MINUTES of a special **City Council** meeting of Wellsville City held **Wednesday, August 17, 2022**, 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. Also present were City Treasurer Leesa Cooper and City Manager Scott Wells. A copy of the Notice and Agenda was mailed to the Mayor and Council members and emailed and faxed to the Herald Journal on August 12, 2022. The meeting was called to order at 6:00 p.m. by Mayor Thomas G. Bailey.

Others Present:			
	Blaine Anderson	Angela Barry	Todd Barry
	Tracy Bodrero	Margaret Bosworth	Shirley A. Bradshaw
	Rose Branch	Brian Chambers	Jennifer Chambers
	Chris Clark	David Cook	Carolyn Cooper
	Quentin R. Cudney	Adam Dexter	Brian Estey
	Stacie Estey	Bruce Gates	Vicky Gates
	Arlene Hall	Maureen Hatch	Brenda Hawker
	James Hawker	Troy Hawker	Janie Isaacson
	David Leishman	Kendall Leishman	Sandra Lewis
	Tyrone Lewis	Christine Lindley	Marcy Mouritsen
	Kelly Neilson	LaDawn Neilson	Rosie Nyman
	J.R. Petersen	Kurt Petersen	Megan Petersen
	Patti Petersen	Margo Pierce	Megan Ragland
	Ed Rigby	Diane Roundy	Gary Saxton
	Dale Smart	Art Smith	Dale Smith
	Joshua Smith	Destiny Spackman	Spencer Spackman
	Jonathan Van Huss	Randy Wall	Diane Williamson
	Scott Weaver	Gary Workman	Linda Wursten

Opening Ceremony: Mayor Thomas G. Bailey

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

<u>YEA 5</u>	<u>NAY 0</u>
Kaylene Ames	
Bob Lindley	
Denise Lindsay	
Chad Poulsen	
Austin Wood	

Denise Lindsay presented this year's tax calculations. A copy of the presentation was available for those in attendance (see Attachment #1). She noted that residents received a Notice of Proposed Tax Increases from Cache County which reads that Wellsville City's property tax revenue percentage is proposed to increase by 46.26%. Ms. Lindsay stated that this percentage is very confusing. For the last four years Wellsville City has elected to 'hold the rate' of 0.000949, which would allow Wellsville City a larger tax revenue. Ms. 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 fourth largest out of ten entities. Wellsville City follows behind the Cache School District (49.742%), the Cache School State LE (19.796%), and the Cache Co General Fund (13.972%), with a percentage of 11.372. Tax bills increase in one of two ways, the rate is increased by a taxing entity or the assessed value of a property increases. She used an analogy of a gallon of milk to explain the tax distribution. Last year a gallon of milk was $1.88, the tax for that gallon of milk was $0.12. This year a gallon of milk is $3.89, the tax for a gallon of milk is now $0.24. Nothing has changed about that gallon of milk except for an increased price which is followed by an increased tax. Ms. Lindsay stated addition of new homes and businesses will lower the Wellsville City tax assessment on an individual property if the assessed value is the same year after year. A graph showing tax revenue increasing as tax rate decreased was displayed. She explained the 'certified tax rate' is the base rate that an entity can levy without raising taxes. In other words, it is the rate that will produce the same amount of revenue that the entity budgeted the year before. Ms. Lindsay explained that three years ago the Council decided to increase the City's tax rate from six percent to nine percent. That three percent increase resulted in the City having a tax budget revenue of $226,993.00. To calculate the 'certified tax rate,' $226,993.00 is then divided by the City's population, and the tax rate decreases as the population expands. She pointed out Wellsville's tax rate was 0.001097 in 2009. The 'certified tax rate' fluctuated over the years and had shrunk to 0.000949 in 2019, when the Council determined to begin 'holding the rate' in order to maintain that 0.000949 tax rate. The 'hold the rate' 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. Ms. Lindsay pointed out 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. She then pointed out Wellsville's proposed tax rate of 0.000949 is the thirteenth lowest rate out of the nineteen municipalities in Cache County. Another tax factor to consider is Wellsville's lack of commercial tax base. Wellsville does not have the commercial tax revenue many neighboring municipalities have and therefore is much more dependent on residential tax revenue. She stated the City Council's responsibility is to look out for the City as a whole.

City Manager Scott Wells discussed Wellsville City's need for additional revenue. Mr. Wells stated that Wellsville City is in need of the following: updates to city park equipment and construction of new city parks, sidewalks, law enforcement contract, fire department budget, savings for a future fire station, waterline maintenance, sewer line maintenance, splash pad maintenance, trails, vactor truck, air compressor, street sweeper, and employee wages. Additionally, inflation has reduced the City's purchasing power, and anticipated growth predicts the need for a parks and recreation staffer, city planner, deputy recorder, and an addition to the city office for extra offices. City Manager Wells shared copies of the Wellsville Elementary Park Master Plan. $25,000 is budgeted for the sidewalk fund which does not pay for very much sidewalk. Wellsville City's law enforcement contract has increased $23,000.00 in the last two years alone. The fire department's capital needs are larger than their budget allows, and even more funding is needed to save for a future fire station. Another handout showed Wellsville's aging sanitary sewer pipes the majority of which are 40 to 50 years old. City Manager Wells stated the majority of the City's waterlines are also 40 to 50 years old. Existing trails need to be maintained and additional trails are highly anticipated by residents. A vactor truck would allow clogged sewer lines to be jetted up to 300-feet. An air compressor would allow the City to run a waterline under the road *without* digging the road up. Industrial Stormwater Pollution Prevention Plans (SWPPP) requires the City to pick up sand and debris from gutters spurring the need for a street sweeper. A parks and recreation staffer is needed to run the baseball, softball, soccer, and flag football programs. Keeping employee wages competitive and maintaining staff is an ongoing effort. Inflation has increased the cost of all city supplies and has reduced the city's purchasing power. The city currently contracts with a city planner but will need a fulltime or part-time planner on staff in the future. The city will also need a deputy recorder in the future. More staff will require additional office space. City Manager Wells hopes additional commercial industries will help to increase commercial tax revenue in the future.

