

Minutes of The Special Price City Council Meeting

City Hall: Price, Utah

August 24, 1998, 6:30 p.m.

Present:

Mayor Lou Colosimo

Councilmembers: Roy A. Nikas, Betty P. Wheeler, Joe L. Piccolo, Steve Bringhurst, Stephen L. Denison

Staff: Vernon W. Jones (Adminis. Ass't.), Joanne Lessar (City Recorder), Pat Larsen (Finance Director)

Others Present:

Norma Procarione, Earlene Powell, Wayne Powell, John Gurule, Sherree Gurule, Vera Gurule, Jose Gurule, Shirley Cox, Melvin Cox, Amedeo Beacco, Alice Beacco, Tom Anderson, Herbert Hudnall, Virginia Anderson, Paula Lewis, Richard Ghirardelli, Brent B. Barney, Debbie Jones, John Jones, Raymond Winkelreid, Jill Alcaraz, Richard Alcaraz, Donna Martino, Gene Howe, Bessie Milovich, Louise Iriart, John Huefner, Rudy Scartezina, Bert Prichard, Don Justesen, Eugene Martino, Allie Dee Pierce, Beven Young, Darrell Norton, Lamond Williams, Terry Fry, Sammy Farlino, Art Leonard, Tony Basso, Albert Blanc, Kit Pappas, Emil Giraud, Dorothy Livingston, Reed Livingston, Max Wayman, Lucille Downard, Wardella Edwards, Ruth Wayman, LaMar Edwards, David O'Brien, Roy Tesch, Viola Tesch, Kerry Krompel, Dane Larsen, Jeffrey R. Richens, Tom Niederhauser, Andy King, Tom Monfrooy, Luey Monfrooy, Bud Fausett, Marie Fausett, Dee Fausett, Guy Anderson, Joe Manzanares, Jack Clark, Carol Fausett, Jennifer Clark, Brian Belnap, Matt Smolic, Joe W. Jensen, Craig Larsen, Helen O. Smith, Edward L. Ellis, Stan Davis, Louis Nick, David W. Berdan, Pat Hillas, Evelyn Larsen, Trever Weaver, Linda Smith, Theresa Hutchinson, Ronda Manzanares, Bill Adams, Kathryn Halamandaris, Richard G. Smith, Gwen Adams, Gaylene Adams, Charlene Richens, Ray Richens, Howard VanWagoner, Ralph Hardman, Anne Jensen, Jana Hoyt

1. PUBLIC HEARING - Property Tax Increase - Denied

Mayor Colosimo opened the Public Hearing at 6:30 p.m. to receive public comment on the proposed property tax increase, and welcomed the residents to the meeting. Councilmember Nikas explained the components of the City finances. There is approximately \$5 million in the General Fund. With the exception of the Water and Electric Departments, the General Fund is used to pay for most of the departments. There has to be an equal amount between expenditures and income. At the beginning of the budget process, there was between a \$1.5 million and a \$2 million dollar excess. These are requests for capital improvements, projects, new equipment and personnel issues. It was cut back to 5 million for this year. The City is limited to 4 categories where they receive their income. The first is sales tax, which is \$1,700,000 or 34% of the budget. At the current 6% sales tax, the City receives less than 1% of that sales tax revenue. The rest goes to the State of Utah and some to Carbon County. The \$1,700,000 million in sales tax has been stagnant for the last three years. There haven't been any significant increases in that revenue. The next source of income deals with the property tax. The City currently receives \$480,000 in property tax revenue. That represents 10% of the City's revenue. The next category deals with the Electric Fund transfers. This year, approximately \$1.2 million was transferred out of the Electric Fund to the General Fund. This money is about 24% of the budget. In the last 5 years, the Electric Fund transfers have subsidized the General Fund anywhere from \$1.2 to about \$1.4 million. This year would have been higher than the \$1.2, but \$300,000 was budgeted to put in a new substation. The last source of revenue is about \$1.6 million. These funds come from various different user fees - grants, franchise taxes, etc. They account for 32% of the City's revenues. All of these revenue sources add up to \$5 million for the City's General Fund budget. The issue today is how the City is going to structure this income or make some adjustment. The City buys electricity wholesale and then sells it at retail to the customers. Effective September 1, Price City reduced its electric rates by 5.5%. This adjustment represents \$300,000. The City must be competitive with their electric rates for their residents and businesses. Another issue deals with future deregulation. This means that customers will have a choice where to buy their power other than with Price City, similar to the manner in which you choose your long distance telephone carrier. Seventy one customers in Price City pay \$1,700,000 in electric rates. If the City were to lose any or all of these 71 customers due to deregulation or non-competitiveness, it would be a

