

RICHMOND CITY COUNCIL

AUGUST 17, 2021

The regular meeting of the Richmond City Council was held at the Park Community Center located at 90 South 100 West, Richmond, Utah on Tuesday, August 17, 2021. The meeting began at 8:00 PM; Mayor Jeffrey Young was in the chair.

The following Council Members were in attendance: Tucker Thatcher, Cheryl Peck, Kelly Crafts, Lyle Bair, and Terrie Wierenga.

City Administrator Jeremy Kimpton, City Engineer Darek Kimball, City Recorder Justin Lewis, and City Treasurer Christine Purser were also in attendance.

VISITORS: Amber Ervin, Vern Fielding, Dave Johnson, LuDean Watterson, John Watterson, Amy Jensen, Donna Carlson, Kenlee Brown, Wendy Christensen, Aaron Curdy, RaNae Curdy, Robert Christensen, Claudia Christensen, Albert Purser, and Hayden Kimpton

PUBLIC HEARING TO DISCUSS THE PROPOSED INCREASE IN PROPERTY TAX REVENUE FOR THE CITY. THE RICHMOND CITY TAX ON A \$339,000 RESIDENCE WOULD INCREASE FROM \$198.76 TO \$254.88, WHICH IS \$56.12 PER YEAR. THE RICHMOND CITY TAX ON A \$339,000 BUSINESS WOULD INCREASE FROM \$361.37 TO \$463.41, WHICH IS \$102.04 PER YEAR. IF APPROVED THE CITY WOULD INCREASE ITS PROPERTY TAX REVENUE BY 28.22% ABOVE LAST YEAR’S PROPERTY TAX BUDGETED REVENUE EXCLUDING ELIGIBLE NEW GROWTH.

MAYOR: I have been involved as a council member and mayor for 15 years. Property tax revenue had not increased much for 40 years until 2018. There were just small incremental changes. I did some research as a council member. How does this process work? Revenue is based off of a dollar amount not a percentage. A lot of cities are holding the rate like we are considering. We want to keep the same rate we have had in place since 2018. Lewiston has done this for about 15-20 years. The rate would lower yearly if it is not changed or held the same. The confusion is on new revenue. It appears we are raising the rate because more money is paid. We are keeping the same rate but the notice you receive shows an increase because we are receiving more revenue. The reason we are getting more revenue is because the state told the county they had to reassess all parcels in the valley this year. I don’t agree with it. The Utah State Tax Commission has the authority to make this happen. They can mandate all parcels are reassessed. We have no say on the value of properties. Typically a parcel is reassessed once every five years. This year all parcels were reassessed. The average parcel value increase in the city was around \$100,000. If the values would have stayed the same, and if we keep the rate, the same our revenue would have stayed the same. My argument with the state is when values decrease, they need to reassess and decrease values as well. I have not seen that happen in the past and don’t see it happening in the future. I just want everyone to understand what is going on before the public hearing.

JUSTIN: Richmond receives about 13.3% of the total amount paid by a parcel owner in the city.

MAYOR: We are only talking about 13% of the total you pay. The school district gets the majority of what is paid. The graph shows where all of the funds are distributed. The state informed the county to reassess all parcel values this year, and that is what they have done.

Cache General Fund	13.819%
Cache Water District	0.253
Cache School District	49.922
Cache Mosquito Abate	0.535
Cache A&C	2.803
Richmond Cemetery	1.791
Cache Health Fund	0.808
Cache School Charter	0.487
Cache School State Levy	16.164
Multi Co. A&C	0.117
Richmond City	13.303
Total	100%

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A motion to close the regular council meeting and open the public hearing was made by Tucker, seconded by Cheryl, and the vote was unanimous.

Yes Vote: Thatcher, Peck, Crafts, Bair, Wierenga
No Vote: None

The public hearing opened at 8:09 PM

JOHN WATTERSON: So, the county reassessed my parcel that automatically means an increase to the city.

MAYOR: Yes, if the rate is held the same.

JUSTIN: If the council chooses to hold the rate the same, the amount of property tax revenue will be \$281,571. If the rate decreases, the city will receive \$219,572 in revenue.