Ms. Lindsay shared her personal Cache County tax assessment with the Council and the public. She pointed out 'holding the rate' versus adopting the 'certified tax rate' will cost her an additional $108.65 this coming year. Ms. Lindsay emphasized that Wellsville City's population and infrastructure is only growing larger with costs for that infrastructure inflating. "Why would we go backwards and decrease the rate?" she asked. Ms. Lindsay elaborated that Wellsville City receives $329,000.00 in property tax revenue with an operational budget costing $3,000,000.00. Wellsville City is not living beyond its means she concluded.

City Manager Wells clarified that 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.

Beginning at 6:30 p.m., a public hearing was opened to consider for possible adoption Resolution 2022-08 increasing property tax revenue for Wellsville City. The Wellsville City tax on a $549,000 residence would increase from $195.97 to $286.55, which is $90.58 per year. The Wellsville City tax on a $549,000 business would increase from $356.30 to $521.00, which is $164.70 per year. If approved, the city would increase its property tax revenue by 46.26% above last year's property tax revenue excluding eligible new growth. Mayor Thomas G. Bailey stated that this is a public hearing and asked if there was any public input.

Gary Saxton stated in 2020 Wellsville City's property tax revenue for general operations was $226,993.00. If Wellsville City determines to 'hold the rate,' 2022's property tax revenue for general operations will be $381,000.00. If Wellsville City determines to adopt the 'certified tax rate,' 2022's property tax revenue for general operations will be $260,000.00. Mr. Saxton stated he supports the City having funds for needed infrastructure however he asked the Council to be sensitive to what residents are going through at this time. He stated this is not the year for the City to grab another $121,000.00 from residents. Mr. Saxton said he understands property tax contributes very little to the City's overall budget and suggested the City focus on acquiring more commercial developments. He said this is not the year to increase property taxes and to plan for the future in the future.

Kelly Neilson shared his personal Cache County tax assessment with the Council and the public. His property taxes have increased from $1,207.00 in 2015, to $1,396.00 in 2020, to $2,269.00 in 2021. Mr. Neilson emphasized Wellsville City has the fourth biggest hand in the tax area property tax distribution. He stated he believes the overall tax system is illegal. Mr. Neilson said he would never vote for a tax increase. He asked the Council to remember that this November an open space bond will be proposed by the County Council. Mr. Neilson said he believes the open space bond will be passed and that money will be acquired by increasing resident's property taxes. He emphasized his property tax came $87.00 short of doubling in the last three years. Mr. Neilson stressed property tax increases are very difficult for retirees with fixed incomes, not to mention with eight to ten percent inflation for everyone along with $5 to $6 fuel for everyone. He asked the Council to reevaluate the 46.26% increase, determine if that amount is necessary, and if so to increase that percentage over a three year period with more moderate 15% increases. Mr. Neilson concluded by asking the Council to make this tax increase less painful.

Brian Estey stated the proposed tax increase is "quite the hike." He believes homes in Wellsville have been overvalued much more than they should be. He asked the Council not to "tax us out of our overvalued homes." He stated Mr. Neilson's idea of breaking the increase up over three years with 15% increases is a great idea. Mr. Estey said new sidewalks are not needed and the existing sidewalks do not get used. He stated increasing property tax revenue by 46.26%, in a single year, at a time like this, would be a "greedy act." Mr. Estey said he believes homes won't be valued as high next year and taxes still won't go down. "We're still paying and paying and paying and yet what do we get out of it as a service in Wellsville? Other than just a bunch of people in the office? I just don't see it."

Diane Williamson asked if the proposed city planner and deputy recorder would be new positions. City Manager Scott Wells answered yes. She asked how much employee wages were raised this year. City Manager Wells answered fulltime employee received 20% raises. Ms. Williamson stated the city needs to do a compensation study. City Manager Wells stated a wage study was done for justice court staff last year. She asked for the city's lowest fulltime hourly wage and position. City Manager Wells answered $23.00 an hour for the court clerk. Ms. Williamson asked what the public works employees are making per hour and for their years of experience. City Manager Wells answered $24.00 an hour plus, with years of experience at 14, 2, and 1-year respectively. City Manager Wells explained the public works employees are dual certified in sewer and water and were making $21.00 an hour prior to the wage increase. $21.00 was less than neighboring municipalities. $21.00 was also being advertised as a starting wage over the radio at many different businesses. Ms. Williamson asked what percentage the city matches 401(k). City Manager Wells answered 2.5%. Ms. Williamson stated that City Manager Wells needs to get a new bid for health insurance every three years and believes the city is overpaying for PEHP health insurance. She stated the traditional plan is too expensive and City Manager Wells should investigate the high deductible plan with PEHP. Ms. Williamson suggested City Manager Wells hire a broker for a benefits RFP (Request for Proposal). She asked City Manager Wells to do a wage study on every position to ensure employees are not being overpaid before hiring any new personnel.