significant impact to the City's budget. The next major issue deals with property tax, which is 10% of the City's revenue. The third item deals with sales tax. Price City cannot directly increase sales tax in lieu of the property tax. However, the Legislature allows the City to go to the voters through a ballot and ask for a 1/4% increase in sales tax. This money can only be used for the Street and Road Department. A 1/4% sales tax increase in Price City would generate approximately \$500,000. The current Street budget is about \$600,000. The last issue deals with changes in services. The City can re-evaluate their programs, capital improvements, equipment purchases, personnel issues, etc. Some of those services are quality of life and those, ladies and gentlemen, are the toughest decisions to make. Price City has been recognized several times nationally as being in the top 10% in how well we manage our finances. We should be proud of that. We must be financially fair and financially safe.

Councilmember Denison stated that taxes are not going to increase from \$600/year to \$900/year. The 60% increase is not representative of your total tax bill, but just that portion that goes to the City. By using an overhead projector, Councilmember Denison explained the amounts shown on a current tax notice. To the left is last years tax showing an amount of \$119.36. Taxes this year without any budget changes goes up to \$121. Taxes with the proposed budget would be \$190.27. That difference between the \$119 and the \$190 is the 60% difference being referenced. If you to the bottom of the notice, you will see that last years total tax was \$635.81 and the proposed tax this year will be \$681.81, which is a difference of \$46. This represents 7.27% of the total tax bill, not 60%. He compared several residents' tax notices with their utility bills on electricity, which has been reduced. The bottom line is that the average resident is going to notice a \$20.13/year difference in additional costs. The purpose of this meeting is to get ideas and input from the public on what you would like to see happen. If this \$20/year is unacceptable, what are some other alternatives or options? The City is trying to prepare for the future so that we are not hit hard within the next 2 or 3 years and still try to be progressive.

Tom Anderson - Commercial property owner in Price. Most of the proposed tax increase is targeted for the operation of the library. The library does not charge user fees. Why couldn't the people who use the library pay for some of these services the way non-residents pay. The wave pool charges a user fee, why not the library? The Utah Tax Payers Association pointed out that \$57,000 is an increase targeted for the purchase and replacement of equipment. They also pointed out that a long term tax increase for a one time purchase is poor financial management. Out of a \$5 million total budget, couldn't \$57,000 be accounted for this one time purchase? Has the city pursued other forms of electrical generation? He assumes the \$500,000 will replace the \$500,000 that is coming out of the General Fund for roads and streets. The electrical utility rate has been reduced, but can be increased at any time without public notice and a public hearing. How does the City assure the citizens that this will not happen, especially if deregulation is delayed. The City has Capital Improvement Projects, etc., such as new sidewalks, curbs and gutters. Is the City getting participation from the property owners for these projects?

Councilmember Wheeler stated that the City has discussed a valid fee from the Price City community. She asked Norma Procarione, Librarian, to provide information about the library and the patrons.

Norma Procarione - It has been discussed to charge an additional fee from people in the City for use of the library. Presently, the library is supported by property taxes. By charging them an additional fee would almost be like double taxing them. We do have a lot of patrons that live in the county. The County pays one fee for each family to use the library. The problem occurring is that these patrons are. The library provides educational assistance to students in the elementary, junior high, and high schools and the college. She would hate to see the library services denied these students. Mayor Colosimo stated that the City receives \$4,300/year from the County for library services for these residents.

