MINUTES OF MORGAN CITY COUNCIL ELECTRONIC MEETING

June 23, 2020; 6:01 P.M.

MAYOR AND COUNCILMEMBERS PRESENT ELECTRONICALLY:

Mayor Ray W. Little, Tony London, Eric Turner, Jeffery Richins, and Dave Alexander

STAFF PRESENT ELECTRONICALLY:

Ty Bailey, City Manager; Gary Crane, City Attorney; and Denise Woods

EXCUSED:

Jeff Wardell

This meeting was held electronically in accordance with Executive Order 2020-1; Suspending the Enforcement of the Provisions of Utah Code 52-4-202 and 52-4-207 by Governor Gary Herbert on March 18, 2020, due to Infectious Disease, Coronavirus (COVID-19).

This meeting was called to order by Mayor Ray W. Little.

The pledge of allegiance was led by Councilmember Alexander

The opening ceremony was presented by Councilmember Richins

MINUTES AND WARRANTS

MOTION: Councilmember Alexander moved to approve the set of warrants presented to the Council for review.

SECOND: Councilmember London

The vote was unanimous to approve the one set of warrants.

CITIZEN COMMENTS

No comments – Denise Woods, City Recorder stated no requests had been received to join electronic meeting to make comments.

NEW BUSINESS

FINAL ACCEPTANCE – MOUNTAIN VISTA SUBDIVISION AMENDED – PHASES 1 AND 2

Mayor Little explained the subdivision approval process. He stated the City had received a letter from Brent Slater, JA Jones & Associates, indicating all inspections of the improvements for the Mountain Vista Subdivision Phases 1 and 2 had been completed satisfactorily and met the minimum requirements of Morgan City Development Standards and recommended final approval of Phases 1 and 2 of the Mountain Vista Subdivision Amended and the escrow amounts to be released for each Phase.

MOTION: Councilmember London moved to grant final acceptance to Mountain Vista Subdivision Phase 1 and Phase 2 and release the escrow amounts for each phase; Phase 1 - $57,531.11 and Phase 2 - $86,366.66.
SECOND:  Councilmember Turner

Discussion on the Motion: None

Vote was 4 ayes; Motion passed unanimously to grant final acceptance to Mountain Vista Subdivision Phase 1 and Phase 2 and release the escrow amounts for each Phase; Phase 1 - $57,531.11 and Phase 2 - $86,366.66; Councilmember Wardell was absent.

PUBLIC HEARINGS

RESOLUTION 20-18 – FINAL ADOPTION OF THE 2020 – 2021 FISCAL YEAR BUDGET

RESOLUTION 20-19 – ADOPTION OF THE 2020 CERTIFIED TAX RATES AND PROPERTY TAX REVENUE BUDGET AMOUNTS

ORDINANCE 20-01 – ENACTING TITLE 1, CHAPTER 1.24, ARTICLE 1.24D OF THE MORGAN CITY CODE ENACTING THE CITY’S LOCAL OPTION SALES AND USE TAX FOR PRIORITY TRANSPORTATION NEEDS

ORDINANCE 20-02 – ADOPTION OF THE SCHEDULE OF COMPENSATION FOR ELECTED, STATUTORY, AND APPOINTED OFFICERS OF MORGAN CITY

MOTION:  Councilmember Turner moved to open the public hearing.

SECOND:  Councilmember London

Discussion on the Motion: None

Vote was 4 ayes; Motion passed unanimously to open the public hearing; Councilmember Wardell was absent.

Public Comments:  None – Denise Woods, City Recorder stated no requests had been received to join the electronic public hearing.

Mayor gave a brief description of each item listed for the public hearing. He proposed a change in the order of items 4 and 5 on the agenda to discuss the certified tax rate first.

Resolution 20-19 – Adoption of the 2020 Certified Tax Rates and Property Tax Revenue Budget Amounts – Mayor explained the City had received the proposed certified tax rate provided by the state. The proposed tax rate was 0.001524 and the revenue amount was $354,829.00.