Art Smith stated he appreciates everything the City Council and management does to keep expenses in line and appreciates that city employees received competitive raises. He reported factory workers at Cytiva or

Thermo Fisher Scientific can make $20 an hour on an assembly line. Mr. Smith recommended that the city do their due diligence to acquire additional commercial development to increase Wellsville's commercial tax revenue. He stated the years-long process to get the Castle Country RV Sales and Pallets of Utah developments underway have taken much too long. Mr. Smith stated that the Castle Country RV Sales and Pallets of Utah developments alone would generate an additional $25,000.00 to $30,000.00 commercial tax revenue for Wellsville City a month. He called upon the Council and city management to speed up those processes for the mentioned businesses as well as proposed grocery stores. Mr. Smith also suggested selling city owned property which is sitting idle for added revenue. He asked the Council to think outside the box and consider better revenue streams. Mayor Thomas G. Bailey informed Mr. Smith that the city and respective businesses have been waiting on engineers. Mr. Smith stated he had heard the city engineer was extremely slow.

David Leishman stated property taxes are raised due to increased value of assessed homes and property. He stated the news is forecasting a home recession in Utah. If the value of our homes goes down next year, will property taxes go down he asked. Mayor Bailey stated after discussion with Kathleen C. Howell, Cache County Assessor, he learned that the properties evaluated this year will not be reevaluated for another five years. Mr. Leishman said it is frustrating that his home was overvalued this year and he will be responsible to pay taxes on that overvalued amount for five years despite a home recession. He noted he is a retiree, and this is a difficult year for a property tax increase given inflation. Councilwoman Lindsay explained the 'certified tax rate' is the rate that will produce the same amount of revenue that the entity budgeted the year before. So, if Wellsville City gets $300,000 in property tax revenue this year, the 'certified tax rate' guarantees Wellsville City will get $300,000 next year regardless of property values. The 'certified tax rate' was designed to guarantee municipalities a certain property tax revenue as they budget a year ahead. However, if the city determines to 'hold the rate' and property values decrease next year, the city's property tax revenue will decrease. City Manager Wells expounded that the 'certified tax rate' works inversely to property values. If property values drop, the 'certified tax rate' increases, and vice versa. Mr. Leishman thanked the Council for all they do.

Gary Workman asked for clarification that properties are reassessed every five years. Mayor Bailey answered yes. Mr. Workman shared that his property tax has fluctuated in the six years he has lived in Wellsville which he said means property valuations vary every year. Mr. Workman has been a retiree for 15 years and stated he is going to find it hard to pay property taxes if they continue to rise since his income is fixed. "I might as well put up my home for sale and move out of here because I can't afford it here." he stated.

J.R. Petersen asked the Council to show how the proposed 46.26% property tax revenue increase would be budgeted. He stated he is a retiree and had budgeted for a five percent increase in property taxes per year. He said he did not budget for a 117% increase in a two year period. Mr. Petersen asked for full financial disclosure and income statements from the city to see where money is going. City Manager Wells stated Wellsville City's budget is available to the public. He reported the Council goes over the city's budget at City Council meeting every two weeks and reviews revenues and expenses. Mr. Petersen asked for online spreadsheets. City Manager Wells and Councilwoman Lindsay were uncertain what regulations municipalities have for showing financial statements online. Councilwoman Ames and Councilman Wood repeated the city's budget is reviewed at each City Council meeting. Councilman Wood invited Mr. Petersen to visit the city office to review financial statements. Mr. Petersen asked where the proposed 46.26% property tax revenue increase would go. City Manager Wells showed the list of Wellsville City needs presented earlier and stated it would be up to the City Council to prioritize those needs. Mr. Petersen said he looked up the average wage for city employees in Cache County on the Department of Workforce Services. He stated the average was $19.42.

Tracy Bodrero asked if Wellsville City could choose to reduce the 'certified tax rate' or if that value was determined by the State. Mayor Bailey explained the Council can determine to lower or raise the tax rate as long as they hold an annual Truth in Taxation public hearing.

Margaret Bosworth asked how much the city received in RAPZ Tax to put towards parks and trails. City Manager Wells explained that amount varies from year to year. He elaborated this year the City asked for

$225,000.00 for pickleball courts and received $75,000.00. The city received $39,000.00 for trails this year. Ms. Bosworth asked if there are additional grants the city can pursue to meet Wellsville City's needs. City Manager Wells shared Cache County is currently focused on the Wayne's Loop trail in Mendon. Councilwoman Lindsay stated the city pursues grants whenever available. She explained the 400 North road project cost $1.2 million. After grants, Wellsville City was only responsible for ten percent of that amount. Ms. Bosworth asked about fees for specific needs such as a city fire truck. Councilwoman Lindsay explained funds received for a specific fee can only be used for that purpose. Ms. Bosworth stated she believes a 46.26% increase in property tax revenue is overwhelming and too much to ask for at one time. She is a retiree and said the proposed increase would be more manageable spread out over several years. Ms. Bosworth stated the valuation of her home is excessive.