Councilmember Nikas referred to the equipment Mr. Anderson talked about and stated that it is going into the General Fund. Some of it goes to equipment, some into personnel, and some into Capital Improvements. Specifically, the \$57,000 worth of equipment is spread out throughout the \$5 million General Fund budget. In regards to the \$500,000 sales tax option, the City would pull the road fund expenses out of the General Fund and put it in a separate fund, which would result in a reduction of \$500,000 in the General Fund. But, this is still not enough to completely fund the road department. On the concrete replacement program, the residents participate in the cost. The Redevelopment Agency is a different program than the General Fund budget. A lot of the projects going on right now are city wide projects. The current concrete project is being done through the Class "C" Road projects, which is separate from the General Fund. The Main Street project comes out of the Redevelopment Agency, which is not part of this budget. Tony Basso asked Councilmember Nikas if he participated in the 1,500 feet of curb, gutter and sidewalk adjacent to his property. Councilmember Nikas stated that he did not participate as he did not own the property at that time. Mr. Basso then asked Mr. Nikas if he participated in the trees planted by the City? Councilmember Nikas stated he had no idea those trees were being planted.

Terry Fry - Has the City Council discussed any layoffs or cut backs as far as services that are presently being provided in Price City? The Council indicated that this has been discussed. Mr. Fry understands that 90% of the budget is for labor and administrative costs.

Councilmember Piccolo stated that the budget at this point is 78% for employee benefits and wages. This Council has cut it back from three years ago which was at 83%. They have also made some innovative changes, such as retiring the Public Works Director and combining the Engineering Department, eliminating one complete upper echelon, as far as management goes. The City's overall budget has been reduced by \$300,000 over the last 3 years. The requested property tax increase is not 60%. It is a small increase in the overall budget.

Terry Fry - Last year, the Legislature gave all cities the leeway to incorporate a 1/4% sales tax. In talking to some public officials, this 1/4% increase would create a half million dollars. Personally he thinks this would be a fair tax and would recommend the 1/4% sales tax increase rather than the property tax increase.

Councilmember Nikas stated that the sales tax option is not exactly the same as the Legislature provided to counties. This proposed sales tax issue, which was handed out as you came into this meeting, is to add \$500,000 to the General Fund budget by a 1/4% sales tax and possibly reduce the Electric Fund transfer into the budget by the \$500,000. The issue here is the \$1.2 million dollar of electric fund profit that has to be offset somewhere by either different taxes or some changes in services.

Fred Lupo - How long is this \$500,000 slush fund going to last? Is it for one year, several years, forever, what? Councilmember Piccolo stated that the library costs approximately \$300,000/year to operate today. It is not going to be an additional \$300,000 to the library. Mr. Lupo asked how much of this 62% is going to the library? Councilmember Piccolo stated that \$196,000 will go to the library to operate it as it now operates. The rest of the money will go into the General Fund to help operate the rest of the City. Mr. Lupo asked why the people of Price should pay for the library when they don't use it? Most of the kids use the schools and the CEU library.

Councilmember Wheeler stated that all kinds of students use the library. Being a school teacher, you would be surprised at how many of those students use the library. A lot of kids have computers at home, but there are a lot of students who don't have the use of computers. The library offers several different programs. If you haven't been in the library, you should go into it and see what it offers. Norma Procarione stated that there are approximately 250 college students that use the library. Mr. Lupo asked if there are federal grants that can help fund the library? Councilmember Wheeler stated that the Librarian is continually looking for grants. Mr. Lupo recommended that the sales tax option be placed on a ballot and let the people of Price vote for it.

Cheryl Marx - It seems like its always the property owner that pays the taxes. Her taxes increased \$125 this year. Is there no end? She was also a school teacher and graduated from Carbon High School, Utah State University and BYU. Not once did she go to the public library. The colleges have beautiful libraries. The schools have beautiful libraries. All three of her children are college graduates and not one of them visited a public library. We live in a computer world. If you want anything, all you need to do it go to a computer. If you don't have one, all of the schools have one. Councilmember Wheeler stated that at the Middle School, there are 450 students and only 30 computers. If you give students assignments and if they can't access a computer at school and don't have one at home, the City library is their only source.

James Rhinehart - In regarding the bond issue, he has crossed paths with a number of citizens. It seems that they would prefer a bond issue rather than something that is forced upon them. They feel we have a representative form of government. They feel it is unfair. One of their reasons is that there is a penalty on home ownership and a penalty to senior citizens who have lived in their homes for many years and have their homes paid for. They are being penalized for being retired and on Social Security. Many feel this property increase is by force and not by consensus of the voters and they request a bond issue and have it explained in language they can understand. He has not heard anyone say they are against the library. He, for one, is for the library. He thinks every citizen should have this as part of their life, as education paves the way.

