

**NORTH OGDEN CITY COUNCIL
MEETING MINUTES**

August 4, 2020

The North Ogden City Council convened in an open meeting on August 4, 2020 at 7:05 p.m. at The North View Senior Center, 485 East 2500 North, North Ogden, Utah. The meeting was also available at: <https://us02web.zoom.us/j/85295345609> or by Telephone: US: +1 346 248 7799 or +1 669 900 9128 or +1 253 215 8782 or +1 312 626 6799 or +1 646 558 8656 or <https://www.youtube.com/channel/UCriqbePBxTucXEzRr6fclhQ/videos> Notice of time, place, and agenda of the meeting was posted on the bulletin board at the municipal office and posted to the Utah State Website on July 30, 2020. Notice of the annual meeting schedule was published in the Standard-Examiner on December 22, 2019.

PRESENT:	S. Neal Berube	Mayor
	Blake Cevering	Council Member
	Charlotte Ekstrom	Council Member
	Cheryl Stoker	Council Member
	Phillip Swanson	Council Member
	Ryan Barker	Council Member

STAFF PRESENT:	Jon Call	City Manager/Attorney
	Annette Spendlove	City Recorder
	Evan Nelson	Finance Director
	Joyce Pierson	Deputy City Recorder
	Dirk Quinney	Chief of Police
	Lorin Gardner	City Engineer

VISITORS:	MarJean Swanson	Dave Hulme	Fred Fergeson
	Kevin Burns	Zella Richards	Robert Bolar
	Stefanie Casey	Jay D. Dalpais	John Arrington
	Randy Shaner	Terri McCulloch	John Bond
	Mark Swanson	Justin Cook	Paul Mackley
	Amanda Mackley	Karen Mackley	Candice Lund
	David Rheady	Susan Rheady	Mary M. Settlemire
	Kenny Wangsgard	Dan Ferrin	Chris O'Neill
	Alan B Giles	Keith Foulger	Randy Winn
	Teresa Cook	Marjam Barker	

Mayor Berube called the meeting to order. Council Member Cevering offered the Invocation and led the audience in the Pledge of Allegiance.

ACTIVE AGENDA – 7:00 PM

1. TRUTH IN TAXATION PUBLIC HEARING TO RECEIVE COMMENTS ON THE PROPOSED PROPERTY TAX RATE INCREASE

Mayor Berube provided an introduction to the Truth in Taxation matter before the Council this evening; the Truth in Taxation process is defined by State Law and the City does not have the ability to vary from that statute. The proposed budget includes a \$223,000 increase in property tax revenue above the amount the City would otherwise receive; this is an increase of \$32.21 per year on a \$329,000 residence in the City. Notices regarding the potential tax increase have been mailed to property owners, published in the Standard-Examiner and posted on the City's website and the Utah Public Notice website. He then provided his thoughts regarding the prospect of increasing the City's tax rate during these uncertain times; the City is facing long term challenges relative to its buying power as tax revenue diminishes over time due to inflation. The cost of providing services continues to increase and the City has become more reliant on revenue sources that are more volatile than property tax. The spread of COVID-19 could lead to a reduction in general fund revenues and this is creating a significant amount of uncertainty for the Council and City Administration. The City has developed a three-fold strategy to address short- and long-term challenges, including reductions in proposed expenditures of approximately \$649,000 when comparing the Fiscal Year (FY) 2021 proposed budget with the FY 2020 adopted budget. The Council has also decided to utilize \$360,000 in the City's general fund balance (rainy-day fund) for operations in FY 2021. He reiterated the property tax increase will generate an additional \$223,000. In an effort to offset the burden of increased property taxes, the Council has also determined it appropriate to eliminate the Transportation Utility Fee, which is approximately \$36 per year per household.