Ed Rigby asked for clarification on how often properties values are reassessed. Mayor Bailey answered every five years. Mr. Rigby asked why his home's tax value has increased considerably each year since 2020. Councilwoman Lindsay responded that homes being sold within a block radius result in your home being reassessed. The whole community is reassessed every five years.

Dale Smith addressed home appraisals. He shared he had a property appraised in July 2022 which came in at $135,000.00. That same property is listed as $472,000.00 on his tax notice. Mr. Smith is currently in litigation with the County over that property. He stated County tax appraisals are outrageous. Mr. Smith said tacking on an additional tax increase of 46.26% on that inflated value makes Wellsville City no better than the County. He then asked why Wellsville City needs more sidewalks. He stated he has never had a sidewalk in front of his home and will never need one. Mr. Smith continued that additional trails and parks are not necessary. City Manager Wells explained that replacing sun rotted equipment on the existing city square playground cost $22,000.00 this year. Mr. Smith responded that city park niceties do not help with his pocketbook. "A good parasite doesn't kill the host," he concluded.

Kendall Leishman said Wellsville City should sell property owned by the city to pay for its needs rather than raise taxes. Wellsville City owns more property than it needs he said. He gave Fred Woodward's property as an example. Mayor Bailey replied that Fred Woodward's property was purchased for sewer system land application and will save the city millions of dollars over the long run. Mr. Leishman said property near the Dam was purchased to build city maintenance sheds and yet the sheds were built at the gravel pit.

City Treasurer Leesa Cooper addressed the public. She shared she has worked for Wellsville City for over 32 years. Ms. Cooper emphasized that Wellsville City has no input on the reassessed valuations of properties. She shared in 1990, Wellsville City only had 652 water hookups which roughly translates to residences. In 2022, Wellsville City has 1,226 water hookups. That equates to many more waterlines, sewer lines, road maintenance, and wear and tear on city equipment. Ms. Cooper explained those increased pressures on infrastructure have exponentially expanded the workload of city employees. Impact fees are collected from new growth which helps pay for new infrastructure. Impact fees do not help to pay for maintenance of existing infrastructure. She shared that the city staff and Council are members of this community and love Wellsville. They do their very best with the limited staff and funding they have to work with. Ms. Cooper pointed out city staff living in Wellsville are not exempt from the proposed property tax increase. She then addressed employee wages increases for fulltime staff. Ms. Cooper told the Mayor, Council, and City Manager how much she appreciates receiving a raise which makes her feel valued. Resident Rosie Nyman interrupted from the back of the Council room and asked how much Ms. Cooper is paid an hour. Ms. Cooper answered about $30.00 an hour after 32 years of employment. Ms. Nyman stated she worked at ICON Health and Fitness for 25 years and made $15.00 an hour. Ms. Cooper said she is glad she did not choose to work at ICON. Ms. Nyman stated a 20 percent raise was excessive. Ms. Cooper reported JBS Beef Plant advertises $24 an hour with a $1000 sign on bonus and said without the 20 percent wage increases Wellsville City would not be able to retain their public works employees. Ms. Nyman said a 20 percent wage increase for public works employees makes sense but not for a "secretary." Ms. Cooper reported that city employees are not reckless with city funds. She asked those in attendance to please keep in mind Wellsville currently has the thirteenth lowest tax rate out of nineteen Cache County municipalities. Ms. Cooper concluded by asking those residents in attendance to not be misled by unclear statements or misinformation on social media but to address their concerns with the

Mayor and City Council, who do their very best to take care of Wellsville City and its residents.

Jonathan Van Huss stated he works in the public sector, and he would support the 46.26% increase in property tax if it was being used for wages, however he believes this is the wrong year to be asking for a 46.26% increase in property tax revenue for infrastructure improvements and new city equipment. He told the Council he appreciates and sympathies with them.

Randy Wall stated he does not have a problem with the wage increase and that the city employees do a fabulous job. He asked the Council to split the proposed 46.26% property tax increase up over several years. Mr. Wall thanked the Council and city employees for all they do.

J.R. Petersen asked if the Council was taking any corrective action to keep this high property tax increase from happening again next year. What is the City doing to combat the return of this proposed 46.26% tax increase? Mayor Bailey repeated Wellsville City has no control over home and property valuations. Mr. Petersen said that the city had an increase in property tax revenue despite 'holding the rate' last year. City Manager Wells repeated Wellsville City is trying to develop an increased commercial tax base in an attempt to combat future property tax increases.

Chris Clark stated he works for a different public entity and can appreciate what the city does. Mr. Clark has plowed snow on Christmas day and fixed water and sewer lines in the middle of the night. He stated he approves of the wage increase because "trying to raise a family on $19.00 an hour sucks." Mr. Clark repeated he appreciates all the Mayor, Council, and city employees do.

Spencer Spackman said he moved to Wellsville eight years ago and loves living here. He stated he wants to see the city progress however he believes this is a bad year to propose a 46.26% property tax increase since everyone is already hurting due to inflation. Mr. Spackman shared he has an escrow account set aside for property taxes which would not be able to meet this proposed increase. Therefore, he would have to "tighten his belt in other places" to make up that difference. Mr. Spackman ask the Council to reconsider the proposed increase due to bad timing.