Resolution 20-18 – Adoption of the 2020 – 2021 Fiscal Year Budget – Mayor explained Resolution 20-18 would adopt and approve the final budget for the 2020 – 2021 Fiscal Year. He said if the Council decided to have a truth in taxation hearing regarding the certified tax rate the amount of revenue listed in the final budget would change.

Ordinance 20-01 – Enacting City’s Local Option Sales and Use Tax for Priority Transportation Needs – Mayor expressed appreciation to Gary Crane, City Attorney, for his work during the legislative session regarding this issue. He explained the City had the opportunity to impose a sales and use tax up to .30% and the money received from this tax would be an income source for the construction of the Young Street Bridge.
Ordinance 20-02 – Adoption of the Schedule of Compensation for Elected, Statutory, and Appointed Officers of Morgan City – Mayor said each year the schedule of compensation for elected, statutory, and appointed officers was adopted by ordinance and was available for the public to review.

MOTION: Councilmember Turner moved to close the public hearing.

SECOND: Councilmember Alexander

Discussion on the Motion: None

Vote was 4 ayes; Motion passed unanimously to close the public; Councilmember Wardell was absent.

Mayor asked the Council for their approval to discuss the certified tax rate before discussing the final budget for 2020 – 2021 Fiscal Year. Council approved the change in the order of the agenda items.

RESOLUTION 20-19 – ADOPTION OF THE 2020 CERTIFIED TAX RATES AND PROPERTY TAX REVENUE BUDGET AMOUNTS

Ty Bailey, City Manager, explained the certified tax rate came in at 0.001524 which was a smaller rate but was based on revenue generation. He stated the new rate increased the tax revenue by approximately $4,000 from last year. He stated last year the City received $366,000 in tax revenue and it was the amount put in the budget for the 2020 – 2021 fiscal year. He said if the Council approved the amount of revenue in the budget it would prompt a tax increase and a truth in taxation hearing would be required. He said this would postpone the adoption of the final budget and the certified tax rate until after the truth in taxation hearing in August.

Ty displayed a document which outlined the City’s history regarding property tax. He stated the City adopted the certified tax rate proposed by the state each year and had not increased the tax rate for Morgan City. He explained each option listed on the document:

- **Option 1** – Approve the certified tax rate of 0.001524 with the revenue of $354,829. A home with a taxable value of $320,000 would pay $268 in City property tax each year.
- **Option 2** – Truth in Taxation Hearing before August 17th and postpone adoption of final budget until after hearing. Keep the tax rate of 2019 (0.001544) and generate $359,020 in revenue – 1.28% tax increase. An increase of $3.52 per year on a home with a taxable value of $320,000.
- **Option 3** – Truth in Taxation Hearing before August 17th and postpone adoption of final budget until after hearing. Propose a new tax rate of 0.00155 and generate $362,000 in revenue – a 2% tax increase. An increase of $5.46 per year on a home with a taxable value of $320,000.

Discussion of several issues regarding truth in taxation hearing:

- Revenue increased a small amount;
- Wait until more revenue needed to be generated for a project;
- Do small incremental increases or wait and do a large one-time increase;
- As City grows try to keep up with costs;
- Improvements have been made through grants, but maintenance of those improvements needed to be made;

Gary Crane, City Attorney, explained different philosophies among cities regarding property tax increases. He said several cities do truth in taxation every year to keep up with inflation and cost of living. Specifically, they do it for the purpose of not having the shock of a huge increase in property taxes. He said other cities hold the same tax rate from year to year and this would yield a higher tax increase due to
increased property values. He said unless you do something to change the property tax rate, you get the same amount of money you received the year before with a small incremental increase for growth.

Councilmember Alexander asked if property value increased did the certified tax rate decrease.

Gary said yes, the revenue stayed neutral.

Ty said the tax increase was based on revenue need and with the projects projected for this year it was a budget need this year. He stated truth in taxation was for transparency and communicating the reality of revenue and expenditures necessary each year to accomplish the needs of the city.

Councilmember London said Morgan City had never raised the property tax rate and he would be curious if a truth in taxation hearing was held what the response would be from the community. He clarified even if a hearing was held, the City could go back and accept the certified tax rate instead of making an increase.