Weber County Assessor, John Bond, then provided a general overview of the property taxation practices. The Mayor has asked him to discuss three different topics: how home and property values are calculated; how the certified tax rate is calculated; and what discount property owners receive off the market value of their property. He first addressed home and property valuation; the County Assessor does not determine value. Rather, it is determined by buying and selling activities in the market. The Utah Legislature has outlined that the County Assessor shall gather market information for property in the county. Property values go up or down depending on the price paid for homes in a close proximity of a given property. If a property owner disagrees with their property valuation, they have appeal rights, which are detailed on the property valuation notice sent to property owners. He then discussed the manner in which a certified tax rate is calculated. Each taxing entity in the County has a geographical boundary in which they are allowed to collect taxes. Each entity also has a budget; the entity's total budget amount is divided by the taxable value in the geographical boundary to determine the tax rate. As an example, if the total budget is \$1 million and the value of the geographical area is \$1 billion, the tax rate would be .001. As the value of the geographical area goes up, the tax rate will reduce, the purpose being for the entity to collect the same amount of property tax revenue from year to year. The entity can only increase the revenue if they adjust the rate or based upon new growth in the geographical area. Mr. Bond then discussed the discount property owners receive on the market

value of their property. The State Legislature has determined that commercial properties should be taxed at 100 percent of their market values, while residential properties are taxed at 55 percent. He added that agricultural properties are only taxed at 10 percent of their market value. He concluded by indicating that any resident or property owner with questions about taxation can call him at any time for more information.

Mayor Berube then presented a sample property valuation notice to illustrate the information provided by Mr. Bond regarding the manner in which a property rate can fluctuate from year to year depending on shifts in property values. He emphasized that North Ogden City receives approximately 10 percent of the total property tax paid by property owners in the City. The Weber School District receives the lion share – 49 percent – of the total property tax amount paid by property owners.

Council Member Swanson then used the aid of a PowerPoint presentation to discuss the fluctuations in the City's property tax revenue and inflation to illustrate the City's buying power. The cost of providing services increases over time and he presented a chart comparing the Public Safety budget versus actual expenditures for a time frame from 2000 to 2019; the Police Department spends less than their allocated budget every year. Over time, the City has become more reliant on revenue sources that are more volatile than property tax revenue. Also, the City's property tax share has decreased by 12 percent from 2000 to 2019, though property values have increased by 47 percent in the same time frame. He expounded on short term challenges facing the City at this time; the Coronavirus spread throughout the world during the Fiscal Year 2021 Budget Process. General Fund Revenues were projected to be \$629,908 less than the FY2020 Budget. Significant uncertainty was at the center of budget discussions. Sales tax revenues for Fiscal Year 2020 have been coming in stronger than expected. However, the economic outlook is uncertain for the new fiscal year. He reiterated the three-fold strategy initially addressed by Mayor Berube, noting this strategy is expected to address shorter-term challenges during FY 2021. As the economy recovers, the property tax increase will begin to help address longer-term challenges. He discussed reductions to the proposed budget expenses in high level detail, after which he discussed the state of the City's rainy-day fund; a fund balance is maintained year to year as revenues exceed expenditures and this balance is generally used to fund capital projects and purchases. The funding should not be used for operational costs except in 'rainy day' situations. The Mayor and Council have determined that the FY 2021 budget year meets the definition of a 'rainy day'.

Mayor Berube then reiterated the information relayed by Council Member Swanson regarding the dramatic increase in property values in the City, noting that the City's property tax revenues have not kept pace. He commended past Mayors, Councils, and City staff for continuing to provide high quality services while keeping the tax rate low, but noted he feels it is the responsible thing to do to consider slight tax increases more frequently to ensure that the essential needs of the residents of the City are met. He noted that the ratio of Police Officer to resident is approximately one officer per 1,000 residents, which is almost half of the ratio for the remainder of the country. As the City's population continues to increase, it is appropriate to increase the City's police force, but that is not possible when tax revenues remain stagnant. He

concluded he and the City Council are very conservative and that will not change as a result of this proposed property tax increase. He noted that the Council has not considered utility rate increases for the first time in many years and that is because they want to offset the burden of a property tax increase.

Mayor Berube then opened the Public Hearing at 8:09 p.m.

Alan Giles, 676 E. 3050 N., stated he has three questions. In the budgeting practices for each Department of the City, do Department Directors employ a zero-based budgeting philosophy, or do the budgets start at last year's amount and increase from there? He is hopeful they employ the zero-based budgeting philosophy. He then asked what considerations the Mayor and Council had for the number of people in the population who are on a fixed income. He stated this may primarily be retired individuals, but there are surely others who will receive no increase in salary in the coming year. He then referenced the slide in the presentation that compared building permit, sales tax, and property tax revenue sources and asked if the proposed property tax increase amount has been adjusted in consideration of actual sales tax revenue receipts, which may be different than revenue projections that were set at the beginning of the current fiscal year. He then thanked the Mayor and Council for their service; serving in an elected position is a thankless job.