David Cook asked for clarification on what the city can and cannot control regarding property taxes. Mayor Bailey answered that the city has absolutely no control over the valuations of homes and properties. The 'certified tax rate' is determined by the State. Mayor Bailey explained if Wellsville City determines it needs more property tax revenue it can choose to 'hold the rate' and have a Truth in Taxation public hearing to collect citizen input.

Patti Petersen shared she has attended many of the City Council meetings for the last year and a half. Over that time, Ms. Petersen said she has learned that despite challenging decisions the Council will listen and try to understand the resident's point of view. She added the Council carries a heavy load yet still has open doors and open ears and the city's best interests in mind. Ms. Petersen stated she is not an advocate for a huge tax increase but understands the proposal is for Wellsville City to 'hold the rate' based on higher overall property taxes which are due to reevaluations on homes and properties. She emphasized Wellsville City is asking to maintain last year's tax rate not increase the tax rate. Ms. Petersen thanked the Council for all they do.

Adam Dexter asked if the 'hold the rate' theory has any cons. Mayor Bailey stated 'holding the rate' will result in a higher property tax rate *this year*. Additional funding for various city projects would be the advantage. Mayor Bailey shared that three blocks of waterline, installed two years ago, cost the city $365,000.00. Mr. Dexter asked how much more money 'holding the rate' would give the city in property tax revenue. Councilwoman Lindsay answered that if Wellsville City determines to 'hold the rate,' 2022's property tax revenue for general operations will be $381,000.00. If Wellsville City determines to adopt the 'certified tax rate,' 2022's property tax revenue for general operations will be $260,000.00. Mr. Dexter ask how that $121,000.00 difference will affect Wellsville. Will employee positions be terminated? Councilwoman Lindsay responded no. The city would lose the ability to provide services not included in the 2022/2023 city budget. City Manager Wells stated that city funds are budgeted responsibly. Revenues match expenses and the city saves regularly.

Brian Estey asked if the city 'holds the rate' and receives $381,000.00, is it guaranteed to receive that amount next year. Councilwoman Lindsay replied opting for the 'certified tax rate' next year would guarantee the city would receive whatever it receives in property tax revenue this year. She elaborated that if home prices decrease next year and the city continues to 'hold the rate,' Wellsville City's property taxes will decrease. Mr. Estey said he is unhappy with the proposed tax revenue increase but holds no animosity to towards the Council or city employees. Mr. Estey asked for the city to utilize text messaging to alert citizens of meetings such as this.

Diane Williamson stated she didn't mean to say that city employees do not deserve the wages they are receiving. She said she understands how much of the city's budget goes to wages and wants the city to get the "most bang for your buck." Ms. Williamson asked how much money is in the city's general fund. City Manager Wells answered the restricted/unrestricted general fund has $1.8 million. Capital projects has just over $1 million. Ms. Williamson asked if those saved funds could offset the amount the city receives in property tax revenue. Mayor Bailey replied that funds must be kept in reserve for unanticipated accidents such as broken waterlines. She asked if there is a maximum amount that a city can place in savings. City Manager Wells responded 25 percent of the overall budget. Ms. Williamson acknowledged the city funds are managed responsibly that way. Councilwoman Lindsay explained that the city is need of another culinary well which will cost around $2 million. City Manager Wells pointed out the city has already budgeted $2.2 million for a new culinary well. Councilwoman Lindsay said Wellsville City is very fiscally conservative. Ms. Williamson encouraged the Council and staff to control expenses where able and to use any tools available to save money. She believes the city can do better in some areas and ask the city to spend money to find the expertise to save money. "And pay for that expertise with city funds?" questioned Councilwoman Ames. "Yes," responded Ms. Williamson. She stated $30,000.00 can be spent on a broker who can save the city $30,000.00 or beyond.

Joshua Smith asked if Wellsville City's tax rate is a binary decision, 'certified tax rate' or 'hold the rate,' or if there is middle ground. Councilwoman Lindsay stated Wellsville City's tax rate is whatever the Council decides. Mr. Smith clarified that the Council determines the rate and could even determine to go below the 'certified tax rate.'

Councilman Austin Wood made a motion, seconded by Councilwoman Kaylene Ames, to close the public hearing. At 8:01 p.m., the public hearing was closed.

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

Councilman Austin Wood asked if other municipalities are worried about decreased property tax revenues due to adoption of the 'certified tax rate.' Councilwoman Denise Lindsay said she has spoken with three City Council members from three other municipalities whose cities are bringing in a much lower property tax revenue due to the 'certified tax rate.' Councilwoman Lindsay stated the other municipalities' Council members greatest concerns are regarding drought conditions. Municipalities need funding for installation of extra water metering systems. City Manager Scott Wells reported the 'certified tax rate' for Wellsville would be 0.000649. Councilman Wood stated he would be open to decreasing Wellsville City's tax rate and losing some amenities. "I absolutely do not agree with withholding preventative, predictive, and time based auditing maintenance. Those things are must haves." He continued to say if there is any risk of negatively impacting preventative, predictive maintenance, and their inflated materials, he does not support reducing Wellsville's tax rate. Councilman Wood thanked those members of the public in attendance and invited them to regularly attend future City Council meetings to better appreciate the city's transparency on items such as budget. The city budget is public information and can also be viewed by visiting the city office. Councilwoman Kaylene Ames examined text messages sent from the city regarding waterline repairs. She reported two waterline repairs were required within the last month. Councilwomen Ames and Lindsay pointed out the majority of city waterlines are 40 to 50 years old. Mayor Bailey and City Manager

