MINUTES of a special City Council meeting of Wellsville City held Wednesday, August 02, 2023, at the Wellsville City Offices at 75 East Main. This special meeting was held to conduct Truth in Taxation requirements as mandated by the State of Utah. City officials present were Mayor Thomas G. Bailey, Councilwomen Kaylene Ames and Denise Lindsay; Councilmen Bob Lindley, Chad Poulsen, and Austin Wood. City Manager Scott Wells was also present. A copy of the Notice and Agenda was mailed to the Mayor and Council members and emailed and faxed to the Herald Journal on July 28, 2023. The meeting was called to order at 6:00 p.m. by Mayor Thomas G. Bailey.

Others Present:	Kathy Anderson	Mark Anderson	Janie Isaacson
	Kendall Leishman	Belynn Lofthouse	Tom Maughan
	Angie Olsen	Diane Roundy	Joshua Smith
	Gina Thompson	Mark Thompson	Linda Wursten

Opening Ceremony: Mayor Thomas G. Bailey

The Council reviewed the agenda. **Councilman Chad Poulsen made a motion, seconded by Councilman Austin Wood, to approve the agenda as presented.**

YEA 5	NAY 0
Kaylene Ames	
Bob Lindley	
Denise Lindsay	
Chad Poulsen	
Austin Wood	

City Manager Scott Wells reminded the Council and public that the 2022 Notice of Proposed Tax Increases from Cache County proposed that Wellsville City's property tax revenue increase by 46.26%. At the 2022 Truth in Taxation meeting, public feedback drew attention to the eight to ten percent inflation rate along with fuel costs of $5.00 to $6.00 per gallon and asked the Council to consider spreading the proposed 46.26% increase over a three-year period with more moderate 15% increases to help make the overall increase more bearable. Following the 2022 discussion, **Resolution 2022-08** was approved increasing property tax revenue for Wellsville City by a tax rate of 0.000725 (12.25%) based on four criteria; Wellsville City was currently in a financially responsible place, the concerns raised by citizens regarding inflationary costs for goods and services, along with the general consensus that breaking up the proposed 46.26% tax revenue increase would be best over several years, and that reevaluating Wellsville City's tax rate at a future date was an optimal solution. Similarly, the 2023 Notice of Proposed Tax Increases from Cache County proposes that Wellsville City's property tax revenue increase by 12.25% above last year's property tax budgeted revenue excluding eligible new growth. City Manager Wells explained that the 'Hold the Rate Concept' maintains the same tax rate year over year versus keeping tax revenue the same. This increases taxes each year in much smaller increments and growth adds to the overall tax collected each year.

Councilwoman Denise Lindsay presented this year's tax calculations. A copy of the presentation was available for those in attendance (see Attachment #1). Councilwoman Lindsay shared that she was previously employed by Cache County for ten years and dealt with property taxes. She acknowledged tax percentages can be very confusing. Tax bills increase in one of two ways, the rate is increased by a taxing entity, or the assessed value of a property increases. Councilwoman Lindsay reviewed a pie chart illustration from the 'Tax Area Property Tax Distribution.' Wellsville City's portion of the current distribution of property tax funds is the fourth largest of ten entities. Wellsville City follows behind the Cache School District (52.678%), the Cache School State LE (17.847%), and the Cache Co General Fund (14.103%), with a percentage of 10.282%. Councilwoman Lindsay recognized the critical importance of education in our society. A pie analogy was used to explain tax distribution. Last year, Wellsville City collected $263,220.00 of property tax revenue, or approximately 12% of the overall pie. This year, the overall size of the pie is bigger due to new development and increased assessed values of properties. If Wellsville City was to collect $263,220.00 again this year, from a larger pie, less than 12% of the overall pie will be collected. Wellsville City's slice of pie, or tax percentage, would get smaller. Holding the rate is a method to maintain the same tax rate year over year and increases the tax each year in smaller increments to add to the overall tax collected annually explained Councilwoman Lindsay. She added that not holding the rate in the past has been a disservice to the city and has resulted in Wellsville City having the fourteenth lowest tax rate out of the nineteen municipalities in Cache County. She stressed that Wellsville City's operational expenses will not decline, particularly as the population grows exponentially. The demands on the City's water and sewer systems will only increase in intensity. Councilwoman Lindsay pointed out that the $263,220.00 of property tax revenue collected in 2022 does not stretch far given operational costs. She reported that a single block of new sidewalk currently costs $35,000.00. Councilwoman Lindsay noted that Wellsville City funds operational costs with as many grants as possible. She estimated that 80% of Wellsville City's operational costs are funded by grants. Councilwoman Lindsay noted that new infrastructure pays impact fees to connect to city utilities however, it is property tax revenue that maintains the existing and aging sewer and water systems.