Justin Cook, 1350 E. 2600 N., also thanked the Mayor and Council for the service they provide. He stated that it sounds as if growth is an expensive prospect for the City of North Ogden and he does not understand why the City is allowing growth if it is costing the current residents so much. Maybe the financial burden should be placed on those who wish to move to the City rather than the burden being placed on existing residents. He then noted Mr. Bond indicated that the certified tax rate is calculated taking into consideration the adopted budget of the taxing entity; if the budget has not changed and property values continue to increase, he wondered how the City is 'out of money'. It seems to him that the budget got behind and the City has not caught up. He then reiterated Mr. Giles's comments regarding those on a fixed income and indicated he is worried that the City is not addressing that concern.

Keith Foulger, 497 E. 3525 N., stated he is also concerned about those on fixed incomes; for the last five years, his total property tax has increased 27 percent while his adjusted household gross income has increased by five percent. This is likely typical for those on a fixed income. While he understands the dilemma the Mayor and Council is facing, it is important to consider wage earning data for the County; the median household income in the County increased 13 percent in five years, so even for those who are not retired and not on a fixed income, their pay increase are not keeping pace with the increase in Weber County taxes. He stated it is important for the Council to be sensitive to this issue because there is a large number of retired individuals living in the City. He thanked the Mayor and Council for the service they provide to the City.

Dan Ferrin, 3011 N. 1050 E., stated he reviewed his property valuation notice, which indicated his taxes will increase by \$57 as a result of his increased property value. He wondered if the additional \$32 being sought by the City will be in addition to the \$57. He then noted he

understands that revenues are needed to cover expenses, but he wondered why the City's other revenue sources cannot be increased as a way to help those on a fixed income. He stated he has lived in the City since 1987 and taxes have increased every year; North Ogden's tax rate is second in the State of Utah and he is hoping the Council can find a way to increase other revenue sources to avoid increasing taxes each year. He understands that public safety is a necessary service, but he is aware the City will also be asking for more money from its residents to cover a bond to pay for a new Public Safety Facility. He recommended a phased approach to constructing that project in order to reduce the financial burden on residents. He asked that the Council consider all other options available to them. \

Paul Mackley, 730 E. 1750 N., stated he has appreciated the information provided tonight. He then addressed the comments made regarding growth. His daughter recently built a home on a piece of property that he subdivided in the City and her building permit was approximately \$18,500; if that amount is multiplied by 250 – which was the number of new households referenced in the City's presentation regarding this proposal – that would be \$4.7 million. He stated it is his experience with development is that when new development comes in, all infrastructure should be paid for by the developer. Maintenance of infrastructure is covered by the City in the future, but there is very little up-front cost for the City. He noted defending against injustices in the community is the primary role of the City and its Police Department, but he wondered if there is an opportunity to increase funding for the Police Department and their personnel while decreasing the emphasis on facilities. He wondered if the Police Chief can address the feelings of his Department regarding the safe or unsafe nature of their current facilities and structures. In his perspective as a citizen, he does not want to weaken law and order and protection against injustice; he believes the City is doing its job when it strives to strengthen the police force. He then noted that the presentation indicated that City departments have proposed higher budgets initially and that the City Council has reduced those budgets and he asked if information can be provided regarding what the budget proposals were and how they compare to last year's actual expenditures. He stated that in negotiation, one party does not ask for what they want the first time; rather, they ask for more with the expectation that the request will be reduced. He suggested that a zero-based budgeting model be employed. He concluded by inquiring as to what activities in the City are long term revenue consumption programs. A list of these programs or facilities would be helpful for the citizens to understand how their dollars are being spent. He would prefer to be more guarded in regard to facility expansion unless there is a true safety issue for the Police Department.

Dave Hulme, 513 E. 1700 N., thanked the Mayor and Council for their service to the community. His first question is whether an elected official who currently does not reside in the North Ogden boundaries will be paying the increased tax amounts and whether that person would be required to recuse from voting on this issue. He then noted he received his tax increase and the amount he will pay in taxes has nearly tripled in the past three years; in that same time frame he has not received a pay increase. He noted he is comfortable paying increased taxes for public safety measures, but when increased tax revenues go for things that he does not use, it is harder to stomach. In 2008 and 2009 the City dramatically reduced expense responsive to the economic recession and he asked that costs not be increased after that time, but the City chose not to heed

that advice. He stated that if there are services or facilities that are not cost effective to operate, perhaps they should not be operated until they are profitable. He hopes the Mayor and Council will look into those issues and reflect on decisions that have been made in the past. He stated he has been a member of the Council in the past and he voted on things that he wished he had not; he asked the Council to consider the long-term impacts of their decisions. He concluded by thanking the Mayor and Council for their consideration of allowing a private group to place the Gold Star Families memorial on City property; a great deal of good work can be accomplished when private citizens are allowed to take care of things independent of government.