Wells detailed how often replacement parts are needed on the SCADA water tank systems. One hundred ten water meters were replaced last month each of which cost approximately $500.00. Councilman Wood stated he would suspect home values will decrease within the next year and added that the Council should consider the ramifications for how this year's tax rate will affect next year's rate. Councilwoman Lindsay explained the Council will have the same decision to make next August whether to 'hold the rate' or accept the 'certified tax rate.' Councilwoman Ames asked what amount of property tax revenue would be generated if middle ground was determined between the 'certified tax rate' (0.000649) and 'holding the rate' (0.000949). City Manager Wells presented paperwork for the percentage points between the two tax rate systems.

A Wellsville City tax rate of 0.000949 would generate approximately $381,000.00 property tax revenue.
A Wellsville City tax rate of 0.000849 would generate approximately $341,000.00 property tax revenue.
A Wellsville City tax rate of 0.000749 would generate approximately $301,000.00 property tax revenue.
A Wellsville City tax rate of 0.000649 would generate approximately $260,000.00 property tax revenue.

Last year the city generated approximately $223,000.00 in property tax revenue. City Manager Wells reported this fiscal year's expenses have already been budgeted. Property tax revenue would give the city the opportunity to pay for additional needs. Councilman Wood clarified there is no infrastructure concerns or maintenance items contingent upon property tax revenue. City Manager Wells reported Wellsville City's budget is sound. He detailed water requirements for the city and the need for an additional culinary well on the south end of town. Councilwoman Lindsay explained the city currently has a moratorium restricting building above 4,650-feet. Councilwoman Ames thanked those present for attending City Council meeting and sharing their concerns. Mayor Bailey thanked those attendance for being respectful to one another. Councilwoman Lindsay stated the Council has to make hard decisions for the few to do what is best for the whole city. She noted Hyrum City finds it easier to increase resident's utility bills rather than 'hold the rate' for additional property tax revenue. Councilman Chad Poulsen stressed that similar to a household budget, inflated city expenses mean the city cannot survive from year to year on the same budget. Therefore, he stated he does not support adopting the 'certified tax rate.' He added he would consider a tax rate between the 'certified tax rate' of 0.000649 and 'holding the rate' of 0.000949. He concluded that the city must have property tax revenue to provide services, yet the Council is cognizant of inflation concerns and resident's pocketbooks. Councilman Poulsen also invited residents to regularly attend City Council meetings. Councilman Bob Lindley stated city expenses are inflated just like everyone else's and stressed that if the Council doesn't come close to 'holding the rate' the city will lose. Services that residents are currently receiving cannot be maintained overtime without increasing revenue. Councilman Lindley emphasized infrastructure maintenance is critical. Resident Kelly Neilson called out asking for a 15% increase rather than a 46.26% increase this year since the "timing is terrible." Councilwoman Lindsay noted the timing will never be good. Councilman Lindley stated he has spoken with multiple contractors who say inflation will not decrease within the next two years.

Following the discussion, Councilman Austin Wood made a motion, seconded by Councilwoman Kaylene Ames, to approve Resolution 2022-08 a resolution establishing the municipality certified tax rate for fiscal year 2022/2023. This resolution will increase property tax revenue for Wellsville City by a tax rate of 0.000725 based on four criteria; Wellsville City is currently in a financially responsible place, the concerns regarding inflationary costs for goods and services raised by the citizens, along with the general consensus that breaking up the proposed 46.26% tax revenue increase is best over several years, and that reevaluating Wellsville City's tax rate at a future date is an optimum solution.

YEA 3	NAY 2
Kaylene Ames	Bob Lindley
Chad Poulsen	Denise Lindsay
Austin Wood	

Councilman Lindley made a wager with City Manager Wells and asked it to be recorded that City Manager Wells will buy Councilman Lindley a Pepsi every day for a week if 15 or more residents attend the next Council meeting. Councilman Lindley will buy City Manager Scott Wells a Mountain Dew every day for a week if more than 15 residents attend the next Council meeting.