City Manager Scott Wells discussed Wellsville City's need for additional revenue. Mr. Wells stated that Wellsville City is in need of the following: sidewalk repairs, increased budget for the fire department, savings for a future fire station, waterline maintenance, sewer line maintenance, capital savings for water and sewer lines, an aeration system for the sewer pond, a four-wheel drive plow truck, an air compressor, new power poles along Main Street, and employee wages for a fulltime City Planner and Deputy Recorder. City Manager Wells stated the majority of the City's waterlines are also 40 to 50 years old. He specifically mentioned the three miles of waterline running down Wellsville Canyon from Leatham Springs is 40 years old. The sewer trunk line was constructed in the 1970's and regularly needs repair. He noted that having the appropriate tools allows the City's public works employees to repair infrastructure problems without the further costly expenses of an outside contractor. An air compressor would allow the City to run a waterline under the road *without* digging the road up. City Manager Wells reported that an aeration system in Sewer Cell 1 will cost $500,000.00. An expert has projected that the aeration system will allow the population of Wellsville to double before a new sewer system must be constructed.

Beginning at 6:20 p.m., a public hearing was opened to consider for possible adoption **Resolution 2023-07** increasing property tax revenue for Wellsville City. The Wellsville City tax on a $551,000.00 residence would increase from $218.80 to $245.47, which is $26.67 per year. The Wellsville City tax on a $551,000 business would increase from $397.82 to $446.31, which is $48.49 per year. If approved, the city would increase its property tax revenue by 12.25% above last year's property tax budgeted revenue excluding eligible new growth. Mayor Thomas G. Bailey stated that this is a public hearing and asked if there was any public input.

Mark Anderson asked what eligible new growth is excluded from property tax. City Manager Scott Wells displayed the 'How the Property Tax System Works' slide on the overhead screens. He explained that as the tax rate decreases so does the total tax charged to each resident. He implemented a pie analogy with the same total tax amount, or size of the pie, from year to year. As Wellsville City gains residents, that pie is split into additional slices and everyone's slice decreases in size, consequently the taxes charged to each resident is less. Eligible growth is recalculated annually to account for new growth. Mayor Thomas G. Bailey and Councilwoman Denise Lindsay explained that the Cache County Assessor's Office will not account for this year's new growth until next year. Councilwoman Lindsay noted that property owners are taxed for the buildings on their property as of January 1st each year. Mr. Anderson asked if Wellsville City charges impact fees for new construction. Councilwoman Lindsay answered yes. Mr. Anderson asked if Wellsville City is charging adequate impact fees. City Manager Scott Wells stated that Wellsville is due for another impact fee study. Wellsville City has been notorious for high impact fees however neighboring cities have been catching up. Councilwoman Lindsay reported that Wellsville City's current impact fee is $12,658.00. City Manager Wells expounded that fee is broken up into approximately $5,000.00 for a water hookup, $7,000.00 for a sewer hookup, and the remainder pays into Parks and Recreation and the Fire Department. Councilman Bob Lindley and Mayor Bailey detailed that new subdivisions are financially responsible for their own waterlines, sewer lines, and construction of roads. Mayor Bailey added that a professional study and approval by the state legislature is required for a municipality to raise impact fees. Mr. Anderson shared that his home value decreased over the last year. City Manager Wells said that last year Cache County reassessed *home values and land values* in Wellsville and Mt. Sterling. Therefore, Wellsville and Mt. Sterling were hit with double severity in taxes based upon those increased home and land values. City Manager Wells wondered if values may settle from that sharp increase. City Manager Wells and Mayor Bailey explained that Wellsville City's property tax revenue must be reevaluated annually. Councilwoman Lindsay pointed out the advantages of a municipality holding the same tax rate year over year. Mr. Anderson asked if holding the same tax rate year over year would curb development in the city. Councilwoman Lindsay replied that Wellsville does not have the commercial tax revenue many neighboring municipalities have and therefore is much more dependent on residential tax revenue. Mayor Bailey stressed the critical need each municipality has for commercial tax revenue.