JOHN: My utilities keep increasing. I would guess we have the highest utilities in Cache Valley.

MAYOR: We don't. There are a few which are higher. Logan is building a new sewer plant, and their rate will be increasing as will the rates of the six outlying communities which dump into their system.

JOHN: I am on a fixed income and don't get an automatic increase.

DONNA CARLSON: My house is around 100 years old. How is it getting more expensive? It is aging. It is not getting better. We have had to do so many repairs. Why is the value so high on an old home? We have to keep making repairs. A couple of years ago you got some new vehicles. We drive a 1996 pickup and a 2003 car. I am wondering where the new trucks are paid from. My house is deteriorating, but I am getting hit with higher taxes.

MAYOR: Values are market driven. That is how money is collected.

DONNA: How do we appeal our property tax value?

TERRIE: That process is through the county. You have until September 15th to submit the appeal forms. It is on your property tax notice of how to appeal the value. About four or five forms are required to be submitted. The forms then go before a board for review. The city has no control of the value. I was shocked, as the value of my home has increased almost 300% in the last 20 years.

DONNA: What about the trucks.

MAYOR: The city pays cash for them. We have water, sewer, and the general fund to pay for them out of.

DONNA: How do you justify new vehicles?

MAYOR: I support what we do. We have reviewed the numbers. We get a special government purchase rate. We try and change them out every two to three years. It is cheaper than paying maintenance costs long term. The council decided a few years ago to change them out every couple of years.

DONNA: I would like to purchase one of the used trucks.

MAYOR: They are sold in a surplus sale if they are not traded in.

KENLEE BROWN: I thought I was coming tonight to hear we were paying more because of growth. So, the state says my house is worth "X" amount? Who says that? Does the city council pass a percentage they think the property values should increase?

JUSTIN: The county is who assigns the value to your property. The city has nothing to do with your property value. The amount you pay is based on the following. For residential the "Taxable Value" is based on taking 55% of the "Market Value". The Taxable Value is then multiplied by the rate set by each governmental entity. Businesses pay their tax based on 100% of the "Market Value". They do not get a "Taxable Value" credit or difference.

TERRIE: We only control the property tax rate for the city. We adjusted the rate to its current level in 2018. We have used the funds for streets, EMS, and fire department funding as well as other items. If we don't hold the rate, our purchasing power is lost. This only affects our General Fund. The water and sewer funds are separate. We do have an option like other cities and could choose not to plow roads when our budgeted amount is fully expended.

KENLEE: I shovel the road, and the city fills it in. If the state sets the property value, then why is the proposed increase amount almost double the others on this property tax public hearing sheet? Why isn't Lewiston going up as much? All of the increases are listed on this sheet.

MAYOR: Everyone has a different rate. Values in each city increase at a different level. Our values increased significantly this year.

TERRIE: Each city has a different rate. Our rate is 0.001367. The rate for Clarkston is 0.001337.

KENLEE: Can you put a limit on the number of new homes built in the city?

MAYOR: There are laws which govern what we can or cannot approve. An annexation is the time to discuss if we want to see a parcel developed. Moratoriums only last for a short time for a specific reason. We considered

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implementing one during our water and sewer projects but did not have to. Over half of the growth in the city is from Richmond people.

CHERYL: If people move here, it helps to slowly distribute the cost across more people.

MAYOR: The amount of accounts we service will increase over time. Smithfield built a water tank at the same time we did. We had around 800 connections at that time, and they had over 3,000. We pay substantially more per connection because we have less connections. Our community only services our community. If you don't like the process we are considering, you have the right to vote for change. It is not possible for costs to stay the same or go down. We have to be forward thinking. We have an emergency waterline repair we had to make in a UDOT (Utah Department of Transportation) road. We have to have the funds on hand to pay for it.

KENLEE: Terrie mentioned you have to keep up with inflation. If you raise my taxes, that is a meal I now have to skip each month. At what point do you say enough? You need to scrimp and make things work. No buying of random items. If you don't have money, then don't buy things. The residents would appreciate that. Taxes are a touchy subject. You chipped my road, and it is no better than it was before. Why bother to chip the road? It did not help one bit as far as I am concerned.

