

PERRY CITY Work Session

PERRY CITY OFFICES

June 11, 2026

6:11 PM

OFFICIALS PRESENT: Mayor Kevin Jeppsen, Council Member Dave Walker, Council Member Toby Wright, Council Member Blake Ostler, Council Member Ashley Young, and Council Member Nathan Tueller

OFFICIALS ABSENT: None

CITY STAFF PRESENT: City Recorder/Finance Director Shanna Johnson, City Administrator Bob Barnhill, Chief Scott Hancey (online), Sergeant Dave Freeze and Public Works Director Zach Allen

OTHERS PRESENT: None

ON-LINE: None

ITEM 1: FY2026-2027 Tax Rate Options

City Recorder/Finance Director Shanna Johnson presented a work session on the newly available certified tax rate (CTR), which became available the preceding Monday. She explained that Perry City's FY2026 CTR was 0.001801, and the new FY2027 CTR is 0.001859—reflecting a rate increase driven by a modest decline in assessed property values, not a policy decision to raise taxes. Due to new growth in the community, the city would receive approximately \$1,160,102 under the certified rate, representing roughly 3% more revenue than the prior year's \$1,125,743.

Ms. Johnson outlined two primary paths: (1) adopt the certified tax rate of 0.001859, or (2) pursue truth in taxation by proposing a higher rate of 0.002122, which would generate an additional \$164,054. She noted that if the proposed rate were adopted, a public truth in taxation hearing would be held on August 11, 2026 at 7:15 PM, with a final rate decision required before September 1st.

The Council discussed the difficulty of explaining to the public why a tax increase might be needed when the city's fund balance appears healthy. Council Member Ostler articulated the concern directly, noting that constituents seeing substantial savings alongside a proposed 14.15% tax increase would reasonably ask how those two facts could be reconciled. Ms. Johnson affirmed that there is no wrong answer, and that the City could make budget adjustments, use fund balance, or proceed with the proposed rate.

ITEM 2: Proposed Property Tax Impact Schedule

Ms. Johnson reviewed the updated Proposed Property Tax Impact Schedule in detail, noting the numbers had shifted slightly from earlier estimates due to a mid-year trend update she performed. The proposed rate of 0.002122 would generate \$164,054 in additional revenue, allocated as follows:

- **Police Department:** \$28,600 for compensation increases and enhanced IT support
- **Administration:** \$10,454 for enhanced IT support and necessary legal counsel
- **Fire Contract:** \$125,000 to fully fund the fire services contract increase

She then presented potential alternatives to avoid the full tax increase, including low-impact compensation changes proposed by Police Chief Scott Hancey. Chief Hancey's proposal involved removing the budgeted 9th officer position (made possible by the return of Officer Anderson from military leave and the coincidental departure of another officer), increasing tenure-based quarterly bonuses by 50% in lieu of market-based pay increases, and eliminating the shift differential. Chief Hancey confirmed that he believed 8 officers with enhanced bonuses was a more sustainable staffing model than being authorized for 9 and consistently operating at 6 or 7 due to recruitment challenges. He noted the bonus structure was preferred by officers because it is paid quarterly and is tied to tenure and retention. These changes, combined with retirement benefit adjustments and a proposal to fund the \$70,091 server upgrade from fund balance rather than operating budget, would yield between \$173,000 and \$192,000 in savings—exceeding the \$164,054 needed, thereby eliminating the need for a property tax increase.

The Council discussed the server upgrade at length, noting that the IT infrastructure is due for replacement every five years and is capital in nature. Council Member Ostler suggested that rather than treating it as a one-time fund balance expenditure, the city begin budgeting approximately \$13,000 per year going forward into a dedicated IT capital account. The City's staff noted that two quotes had been received (the lower being approximately \$70,000) and a third was still being sought through a state discount program. The Council was generally supportive of funding the server from reserves this cycle and planning for future replacement through annual capital contributions.

Ms. Johnson also noted that the City's FY2026 fund balance was trending toward 38%—above the 35% target—which would allow for transfers to capital project accounts for items such as the 1200 West North road grant match, the gun range, the public works facility, a first responders vehicle fund, and Phase 3 of the Mountain View Bike Park, while still leaving the general fund at a healthy 21–33% fund balance range.

The Council expressed a strong preference for pursuing the creative compensation and capital funding solutions before resorting to a tax increase, with Council Member Tueller noting that transparency and exhausting all alternatives first would be the most responsible approach for residents. The consensus direction was to adopt the certified tax rate, implement the police compensation restructuring, fund the server upgrade from reserves, and retain the retirement enhancements.

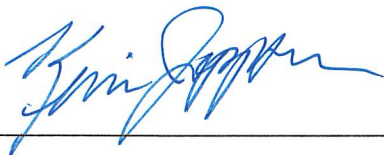
Ms. Johnson confirmed she had prepared resolutions for both options and that the Council could take formal action during the regular meeting.

- Perry City Is Considering a Tax Rate That Exceeds the Certified Tax Rate**
- The Proposed Tax Increase Will Generate Approximately \$164,354**
- The New Tax Increase Will Be Used to Fund a Fire Contract Increase, Market-Based Pay Increases for the Police Department, Enhanced IT Support for the City, and Funding for Necessary Legal Council**
- The Proposed Property Tax Increase is Approximately 13.33%**

E. Perry City Chall Provide Notice of and Conduct a Public Hearing as Required

ITEM 4: ADJOURNMENT

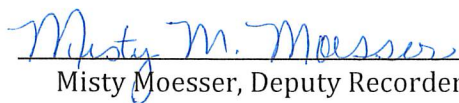
The meeting adjourned at 7:02 PM.

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Kevin Jepps, Mayor

A handwritten signature in blue ink, appearing to read "Shanna Johnson", written over a horizontal line.

Shanna Johnson, City Recorder

A handwritten signature in blue ink, appearing to read "Misty M. Moesser", written over a horizontal line.

Misty Moesser, Deputy Recorder