Belynn Lofthouse asked if Wellsville City's property tax revenue will be concentrated on items listed in the slide labeled 'Wellsville City Needs' (sidewalk repairs, increased budget for the fire department budget, capital savings for a future fire station, waterline maintenance, sewer line maintenance, savings for water and sewer lines, an aeration system for the sewer pond, a four-wheel drive plow truck, an air compressor, new power poles along Main Street, and employee wages for a fulltime City Planner and Deputy Recorder). Councilwoman Lindsay answered yes however the property tax revenue Wellsville City receives annually does not stretch very far. Ms. Lofthouse asked how property tax revenue for budgeted for sidewalks. Councilwoman Lindsay stated that any new development is financially responsible for its own sidewalks. Property tax revenue is used to repair existing sidewalks or construct sidewalks in established neighborhoods that lack sidewalk. Councilwoman Lindsay repeated that the current price for a block of sidewalk is $35,000.00.

Joshua Smith asked when Wellsville City is due for its next property assessment. Mayor Baily replied that Wellsville City properties were assessed by the Cache County Assessor's Office last year, and that a reassessment takes place every five years. Councilwoman Lindsay mentioned that any resident can appeal their property's assessment with the Board of Equalization prior to September 15, 2023.

Councilman Austin Wood made a motion, seconded by Councilwoman Kaylene Ames, to close the public hearing. At 6:40 p.m., the public hearing was closed.

YEA 5	NAY 0
Kaylene Ames	
Bob Lindley	
Denise Lindsay	
Chad Poulsen	
Austin Wood	

Councilman Austin Wood reminded the Council that last year's **Resolution 2022-08** property tax revenue increase of 12.25% was based on four criteria; Wellsville City was currently in a financially responsible place, the concerns raised by citizens regarding inflationary costs for goods and services, along with the general consensus that breaking up the proposed 46.26% tax revenue increase would be best over several years, and that reevaluating Wellsville City's tax rate at a future date was an optimal solution. Councilman Wood reminded the Council of the large attendance at last year's Truth in Taxation meeting. He noted many of last year's attendees were retired individuals on fixed incomes. Attendees asked that the previously proposed 46.26% tax revenue increase be broken up over several years. The Council accommodated for public input and is continuing to abide by that input today Councilman Wood stated. He added that he is grateful for sustainable growth while keeping the community rural.

Councilman Chad Poulsen reported that last year Wellsville City's property tax revenue for general operations was $263,220.00. He asked what this year's property tax revenue for general operations will be. City Manager Wells expounded that redemptions throughout the year make that exact value improbable to predict. Councilwoman Lindsay said the best rough estimate would be 12.25% times last year's property tax revenue. City Manager Wells ballparked a $20,000.00 to $25,000.00 increase in Wellsville City's property tax revenue.

Following the discussion, Councilwoman Denise Lindsay made a motion, seconded by Councilman Bob Lindley, to approve Resolution 2023-07 increasing property tax revenue for Wellsville City 12.25% above last year's property tax budgeted revenue excluding eligible new growth. The Wellsville City tax on a $551,000.00 residence would increase from $218.80 to $245.47, which is $26.67 per year. The Wellsville City tax on a $551,000 business would increase from $397.82 to $446.31, which is $48.49 per year.

YEA 5	NAY 0
Kaylene Ames	
Bob Lindley	
Denise Lindsay	
Chad Poulsen	
Austin Wood	

Mayor Thomas G. Bailey and the Council then discussed candidate recommendations for the 2023 Marshal of the Day. The discussion then moved to upcoming Founders' Day events.