Ty explained amounts in the budget which would be transferred for the construction of the Young Street Bridge. If the Local Option Sales Tax was approved all the money received would go towards the Young Street Bridge Project.

Councilmember Turner made several points:

- Ask what the responsible thing was to do for the current situation and also into the future;
- If the public was made aware of the projects the tax increase would fund, would they approve of the increase;
- The City ran on a limited budget and current road projects couldn’t be completed as needed; and
- Would the public be interested in attending a truth in taxation hearing?

Mayor said the City didn’t control the assessed evaluation of the property and it was the reason that revenue had increased even though the certified tax rate had decreased.

Gary said the goal of the state was to receive the same amount each year with a small increase for growth, unless you go through a truth in taxation hearing.

Discussion points regarding COVID-19:

- Property values increasing/decreasing – currently increasing;
- Construction still happening;
- Property values didn’t change dramatically, but the amount of people paying their taxes decreased and revenue would be affected – decreased.

Councilmember Alexander suggested waiting for a year and determining the philosophy of the City moving forward regarding taxes.

**MOTION:** Councilmember London moved to adopt Option 2 - Adopt the certified tax rate from last year of .001544 and which generated $359,020 in revenue and initiated a truth in taxation hearing.

**SECOND:** Councilmember Turner

Gary explained the process of the truth in taxation hearing and it needed to be completed before August 17th.

- Notice sent out regarding the date of the public hearing to consider the tax increase;
• Notice is prescribed in state law;
• Notice advertised as regular meetings are advertised (Public Notice Website, City Website, and Posted in 3 places within City)
• Mailed to every property owner;
• Hearing held by August 17th – Decision made at hearing whether to increase property taxes;
• Notice sent to State Tax Commission of decision.

Discussion on the Motion: None.

ROLL CALL VOTE: Dave Alexander – nay
                Jeffery Richins – aye
                Jeff Wardell – absent
                Tony London – aye
                Eric Turner – aye

Vote was 3 ayes and 1 nay; Motion passed to adopt Option 2 - Adopt the certified tax rate from last year (2019) of .001544 and which generated $359,020 in revenue and initiated a truth in taxation hearing.

RESOLUTION 20-18 – FINAL ADOPTION OF THE 2020 – 2021 FISCAL YEAR BUDGET

Mayor explained this Resolution would be tabled until the certified tax rate was adopted.

MOTION: Councilmember London moved to table Resolution 20-18 – Final adoption of the 2020 – 2021 Fiscal Year Budget to a date when the certified tax rate is adopted.

SECOND: Councilmember Alexander

Discussion on the Motion: None.

ROLL CALL VOTE: Dave Alexander – aye
                Jeffery Richins – aye
                Jeff Wardell – absent
                Tony London – aye
                Eric Turner – aye

Vote was 4 ayes; Motion passed unanimously to table Resolution 20-18 – Final adoption the 2020 – 2021 Fiscal Year Budget to a date when the certified tax rate is adopted; Councilmember Wardell was absent.

ORDINANCE 20-01 – ENACTING TITLE 1, CHAPTER 1.24, ARTICLE 1.24D OF THE MORGAN CITY CODE ENACTING THE CITY’S LOCAL OPTION SALES AND USE TAX FOR PRIORITY TRANSPORTATION NEEDS

Mayor explained Ordinance 20-01 which enabled the City’s option to charge a sales and use tax on sale items for priority transportation needs, but it didn’t apply to non-prepared food items from the grocery store. He stated if the tax was adopted and approved tonight a notice would be sent to the State Tax Commission within fifteen (15) days. The State Tax Commission would have a ninety (90) day period to review and the tax would take effect the first day of the first full quarter – January 1, 2021. He said the money received from this tax could be used for transportation needs of all kind, i.e. trails, sidewalks, roads, etc, and would be a funding source for the Young Street Bridge. He said the Council could adopt a tax up to .30%.
Councilmember London asked how this would affect the auto dealerships.