LUDEAN WATTERSON: I have no idea why we need more taxes when we have more homes coming in. There should be more money coming in from new homes. I am so confused. The state dictates what is being done tonight, but here we are tonight before you.

CHRIS: I think you need to explain what happens when a new home comes in.

MAYOR: The amount of revenue we receive is based on an amount. The amount the city receives would basically stay the same. The amount you would pay for the city portion would decrease.

TUCKER: From 1978 until 2018, the rate decreased on a yearly basis. We received about \$110,000 a year until 2018.

LUDEAN: Where is the money coming from?

TUCKER: The tax rate falls on a yearly basis as new homes come in.

CHERYL: The school district receives the majority of what is paid.

MAYOR: The majority of the increase you are paying this year will go to the schools.

JOHN WATTERSON: The city receives about 13%.

LUDEAN: We have the right to vote. Who is representing the residents on this tax increase?

CHERYL: It depends on the portion of your property tax you are talking about.

MAYOR: Our discussion and representation is on only about 13% of what you pay. The city is not the only entity doing an increase or receiving more money.

LUDEAN: Who is representing the city?

TERRIE: If you want changes to the tax law, you need to contact Representative Mike Petersen or Senator Chris Wilson. They hold townhall meetings periodically. They need to hear more clarity is needed in this process.

LUDEAN: A lot of us have lived here a long time. We all know the city is growing. New homes are so expensive. They are making our property values go up. This goes against everything I was taught. This is so sad for people on a fixed income. What do we do for them? So sad.

AMY JENSEN: The fact is the council is raising the amount of property tax we pay. Jeff, you are talking in circles, and people don't understand it. You have been quoted as saying you want to raise taxes yearly.

MAYOR: I was not aware of that.

AMY: You have said you want to raise taxes yearly, so there is not a large increase. This is a big assessment this year. The city council should take some compassion this year. Everyone got hit hard this year. Don't do it this year. You talk about holding the rate. How come there is an increase if you are holding the rate? You are not holding the rate.

MAYOR: We are holding the rate the same, and you are paying more because the value of your parcel has increased.

AMY: I am not talking about that. That has nothing to do with my assessment.

CHERYL: That is absolutely wrong that it has nothing to do with your assessment..

TUCKER: Ultimately, you are paying more because of the increase in value.

AMY: I think a great gesture is needed this year for the residents.

KENLEE BROWN: Does the city receive the entire \$56.12 increase?

JUSTIN: Yes.

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DAVE JOHNSON: This is hard to understand. Why is the percentage of the increase higher here than elsewhere? Why are we 28% when another city is 12%? I understand expenses are increasing. Keep revenue and expenses in balance. Only raise the amount needed. You are voted in for a reason. Take care of us.

TERRIE: The rate in each city is different and the average value and increase amount is different in each city.

DAVE: I understand some cities have a lot more commercial than other places. Is the city not doing well financially? Do we still have a rainy-day fund? Do we need this increase to stay solvent?

TERRIE: This discussion does not include our water or sewer fund. This is for the General Fund only. We need funds for employees and operating expenses. It is a hard balancing act. The sewer plant only has a lifespan of 20 years, but we hope to get more out of it. We are closely watching what the federal government is doing. It affects all of us as we will all have to pay for their projects. We need to continue to provide the same level of service or better.

DAVE: Do you all support this increase?

TERRIE: I am on a fixed income. I am having angst on this increase. I think the amount of the increase in values are wrong.

MAYOR: For information purposes the average parcel value in 2021 is \$339,000; in 2020 it was \$253,000; in 2019 it was \$242,000; and in 2018 it was \$210,073.

RANAE CURDY: Isn't there a limit on the amount the value can increase on a yearly basis? I thought there was a statute.

MAYOR: I am not aware of one.

RANAE: That is a rule in Idaho.

JUSTIN: The state informs the county to increase all of the values. The county does the increase, and then the state reviews the increase. The information is then provided to the city. The state is well aware of what is happening with values.

DAVE JOHNSON: Is there any help for those on a fixed income?

TERRIE: BRAG (Bear River Association of Governments) offers some assistance programs.