MarJean Swanson, 857 E. 3250 N., thanked the City Council for being so careful with the taxpayer dollars; she does not mind paying more \$20, \$50, or \$100 more each year to maintain the beautiful City she moved to 15 years ago; she moved here because it was a beautiful bedroom community. Since moving here and getting involved in the community, she has learned many people do not want the type of growth that will erase the City's bedroom community feeling and if that is what they want, they need to pay more to keep it functioning and beautiful. If someone has lived here for 100 years, she can understand their opposition to supporting amenities that were not in place several years ago, but those that have moved in in the last 15 to 20 years moved to a community with a pool, parks, and other characteristics that made it attractive to them and they should not be opposed to paying for them. She then noted that it is much more expensive to hire new employees than to pay increased wages for current employees; she urged the Council to continue to treat wonderful employees well. The employees make sacrifices for the City and it is appropriate to reward them for their loyalty and service.

Randy Winn, 2412 Barker Parkway, referenced the point in the presentation about the elimination of the transportation utility fee as a means of offsetting the burden of the tax increase; he wondered how a three percent utility fee reduction translates is equal to an 18 percent property tax increase. He then agreed that it is important to maintain what the citizens love about the City and he would support smaller tax increases each year as this would be much easier for residents to accept. He stated the County has also asked for large amounts in the form of a tax increase and that is much more painful than three to four percent increases each year.

Joanne and Blake Menardi (Zoom participants), 2915 N. 950 W., thanked the Mayor and Council for their efforts at providing information to make the purpose of the tax increase easily understandable for residents. She referenced the chart comparing sales tax and property tax revenues; when the decision was made to pursue a property tax increase, it was based upon the belief that sales tax revenues would be much lower than projected in the adopted FY 2020 budget. However, that belief has not come to fruition and sales tax revenues have remained constant for now. She referenced the dramatic residential growth in the community and stated she is curious as to whether the Council has taken into account the increased revenue associated with this development and the amount of money they will spend in the community to enhance the local sales tax revenues. While she understands and appreciates the need to generate adequate revenue and to protect the City's police force, she is concerned that the factors upon which the decision to consider a tax increase was based are no longer an issue. She noted her taxes have gone up nearly \$400 in the past three years; she does not mind paying taxes to cover costs of operating the City, but she hopes that all revenue implications are being taken into consideration.

City Manager/Attorney Call read written public comments that were provided via email. First was from Randolph Shaner, 531 E. 2550 N. He indicated that the City's timing is terrible; raising taxes impacts the elderly who are on a fixed income. Just because the value of the home increases, does not mean the owner can pay the increase in taxes associated with that increased valuation. Our community is growing and developers should be paying to cover the cost of that growth. If sales had continued strong and we had the same property tax, where is the budget shortfall coming from.

Mr. Call then noted the next emailed comment is from John Arrington, 254 E 2900 N. It is my understanding that the budget for the City is supposed to balance. Yet as I review the budget to be presented there are several funds that do not. General Fund -Excess Revenue of \$45,844 - could this have reduced the amount needed from taxation? Enterprise Funds -Should these be budgeted as increasing Retained Earnings or some other identifiable expenditure?

- Aquatic Fund -Excess Revenue of \$2,939
- Water Fund -Excess Revenue of \$763,354
- Sewer Fund -Excess Revenue of \$119,671
- Storm Sewer Fund -,Excess revenue of \$3,245,262
- Solid Waste Fund-Excess Revenue of \$87,230

There were no additional persons appearing to be heard.