At 7:03 p.m., **Councilwoman Denise Lindsay made a motion, seconded by Councilman Bob Lindley, to adjourn the meeting.**

YEA 5	NAY 0
Kaylene Ames	
Bob Lindley	
Denise Lindsay	
Chad Poulsen	
Austin Wood	

Thomas G. Bailey
Mayor

Scott Wells
City Manager

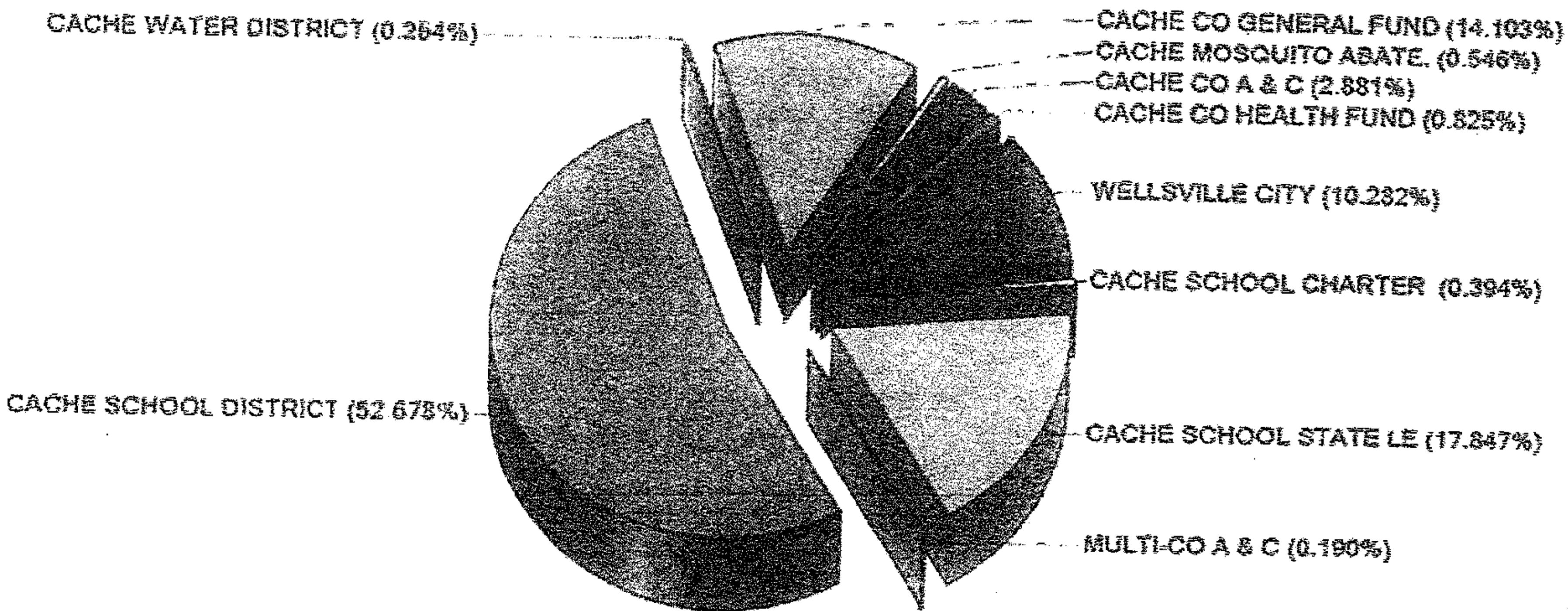
Attachment#

City Council agenda is as follows: August 2, 2023

1. Welcome
2. Roll call
3. Opening ceremony
4. Approval of the agenda
5. Denise Lindsay – Discuss how Property Tax is applied.
6. Scott Wells – Discuss Wellsville City's need for additional revenue.
7. Beginning at 6:10 conduct the follow Public Hearing;
   a) Receive public input, then consider for possible adoption of resolution 2023-07 increasing property tax revenue for Wellsville City. The Wellsville City tax on a $551,000 residence would increase from $218.80 to $245.47, which is $26.67 per year. The Wellsville City tax on a $551,000 business would increase from $397.82 to $446.31, which is $48.49 per year. If approved the city would increase its property tax revenue by 12.25% above last year's property tax budgeted revenue excluding eligible new growth.