At 8:54 p.m., **Councilwoman Denise Lindsay made a motion, seconded by Councilman Chad Poulsen, to adjourn the meeting.**

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

Thomas G. Bailey
Mayor

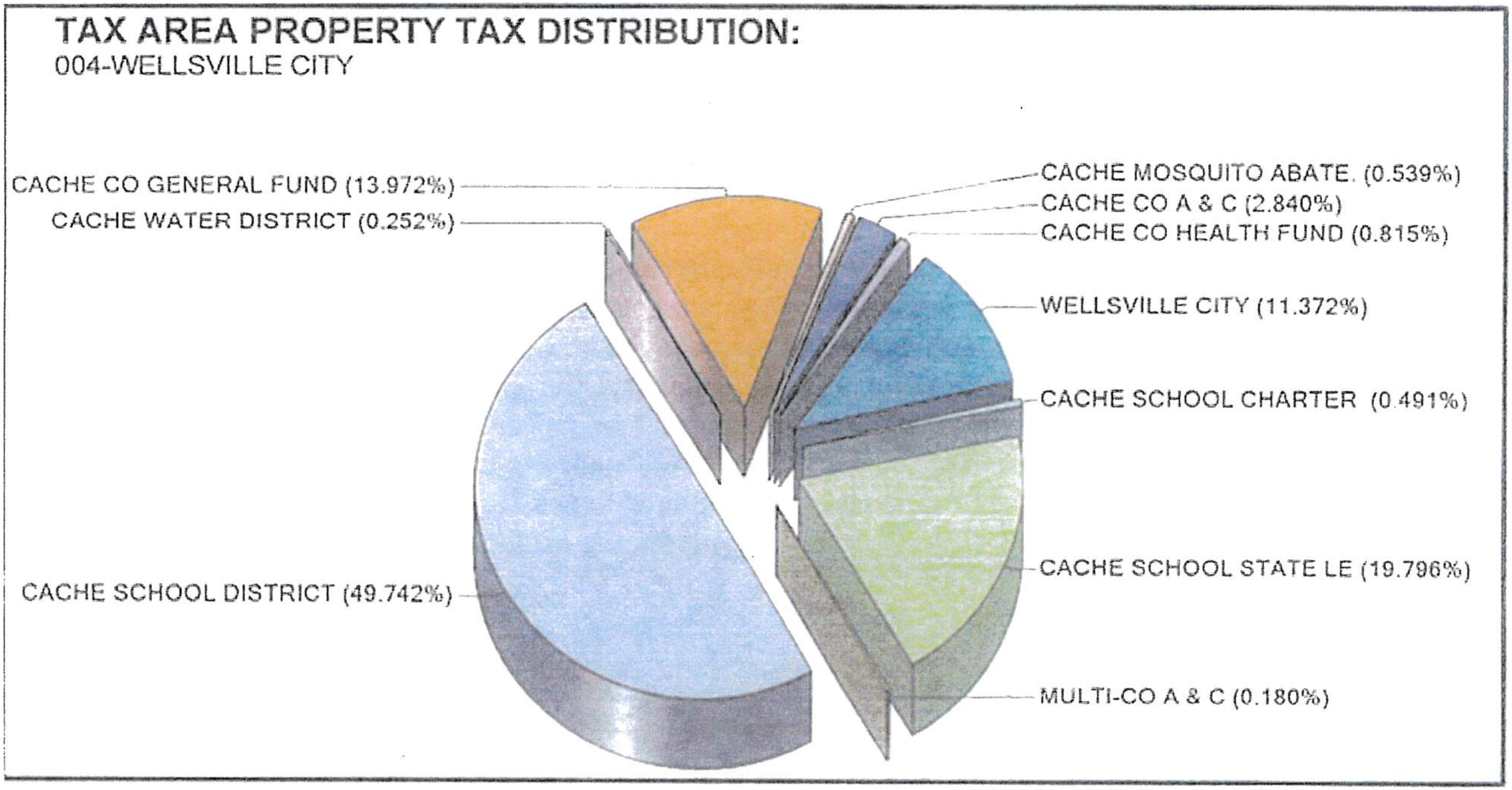
Scott Wells
City Manager

Attachment #1

City Council agenda is as follows: August 17, 2022

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 6:30 conduct the follow Public Hearing;
   a) Receive public input, then consider for possible adoption of resolution 2022-08 increasing property tax revenue for Wellsville City. The Wellsville City tax on a $549,000 residence would increase from $195.97 to $286.55, which is $90.58 per year. The Wellsville City tax on a $549,000 business would increase from $356.30 to $521.00, which is a $164.70 per year. If approved the city would increase its property tax revenue by 46.26% above last year's property tax budgeted revenue excluding eligible new growth.

