan City Code amending the net metering electric rates of the Consolidated Fee Schedule.

SECOND: Councilmember London

Discussion on the Motion: No discussion.

Vote was 3 ayes; Motion passed unanimously to open the public hearing to discuss the amendment to Title 1, Chapter 1.15 of the Morgan City Code amending the net metering electric rates of the Consolidated Fee Schedule; Councilmember Richins and Councilmember Wardell were absent.

Public Comments: No public comments.

MOTION: Councilmember Alexander moved to close the public hearing.

SECOND: Councilmember London

Discussion on the Motion: No discussion.

Vote was 3 ayes; Motion passed unanimously to close the public hearing to amend Title 1, Chapter 1.15 of the Morgan City Code amending the net metering electric rates of the Consolidated Fee Schedule; Councilmember Richins and Councilmember Wardell were absent.

AMENDMENT TO TITLE 1, CHAPTER 1.15 OF THE MORGAN CITY CODE AMENDING THE NET METERING ELECTRIC RATE OF THE CONSOLIDATED FEE SCHEDULE – ORDINANCE 23-10

Ty explained that in July the electric rates were adjusted pursuant to the electric study done by the City. He said as part of that we neglected net metering, which was what the City paid to solar customers for the energy which they produced. He stated this amendment cleaned up that error. He stated the electricity going into the home was on retail and what came off onto the City's system was wholesale. He said the cost of operating the system and delivering that power was the same margin the City received off the grid and then distributed to the homes. He said the City didn't want to subsidize the solar customers too much because the City still had to maintain the system, but the City didn't want to cut them short either since they were producing power which offset the City's need to purchase more power.

Discussion regarding solar customers and the impact on the City's system. Ty explained the City had already bought the power whether they used it or not. The City was on a take-or-pay so we pay for the power and then if they produce power through solar and don't use the power because they had lowered their consumption then the City was stuck paying on both ends and paying for power the City didn't need. He explained power was cheapest during the day and then at night when there wasn't any solar the cost of power increased when everyone came home and turned on all their lights and their air conditioners were still running. It wasn't a lot of an impact on a small scale, but if everyone in the City did solar it would have a negative impact.

Discussion regarding electric vehicles. Ty stated there had been discussion on how the City planned on dealing with electric vehicles. He said the issue was the rate at which they drew power. He said if the City had an electric charger, it would be paired with a battery because the battery would facilitate a quick draw. He explained it wasn't so much how much total power the vehicle consumed, but the City's power lines were not built to flow that much energy that quickly in any one location. Ty mentioned the City was working on a policy or ordinance which would require batteries for solar to help levelize the load and at night whatever they had produced would be available to them at a better hour of the day.

MOTION: Councilmember Alexander moved to adopt Ordinance 23-10 – An ordinance amending Title 1, Chapter 1.15 of the Morgan City Code amending the net metering electric rates of the Consolidated Fee Schedule; Providing for repealer; Providing for severability; and Providing for an immediate effective date.

SECOND: Councilmember Turner

Discussion on the Motion: No discussion.

ROLL CALL VOTE: Jeffery Richins – absent
Jeff Wardell – absent
Tony London – aye
Eric Turner – aye
Dave Alexander – aye

Vote was 5 ayes; Motion passed unanimously to adopt Ordinance 23-10 – An ordinance amending Title 1, Chapter 1.15 of the Morgan City Code amending the net metering electric rates of the Consolidated Fee Schedule; Councilmember Richins and Councilmember Wardell were absent.

This meeting was adjourned at 8:01 p.m.


Denise Woods, City Recorder


Steve Gale, Mayor

These minutes were approved at the September 12, 2023 meeting.

Morgan City Property Tax Discussion for FY 2024

Property taxes help pay for administration, buildings, events, public safety, roads (sidewalks, trails, bridges), parks, and cemeteries.

The amount of property tax collected in 2023 was \$564,527 + \$10,466 delinquent = \$574,993

Year	Revenue	Rate
2015	304,286	.001902
2016	321,694	.001912
2017	327,429	.001720
2018	340,281	.001724
2019	350,831	.001544
2020 (TNT held rate)	359,020	.001544
2021 Certified Rate	386,170	.001471
2022 (TNT held rate)	417,521	.001471
2023	564,527	.001471
2024 Certified Rate	562,192	.001321
2024 Option 2 hold rate	626,029	.001471

Options for consideration:

Option 1:

Approve the certified tax rate of .001321 with the revenue of \$562,192 (\$2,335 less than 2023 actuals and \$12,801 less than 2023 actuals with delinquent)

Option 2:

Keep the same tax rate from 2023 of .001471 and generate \$626,029 (\$61,499 more than 2023 actuals)
(Would cause a truth in taxation hearing before Sept. 1st and postpone the final budget until then)

Option 3:

Propose a new tax rate of .001351 and generate \$575,000 (the same revenue as 2023 with delinquent)
(Would cause a truth in taxation hearing by Sept. 1st and postpone the final budget until then)