Attachment #1

TAX AREA PROPERTY TAX DISTRIBUTION:
004-WELLSVILLE CITY



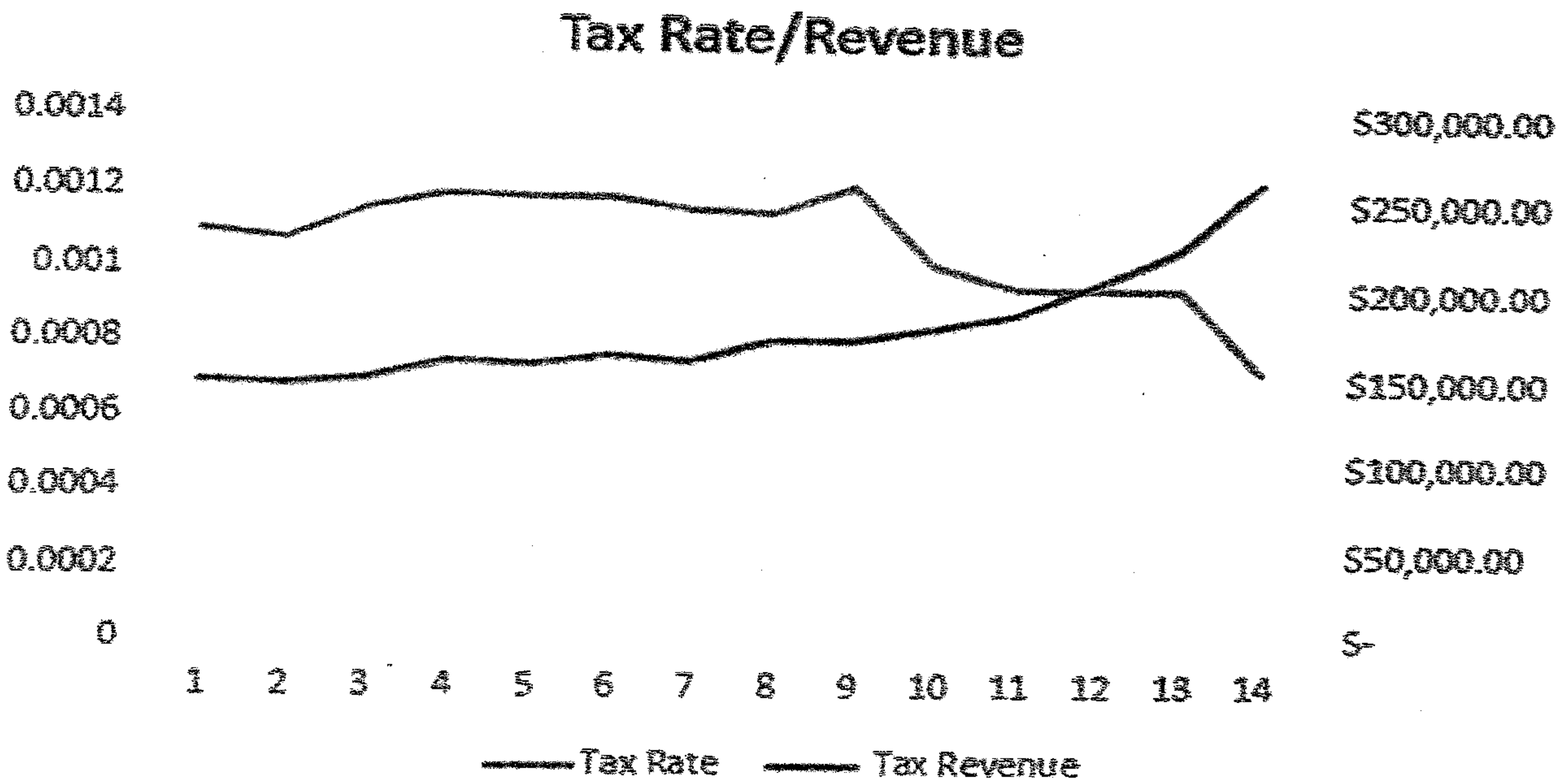
Attachment #

How the Property Tax System Works

Wellsville City is notified by the county the amount of property tax the city will receive based on several factors, such as the property tax rate and property valuations