Ann Smith, 751 North 200 East - Asked where funding comes from to fight the drug problem in Price? Does it come out of the General Fund? Police Chief Aleck Shilaos stated that Carbon and Emery Counties receive approximately \$150,000 in Federal funds. This is matched by the cities in salaries of the officers. The salary of a Police Officer comes out of the General Fund. Ms. Smith stated that to her, if our children are not safe to walk on the streets to the library, the library does not do a lot of good. We have a tremendous drug problem in Price City. If the City insists on raising taxes, she would just as soon see the money used to fight the drug problem and make the streets safe for our children and adults. She has no problem with the library, but there are more serious problems within the community. She would like to know the salaries

for the Mayor and City Council. Mayor Colosimo stated that the Mayor makes \$650/month and the Councilmembers make \$300/month. These funds come out of the General Fund. Ms. Smith stated that the Mayor and Council are elected to represent the public and if the public does not go along with this property increase, then it is the Council's duty to see that this increase does not go through.

Mayor Colosimo reminded the audience that this tax increase is a proposal. The Council is not trying to ram it down your throats.

Ray Downard - Regarding his tax notice, he asked why there were 4 entities that have gone up and 4 entities that have gone down?. His tax notice from last year states that his taxes were \$177.06 and with this proposal, the tax will go up to \$282.24, which is a difference of \$105.18. Why were the citizens not advised of this overbudget? If a corporation starts losing money, the first thing they do is downsize. He recommended to utilize more efficiently the City's work force and for everyone to work as hard as they can. If this is a clue, what is to stop the City from wanting another \$300,000 next year?

Pat Larsen provided a chart detailing all the entities collecting taxes as listed on a tax notice. The biggest area is the school district. The second biggest is Carbon County, which takes 23% of your tax dollar. Price City is next at 19% of the tax dollar. Price City is providing more services than Carbon County.

Jana Hoyt - She opposes the tax increase. She is a library patron and her children enjoy the library. However, after doing some calling, she finds out that if she lives in Helper or Wellington, she could get a library card for \$15. So why should she pay an increase of \$50 on her taxes for a library card. Another concern is that the wave pool goes in the hole every year. Either get rid of it or charge more for entry fees. Why should her taxes pay for it when everyone in Carbon County uses it. Another concern is maybe the City should downsize. She sees City employees driving City cars home. Why should they be driving City cars home. At one time for 3 days straight, she watched 3 guys sitting and watching cement being poured on a sidewalk. Ms. Hoyt also stated that the flowers around the City are beautiful, but they are expensive. She would like flowers around her yard too, but she can't afford them. As far as the decrease in electric rates, if she were a renter she would get a cut, but because she is a property owner, she has to pay more. She knows of citizens who are out there that would like to be on the Council but because of their income, they can't afford to campaign. They budget for their family, maybe they could help the Council budget the City.

Brad Sutton - It is the City's proposal to cut \$300,000 from the Electric Fund. If the quarter percent tax goes through, it would mean \$500,000 for the roads and highways. As he understands, the budget for the roads and highways is \$600,000. The \$500,000 from the sales tax could be put back in the General Fund. He also understands that 70% of the property owners bring in \$1 million in electrical fees. Councilmember Nikas corrected Mr. Sutton and stated that there are 71 large electrical users that bring in \$1,700,000 to the City. The loss of those 71 customers would financially strap the City. Some of those entities are the college and school district and they don't pay any property taxes. Mr. Sutton stated that basically, if the property taxes are increased, it would bring in \$300,000. If the 1/4% sales tax is imposed, it will take the burden off the property owners and place the burden on everyone in Carbon County. Councilmember Nikas stated if the sales tax option could be passed by the public, the electric rate contribution to the General Fund would be decreased and we wouldn't have to have property tax increases. This is the first time we have seen this many people interested in how the City budget actually falls in place. It is important to know that the people would prefer a sales tax option as opposed to a property tax increase. We, as a Council, will put it on the ballot for your consideration. Mr. Sutton stated that as a businessman he has to find a way to make his business profitable or he has to shut it down. The City needs to make sure that whatever they operate is profitable. It is not feasible to keep something that costs \$200,000 to \$300,000 to keep it going. As a businessman, if he is strapped for money and has problems that he cannot keep the business running, he has to find a way to downsize his business. He has been told that the City recently hired a Personnel Manager. Why do you hire someone additional if you are trying to increase taxes? You have City Managers who should do their job and not have to hire someone to do this for you. Councilmember Bringhurst stated that the City recently hired a Human Resource Director. We need someone who is professional to handle our benefits packages, job descriptions, classifications, overtime, etc. We currently have Joanne Lessar assigned to personnel and she has a full time job being City Recorder. You will not find another organization our size that doesn't have a Personnel Director or Human Resource Director. The City felt for protection of the citizens and with some of the problems we've experienced with our benefit package and a couple of other things, we felt it was a good choice to hire a Human Resource Director.