MAYOR: I am on the Executive Council for BRAG. Their assistance is only for very low-income families. It misses a big section of the public who are also poor and need help.

CLAUDIA CHRISTENSEN: I have been going over the budget. Some things in there may be a little bit frivolous. I would suggest cutting some of the frivolous expenses.

MAYOR: Which items are frivolous?

CLAUDIA: Possibly salaries. I understand they are probably necessary. Is every item in the budget that important?

MAYOR: I would like something specific mentioned.

CLAUDIA: I think some of the expenses are not absolutely needed. How many buildings do we take care of? How many yards? Is there something better we can do, so we don't have to pay out so much money?

MAYOR: If you are proposing doing anything with old buildings, you better talk to the historical society and convince them they are not needed.

CLAUDIA: My suggestion is to make sure each expense is essential. Maybe some are and others are not.

JOHN WATTERSON: There is a housing crisis in Utah. House prices have increased like 300%. If more homes are built, you will get more funds; correct?

MAYOR: Our General Fund budget is around \$1,400,000. If we hold the rate, we will get about \$60,000 more than last year. The property tax rate decreased year after year until 2018. From 1978 until 2018, the city basically received the same amount with small increases. The intent is to hold the rate the same, so we don't have to implement a massive increase.

A motion to close the public hearing and reopen the regular council meeting was made by Terrie, seconded by Lyle, and the vote was unanimous.

Yes Vote: Thatcher, Peck, Crafts, Bair, Wierenga

No Vote: None

The public hearing closed at 8:59 PM.

DISCUSSION AND POSSIBLE VOTE ON RESOLUTION 2021-07, A RESOLUTION SETTING THE PROPERTY TAX RATE.

MAYOR: I would like to thank those who attended. There are about 3,000 residents in the city, and you are the only ones who attended. By a raise of hands, how many of you have served in a volunteer capacity for a city? A few of you have. This is hard. People complain about what we do. I see amazing people who live here and help with so many things. I will talk about the sewer system for a minute. Kudos to the council and mayor in 1972 for getting the system installed. Look at where Millville is today.

DAREK: It is going to cost them approximately \$25,000,000 just for the piping portion of the project.

MAYOR: The residents of Millville fought it in the past, and now it has caught up to them. They will be the most expensive in the valley. The thing I have appreciated the most about Richmond is the council and mayor have not pushed things off.

ROBERT CHRISTENSEN: Why is it that the city made a rule when the sewer system was installed, and now, they won't pay for it to be fixed? I had to pay for the repair from the mainline hookup to my house. It is not my fault your sewer system failed!

TUCKER: Jeremy, please clarify where people are responsible for utilities.

JEREMY: The lateral failed, not the mainline. We are responsible for the mainline, and the residents are responsible for any lateral off the mainline. For culinary water service, we are responsible to the meter. The resident is responsible from the meter to the home.

ROBERT: I know what you are saying. You wrote a retroactive bill where you don't have to be responsible for the sewer line. I paid good money to run a sewer line from my house to your sewer line. I had to dig the hole fifteen feet deep. Contractors don't want to dig that deep. Then, I had to pay the city to dig into your property. This change wasn't told to the people. There was just a small blurb at the post office.

MAYOR: I am not sure what you are talking about now? Are you talking about taxes?

ROBERT: I am talking about the retroactive bill you signed signing away your responsibility. It cost me a lot of money. There is a water leak on the corner by my house. I have reported it. Nobody has come to look at it. Water is running.

JEREMY: It is an irrigation waterline. When they turn off the irrigation water system, the leak stops. It has been reported yearly to them for the last three years.

ROBERT: I came back from a trip, and my yard was full of water. I thought it was irrigation water, but it was culinary water. The city knew the fire hydrant was leaking. I had to dig up my driveway and replace it. I am upset!

MAYOR: If you want the city to offer additional services, we can, but we will have to charge for it. The city maintains the mainline. Everyone pays for their private line. On culinary water, the city is responsible to the water meter. If there is a problem between the meter and the home, that is the responsibility of the homeowner. If you want to change that, then get elected people to do that.