Attachment #1



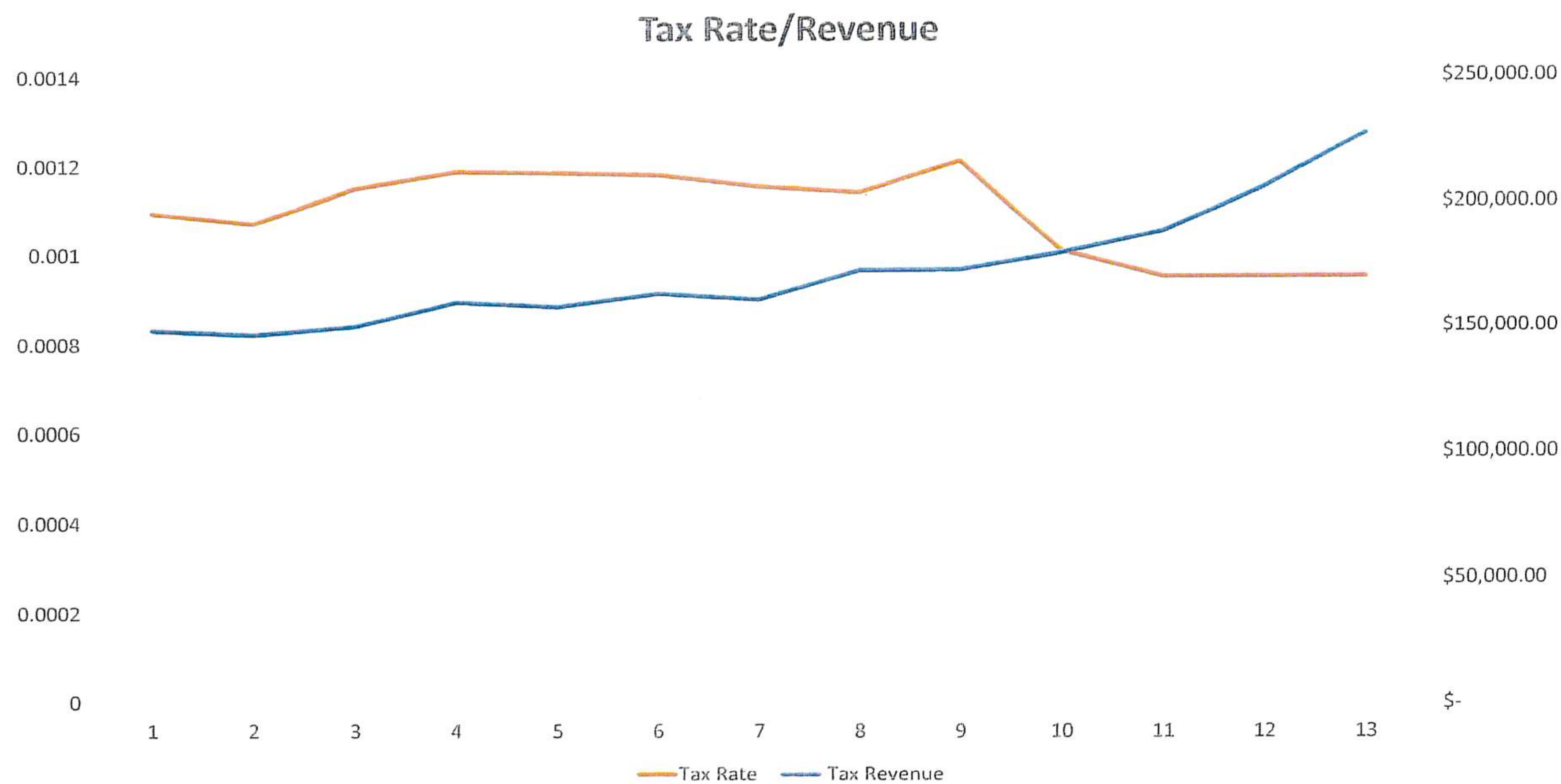
Attachment #1

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 $226,993
- 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



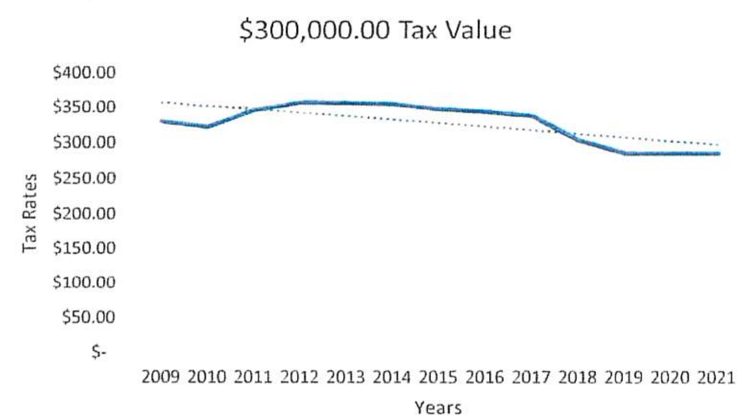
Attachment #1

- 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



Attachment #1

Current Distribution of Property Tax Funds - 2022

Cache School District	49.742%
Cache Co, General Fund	13.972%
State School Levy	19.796%
Wellsville City	11.372%
Cache County A & C	2.840%
Cache Co Health Fund	0.815%
Cache Mesquite Abate	0.539%
State Charter Schools	0.491%
Cache County Water District	0.252%
Multi-Co A & C	0.180%

Attachment # 1

MUNICIPAL TAX RATES BY CITY – 2021

1. Lewiston .002288
2. Cornish .001686
3. Nibley .001667
4. Mendon .001619
5. Providence .001500
6. Smithfield .001460
7. Richmond .001367
8. North Logan .001344
9. Clarkston .001337
10. Logan .001290
11. Hyde Park .001100
12. Newton .000986
13. Wellsville .000949
14. Hyrum .000880
15. Paradise .000792
16. Millville .000771
17. River Heights .000706
18. Amalga .000572
19. Trenton .000546

Attachment # 1

Wellsville City Needs:

- Addition & Update City Parks
- Sidewalks
- Law Enforcement Contract
- Fire Dept. Budget
- Future Fire Station (Savings)
- Waterline Maintenance
- Sewer Line Maintenance
- Splash Pad Maintenance
- Trails
- Vactor Truck

- Air Compressor
- Street Sweeper
- Parks & Recreation Staffer
- Employee Wages
- Inflation has Reduced City's Purchasing Power
- City Planner
- Deputy Recorder
- Addition to City Office (Office Space)