Terry Fry - In the event that this meeting were to be over at this time and the Council, having the input that they have, how would they vote on this issue right now? Councilmember Bringhurst stated that the Council has discussed a lot of these options that the public has stated tonight. The Council felt that the sales tax option is a good way to go, as it would generate more money. This would be an opportunity to tax people who come into our City and spend money in our City

and not just the property owners. The thing that concerns them most is if the sales tax option doesn't pass. If everybody in this room votes for it and the rest of the rest of the citizens don't, it will not pass.

Ann Smith - Does the City have a deficit? Is there a problem that you can't pay our bills? If the only reason the City is going to increase the tax is to give it to the library, then there isn't a deficit problem, per say. If the voters decide they don't want the tax, so what. Councilmember Nikas explained that the problem is that the City has been surviving off the profit from the electric fund for the past 20 plus years. It is getting to the point that the City is not going to have all those funds available. The City either has to take a 24% reduction in city expenses or we're going to have to find alternative shifts of this money, whether it be through the sales tax increase or partial property tax, or whatever. The electric fund has been balancing our City budget and that can't continue in the future. Ann Smith stated that if the electric fund has been reduced by 5%, why is the City raising taxes at 62%. Councilmember Nikas stated that the property tax raises \$480,000, which is 10% of the City's income. A 6% reduction in the electric rate generates \$300,000. Ann Smith stated that she could see a raise in taxes to help the library, which is fine. I'm not belittling education or the library, but this amount of increase in ludicrous. Councilmember Piccolo stated there has not been an increase in property taxes for the last 30 years. If he had to vote for an increase right now, he would vote against it. We did have this public hearing to receive input from the people who live in Price. He thanked the public for being here tonight. Its a wonderful opportunity for the Council to know what you want. If we vote right now, I vote against this issue. But you have to understand one thing; the money that we requested is not for an increase in our budget, it is merely to balance a budget that we've been living with. Those services will have to become the responsibility of us property owners, of which I am one too, and I will accept that. If I am part of the majority of Price City and I know what you want, I will accept that.

Mayor Colosimo stated that after the meeting, the Council will vote and we will do what we have to do.

John Huefner - Likes living in Price and enjoys it very much. Basically, the Council is doing the best they can. He thinks there is a big misunderstanding the way this was presented by the 62%. Everybody has gone straight in the air, but now they can see it is a lot less than that percentage. There is no question that we don't get anything for free these days. We don't see where the money is going. We hear so many rumors floating around, it would be nice to find out exactly where the deficiency is, where the money is going. He feels the citizens of Price would support the Council if they knew this information.

Robert Etzel - He is amazed that we are talking percentages. Every business in Price has to live off of you, the people. He is going back to what he told the City Council for the last 10 years. They are the biggest City in Carbon County. They have enticed and encouraged every state government, Carbon County, etc. into the Price City limits and these entities pay no property taxes. Why can't the Council go to the County and the school board and say "this library is for everyone in Carbon County", and then turn it over to them. If the library costs \$300,000/year to operate, this would be the \$300,000 you are asking for. As far as the wave pool goes, he was told 10 years ago that the City was going to make \$500,000/year on it. Advertising signs were even put up in Provo. As he suggested before, take the wave pool, the other pool and the park and contract with the college and give it to them for 10 years. The City will save \$3 million and it will give them some future growth. And what about the other governments and the state. They don't put in anything for the tax structure. What happened to the BTAC when they ran the exercise facility located by the overpass out of business? Did we gain or lose? Its time this City wakes up and starts demanding from the County, the State, and all the government agencies. There are 69 government agencies, not counting the low income, that are not paying taxes. He sees that the City is going to annex property for a juvenile jail. This will be another dead horse. He also brought attention to the waiving of building permits for governments and the college. People don't build in Price because its too costly. Building is going on all over outside of Price. Mayor Colosimo stated that as far as the annexation is concerned, the City felt they could make some money through the power and utilities. Mr. Etzel further stated that the previous administration built this and that and now you have to pay for it. He understands the County sent a letter to all the cities asking them for more money to operate the jail. What does the City get out of the mineral lease money that Carbon County gets? Nothing. Go and tell them that each City wants their share of this money.