DAVE JOHNSON: If my line fails, I don't want others paying for it.

CHERYL: We had to pay to repair ours.

MAYOR: This is a hard situation. All of the culinary water pipe in Hill Haven is brittle and needs to be replaced.

TUCKER: The Hill Haven project will cost several million dollars. It would be nice to redo the road, but we need to replace the pipe under it first. This is a huge concern of the council and mayor.

MAYOR: We have talked about how to handle that project for years. I am going out of office after serving for fifteen years. I have learned we have an incredible community full of strong people. This community was built by strong people. Tough decisions were made. It is expensive to live here in a rural community. We spent one million dollars purchasing water rights. It was hard and expensive. This year was a good example of previous insight. We have not had culinary water issues during a drought. We are helping out the irrigation company because we can. My take on this issue is simple. I fought for years to get us to a point where we could hold the rate. I saw the trends. We were getting off balance. We knew we were going to have to make a huge increase. I have fought and fought how to balance this year after year. I had a person I consider a friend tell people I was proud to raise taxes. I have been involved in the largest utility rate and property tax increases in the city. I am not proud of it. I am proud this council has never punted things off to future city councils. We have not pushed anything to future councils or mayors. I am okay with what we have done in the past because of that. Because of what we have done in the past, my kids will have a chance to build a home in town because we have capacity in the water and sewer system. Now, whether the home is affordable is a different discussion. We have to raise good leaders for the future.

CHERYL: What are our options?

JUSTIN: You could settle on an amount between \$219,572 and \$281,571.

CHERYL: I would support something in the middle.

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TUCKER: The meeting in 2018 was hard. Taxes had not been raised for a long time. Lots of infrastructure projects were going on. We understand what was going on and why it had to happen. I saw the value in holding the rate year after year. New homes are coming in, and we get some tax revenue from the new homes. Holding the rate is not popular, but I support it. We pay the increase just like everyone else does. We need to be solvent. We need money for expenses, and they are all increasing. Inflation is a concern.

CHERYL: The amount of the home valuations have increased too much.

MAYOR: If the rate is not held now, will a future council consider doing something or just let it continue to decrease is the question.

TUCKER: I want to hold the rate. If values drop, it would be hard for me to raise the rate as well.

RANAE CURDY: You mentioned the sewer in Hill Haven. Are you saving money for future projects?

MAYOR: Yes.

JUSTIN: We transfer funds from the General Fund to the Capital Projects Fund almost every year. The amount varies from year to year. Last year, we transferred a significant amount.

MAYOR: The problem in Hill Haven is the waterlines are in the backyards. On the sewer rate increase, the fund balance was decreasing over time. We were not even maintaining the same amount.

RANAE: Are water and sewer lines in Hill Haven a problem?

JEREMY: Yes.

MAYOR: What type of pipe is the water pipe?

JEREMY: Transite.

MAYOR: It is brittle and hard to patch.

LYLE: I support holding the rate. The difference is about \$60,000. That amount of money does not replace a lot of pipe. It does help to give us a little bit more of a buffer. If we go downward and then have big repairs, we will have to make a big increase. I like to maintain and balance things by holding the rate.

CHERYL: If the rate decreases, our overall bill will not decrease that much.

LYLE: By holding the rate, the effect on the average household in the city is \$4.67 per month.

TERRIE: Based on a home valuation of \$339,000.

JUSTIN: We have about \$800,000 in reserve. The state auditor recommends we have one year of General Fund expense in reserve which would be about \$1,400,000.

MAYOR: We have said we would save some each year, and we have done it. This has been a great discussion.

TERRIE: I cannot argue with holding the rate. I know I try and make sure I have enough funds on hand at all times for three to six months. The overall total tax bill increase amount concerns me. The average increase in town is \$4.67 per month which is not even the cost of one lunch.

CLAUDIA CHRISTENSEN: You can say you will save, but you made us pay \$16,000 for the sewer line repair and \$500 to the city for the road.

MAYOR: You are very passionate about this. I will have Jeremy again explain where responsibility falls.