Mayor Berube responded to a few of the comments made during the public hearing; he addressed the comment regarding building fees and noted that the City's building permit charges include impact fees, of which North Ogden has some of the highest in the State of Utah. However, impact fees can only be used for specific needs and purposes and the actual revenue available for general fund expenses included in a permit fee was just \$291,000 last year. He then responded to Mr. Winn's question about why the utility fee decrease is only three percent while the tax increase is 18 percent. He noted the average utility bill is \$840 per year, while the property tax bill is \$200; a slight increase in property taxes is a greater percentage because the starting amount was much lower than the starting amount for the utility bill. He noted he agrees that smaller annual increase are easier for residents to digest, but that simply has not occurred for the past 17 years. He indicated he is very aware that there are residents in the community who are on fixed incomes and the entire Council is sympathetic to that. He stated that is why the proposed increase is so small and also why the total annual utility bill is staying the same to offset the impact. He added that the Council has decided to utilize rainy day funds to keep the tax increase smaller. He discussed some of the budget reductions the Council has pursued in order to keep the burden on citizens as low as possible. He then noted that it is very important for the City to maintain employees and to increase staffing levels in the Police Department to keep pace with growth. If these needs are further delayed, they will only be more costly in the future; he does not want to come back in the future and ask for double the amount being sought now to correct a decision to delay raising taxes at this time. He then noted that North Ogden is the third largest city in Weber County, but has the sixth highest tax rate. He acknowledged that residents have experienced tax increases, but he reiterated that residents pay many different taxing entities and

past increases have not been a result of action taken by the North Ogden City Council. He referenced Mr. Arrington's comments about increasing other charges collected by the City and noted that he would prefer to pursue a tax increase as this is a much more open and transparent process than a fee or rate increase. Finally, he referenced the comments made regarding sales tax revenue trends; even if sales tax revenues do not dip as dramatically as is being projected due to COVID-19, the City has other needs that can be addressed with the collected sales tax revenue. He hopes that citizens will continue to spend their money in North Ogden and even avoid spending their money in other cities to prevent sales tax leakage. He emphasized he and the Council are very committed to being prudent with taxpayer dollars.

Council Member Stoker responded to Mr. Mackley's comments regarding whether there is a need to improve the City's Police Station; she noted that the existing facility is not adequate to house and protect the City's Police Officers for many reasons. One main reason is that Police Officers currently cannot take a person they have detained into the building without being visible to the public. This has led to situations where individuals are waiting in the parking lot when an Officer arrives at the Station with a detainee.

Council Member Ekstrom stated she knows that it is always possible for the City to make improvements, but she and her fellow Council Members are committed to doing the very best they can for the City. She thanked those residents who have been involved in tonight's meeting.

Mayor Berube stated that no decisions have been made, nor will they be made, without a very public process. He believes that is a need for the City to consider, but if it is to be funded by a general obligation bond, that is an issue that would be submitted to the voters of the City.

Council Member Swanson encouraged Mr. and Mrs. Menardi to visit with the City's Finance Director to understand the manner in which sales tax dollars are distributed throughout the State of Utah; it is based upon a distribution formula and the City is not entitled to keep every dime of sales tax generated in the City.

2. DISCUSSION AND/OR ACTION TO CONSIDER AN ORDINANCE ADOPTING FINAL BUDGET AND TAX RATE FOR FISCAL YEAR 2021

Finance Director Nelson provided an overview of the process City Administration and the Council have followed to develop the proposed Fiscal Year (FY) 2021 budget; before the Council tonight is an ordinance allowing the Council to adopt the budget and set the certified tax rate for the FY.

Mayor Berube stated that he has worked with City Manager/Attorney Call and Mr. Nelson and he has confidence in their ability to adjust City operations responsive to any fluctuations in revenues over the coming months.

Council Member Ekstrom motioned to approve Ordinance 2020-19 adopting final budget and tax rate for Fiscal Year 2021. Council Member Cevering seconded the motion.

Voting on the motion:

Council Member Barker	aye
Council Member Cevering	aye
Council Member Ekstrom	aye
Council Member Stoker	aye
Council Member Swanson	aye

The motion passed unanimously.

3. COUNCIL/MAYOR/STAFF COMMENTS

Mayor Berube thanked the residents for their attendance and involvement in tonight's meeting.

4. ADJOURNMENT


Council Member Swanson motioned to adjourn the meeting. Council Member Stoker seconded the motion.

Voting on the motion:

Council Member Barker	aye
Council Member Cevering	aye
Council Member Ekstrom	aye
Council Member Stoker	aye
Council Member Swanson	aye

The motion passed unanimously.

The meeting adjourned at 9:11 p.m.


S. Neal Berube, Mayor


S. Annette Spendlove, MMC
City Recorder


Date Approved