Jana Hoyt - She went to the County Auditor and got property tax rates on property outside of the City and compared them to taxes within the City on a \$145,000 home. The prices range from \$963/year to \$1,250/year in the County. The taxes for that same type of dwelling in the City would be \$1,452/year. This is 16% more than anybody else pays in property tax. She thinks this is ridiculous.

Marvin Mutz - He lives in Price and manages a couple of businesses besides owning a home. He sees what this tax increase will do to those two businesses. He understands the situation the City has. He has been to this Council before with problems and they have always been real good to try to work things out. He thinks what most of the people are trying to

say, is rather than get a big hit all at one time, they would rather pay a 1/4% increase in sales tax on food, gas, and clothes. He believes everybody here tonight will vote for the sales tax.

Richard Ghirardelli - He heard that the Council will do what they have to do, but not what the people want them to do. Mayor Colosimo stated that was his mistake, but they will do what they have to do. Mr. Ghirardelli stated they have to do what the people want. Give the sales tax option a chance.

Councilmember Nikas stated that the most important thing was to get the public's input. It really appalls him that Price City has to pay 99% of the \$300,000 that goes to a "County" library. In his opinion, it should be a County library with county and/or school district participation. He agrees that the sales tax option is a much broader based issue because it would be an opportunity for those people coming into town and buying products and using our Police, Fire, roads, parks, etc., to participate in some of these General Fund expenses. He hopes if the motion passes and the sales tax option goes to the voters, that you folks out there would carry the message to the public. This issue needs to be brought out to them. It is a much broader based tax issue. If that sales tax option passes by public vote in November, it will help the City reduce the amount of money that the Electric Fund gives the General Fund and we can put that money to work in the street and reduce the electric rates accordingly. Possibly, maybe the property taxes instead of just the electric rates. Those kind of issues are extremely important. One person indicated to give Washington Park to the college. No, never. The wave pool, maybe. Its a beautiful facility that a lot of people enjoy and spend a lot of time in. The park is extremely important as our other quality of life issues. Whether we have too many plants. Those are some things the Council can look at. He apologizes for the three guys watching the concrete, as it is his department. However, we have a brand new sidewalk under the underpass and three kids rode their bikes right through it and ruined it. Those guys spent a lot of time fixing it. He appreciates what the public is telling the Council. We started this budget process back in February. If anything happens tonight, he urges the public to contact their Councilmembers, Mayor, future Council, and get involved in the process so that we know months before meetings like this how you want the money spent. Thats extremely important.

Terry Fry - Thanked the City Council for listening to the people tonight. He sees some uncertainty in some of the Council faces whether the sales tax option will pass. He suggested putting together a task force to go out and help the community understand the 1/4% sales tax.

Councilmember Wheeler stated to Richard Ghirardelli that whatever has been talked about tonight and whatever the people want will be taken into consideration.

Tony Basso - He suggested that someone from the Council ask the County if they would help with some of these expenses. Mayor Colosimo stated that he would contact them and report back to the citizens. The Council has been talking to the County for the last 3 months regarding the jail issue. In fact, he even stated he would take the prisoners to Emery County.

MOTION. Councilmember Piccolo moved that last years property tax rate, which was .002595 be left intact and the same as last year and the tentative budget be adjusted to indicate that. Motion seconded by Councilmember Denison and carried.

MOTION. Councilmember Nikas moved that a resolution be prepared for the November ballot which would take to the voters the 1/4% sales tax option. Motion seconded by Councilmember Bringhurst and carried.

Meeting adjourned at 8:00 p.m.