- In 2011 property tax revenue for general operations was $150,246
- In 2017 property tax revenue for general operations was $172,425
- In 2020 property tax revenue for general operations was $205,446
- In 2022 property tax revenue for general operations was $263,220
- Tax bill increases in one of two ways - rate increases from a taxing entity or assessed value of property increases
- **Addition of new homes and businesses will lower Wellsville City tax assessment on an individual property if the assessed value is the same year after year**

Attachment #1



Attachment #1

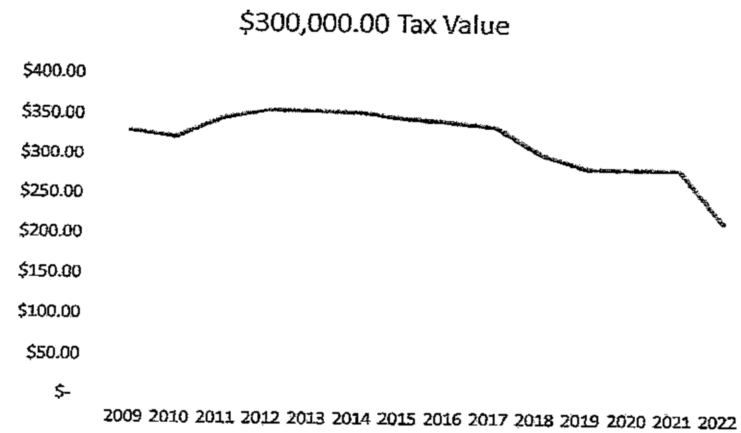
- Hold the Rate Concept

  Theory is to maintain the same tax rate year over year versus keeping the tax revenue the same. This will increase the tax each year in much smaller increments and growth (new homes) will add to the overall tax collected each year.

Attachment #1

How the Property Tax System Works

- Wellsville City Tax Rates for the last several years – assuming $300,000 taxable value:
  - 2009 tax rate of .001097 equals tax $329.10
  - 2010 tax rate of .001072 equals tax $321.60
  - 2011 tax rate of .001151 equals tax $345.30
  - 2012 tax rate of .001187 equals tax $356.10
  - 2013 tax rate of .001184 equals tax $355.20
  - 2014 tax rate of .001179 equals tax $353.70
  - 2015 tax rate of .001153 equals tax $345.90
  - 2016 tax rate of .001140 equals tax $342.00
  - 2017 tax rate of .001121 equals tax $336.30
  - 2018 tax rate of .001007 equals tax $302.10
  - 2019 tax rate of .000949 equals tax $284.70
  - 2020 tax rate of .000949 equals tax $284.70
  - 2021 tax rate of .000949 equals tax $284.70
  - 2022 tax rate of .000725 equals tax $217.50



Attachment #1

Current Distribution of Property Tax Funds - 2023

Cache School District	52.678%
Cache Co, General Fund	14.103%
State School Levy	17.847%
Wellsville City	10.282%
Cache County A & C	2.881%
Cache Co Health Fund	0.825%
Cache Mesquite Abate	0.546%
State Charter Schools	0.394%
Cache County Water District	0.254%
Multi-Co A & C	0.190%

Attachment #1

MUNICIPAL TAX RATES BY CITY – 2022

1.	Lewiston	.001972	11.	Clarkston	.000829
2.	Cornish	.001517	12.	Newton	.000781
3.	Nibley	.001485	13.	Hyrum	.000744
4.	Providence	.001220	14.	Wellsville	.000725
5.	North Logan	.001190	15.	Paradise	.000651
6.	Mendon	.001150	16.	Millville	.000612
7.	Smithfield	.001162	17.	River Heights	.000564
8.	Richmond	.001110	18.	Amalga	.000519
9.	Hyde Park	.001100	19.	Trenton	.000473
10.	Logan	.001064			

Attachment #1

Wellsville City Needs:

- Sidewalks
- Fire Dept. Budget
- Future Fire Station (Capital)
- Waterline Maintenance
- Sewer Line Maintenance
- Aeration System Sewer Pond
- Water/Sewer Capital
- 4 Wheel Drive Plow Truck
- Air Compressor
- Power poles Main Street
- City Planner
- Deputy Recorder