JEREMY: The city ordinance clearly states the property owner is responsible for anything off of the mainline such as a lateral. The lateral is the responsibility of the homeowner. For culinary water, the city is responsible to the water meter. The homeowner is responsible from the meter to the home. I would anticipate the leak in the highway is going to cost between \$20,000 and \$30,000 to repair. We can only enforce the ordinances as currently written. I talked to Council Member Paul Erickson, who at that time was over sewer, about their concern. We followed the ordinance of the city, as we are not allowed to do anything different. Everyone is treated the same. The ordinance has been this way the entire time I have worked for the city. It is very standard.

MAYOR: The further a home is from the mainline the more expensive the repair will be. There is a private lateral which attaches to our city which is about 2.5 to 3.0 miles long. We are not responsible for it and don't want to be responsible for it. We have differences of opinion on this. There is not a remedy for what you want unless ordinances are changed. If the city wants to start repairing private property, they will have to charge everyone more to offer that service.

CHERYL: Kenlee said he would do his own snow removal to save money.

MAYOR: And for me I say no; I want someone else to plow the road.

VERN FIELDING: There is efficiency involved as well when the city does it.

KENLEE BROWN: The roads don't need to be plowed when there is less than an inch of snow.

MAYOR: I will defend our public works department. It is a balance. It is hard to balance whether to salt before or after a storm. What we do is for a reason. It is not random. I will defend and support what we do.

JEREMY: I am not sure what happened before I worked here. I restrict overtime. I have lessened it over time. Half of this city is on a hillside. The sheriff's office calls us when they experience a slick road. I have done this type of work for 16 years. Over that time, the demand for services has changed. The older generation is okay with slick

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roads; the younger generation is not. We try and get the roads plowed before school and when the transit district buses are coming through. We try and get ahead of the storm. I like to salt under the ice. It is hard when the salt is on top. There is logic in what we do, even if it does not appear that way. If we are losing ground on a storm, we will bring the trucks back in and park them. Somedays, the guys drive the trucks for 14 to 16 hours. We have a small staff. We only have two snowplow truck drivers. They will come in early, then take a break, and come back again later on in the day. We have not had much snow the last two years. There were some storms we should have held the trucks back on. We are still learning. We are running straight salt because it is cheaper. We are not using more expensive options which are nicer to use. The new sander allows us to apply the salt differently. It is based on the speed of the truck, not the same rate no matter what the truck is doing. I think our salt budget has been cut in half over the last few years. We have two big trucks and one Ford F350 we plow with. We have an orange ten-wheeler and a white six-wheeler. We use the smaller truck to do cul-de-sacs.

A motion to adopt Resolution 2021-07, a Resolution setting the Real and Personal Property Tax Rate at 0.001367 was made by Terrie, seconded by Tucker, and the vote was unanimous.

Yes Vote: Thatcher, Peck, Crafts, Bair, Wierenga

No Vote: None

MAYOR: I am done this year after 15 years. I love Richmond. I moved here. My wife is from here. I am not from here. I have tremendous respect for those I serve with. We have to make hard choices. We have to bridge the gap between the older and younger generations. Those who are committed to the city are here. Get involved. Just like tonight, come and talk to us. Sometimes we vote for what you want, and sometimes we don't. This group changes every two years during the election. There is a current project which will take three or four mayors to finish. I will encourage anyone to participate. Our goal is to have open conversations. You won't always get what you want, but let's have a conversation. I have talked with Dave and others who are here tonight. We have an open-door policy. Jeremy is available all day long and the council and mayor as needed. What we do works because of the type of community we have. Stay involved. Good luck with the upcoming election. A grocery store is coming. Townhomes are coming. If you want to understand what is coming, be involved. You need to understand if what someone proposes fits our current ordinances, we cannot deny it. We cannot be selective. There are hard future decisions coming for the mayor and council.

DAVE JOHNSON: Thank you for serving.

A motion to adjourn made by Cheryl, seconded by Lyle, and the vote was unanimous.

Yes Vote: Tucker, Peck, Crafts, Bair, Wierenga

No Vote: None

Adjournment at 9:40 PM.

RICHMOND CITY CORPORATION

Jeffrey D. Young, Mayor

ATTEST:

Justin B. Lewis, City Recorder