Ty displayed a document on the screen which showed comparisons of sales tax rates of surrounding cities. Most cities rates were more than 1% higher than Morgan’s tax rate. He said the two dealerships combined represented one-third of the City’s sales tax revenue. He had attempted to reach both dealerships to invite them to join the discussion but hadn’t heard back. He referred to the document which showed a historical comparison with Riverdale and Morgan City’s sales tax was lower and in 2019 – 2020 the difference was 1.25% below Riverdale. He said the dealerships would still have an advantage regarding the amount of sales tax charged in Morgan City and the City needed to take advantage of the opportunities provided by the state to increase our revenues and take care of our transportation needs. There were 5 options available and Morgan City was eligible for three of those options. He stated if the Council adopted a .25% tax the City would still be 1% less than Riverdale and the dealerships would still have that advantage.

Councilmember Alexander asked how the sales tax rate was broken down.

Ty explained how the sales tax rate was distributed between the state, city and county and the reason the other cities rates were higher was because the cities and/or the counties had adopted the other options available to them from the state. He said the third quarter option would be available to the City and a resolution had been passed notifying the County the City supported the tax. If the County imposed the tax the amount would be split between the City and County and would be collected on sales throughout the County. The tax proposed by Ordinance 20-01 would only be collected on sales within the City. He said a tax at .25% would generate an estimated $171,220 per year and .30% would generate an estimated $206,464 towards the City’s transportation needs.

**MOTION:** Councilmember Turner moved to adopt Ordinance 20-01 – An ordinance enacting Title 1, Chapter 1.24, Article 1.24D of the Morgan City Code enacting the City’s Local Option Sales and Use Tax for Priority Transportation Needs at the rate of .25%.

**SECOND:** Councilmember Alexander

**Discussion on the Motion:** None

**ROLL CALL VOTE:** Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – absent
Tony London – aye
Eric Turner – aye

Vote was 4 ayes; Motion passed unanimously to adopt Ordinance 20-01 – An ordinance enacting Title 1, Chapter 1.24, Article 1.24D of the Morgan City Code enacting the City’s Local Option Sales and Use Tax for Priority Transportation Needs at the rate of .25%; Councilmember Wardell was absent.

Councilmember Alexander made some technical changes to the Ordinance:
- Include Local in title – Local Option Sales and Use Tax;
- Capitalize the letter D in paragraph 1.24D-3 on page 2; and
- Paragraph 1.24D-5 change Tax Commission to State Tax Commission.
ORDINANCE 20-02 – ADOPTION OF THE SCHEDULE OF COMPENSATION FOR ELECTED, STATUTORY, AND APPOINTED OFFICERS OF MORGAN CITY

Mayor said Ordinance 20-02 was regarding the compensation schedule for elected, statutory, and appointed officers of Morgan City.

MOTION: Councilmember Turner moved to adopt Ordinance 20-02 – An ordinance adopting the schedule of compensation for elected, statutory, and appointed officers of Morgan City; providing for repealer; provided for severability; and providing for an effective date.

SECOND: Councilmember Alexander

Discussion on the Motion: None

ROLL CALL VOTE: Dave Alexander – aye
Jeffery Richins – aye
Jeff Wardell – absent
Tony London – aye
Eric Turner – aye

Vote was 4 ayes; Motion passed unanimously to adopt Ordinance 20-02 – An ordinance adopting the schedule of compensation for elected, statutory, and appointed officers of Morgan City; providing for repealer; provided for severability; and providing for an effective date.

Mayor suggested amending the agenda by moving the closed session to the last item on the agenda. Councilmembers agreed.

CITY REPORTS AND BUSINESS

Ty updated the Council regarding the following items:

UTOPIA – 578 connections and with the City connections we have a total of 598 connections. The break-even number of connections under the agreement was 502.

COVID-19 – There were 17 cases with 10 recovered in Morgan County. The state cases continue to increase. He planned on implementing a soft opening of City offices on June 1 but decided to hold off due to the increase in numbers. The City was still conducting business by appointment only and were in the process of installing plexi-glass across the front counter. When it was completed, opening of the office would be re-evaluated. All the lines of service had remained open and response from staff to requests and phone calls had been timely. He said it was important to limit contact between employees and the public. He said the July 4th fireworks were planned but wanted people to watch from home and didn’t want to encourage large gathering. The fireworks were going to be moved to the high school, so they were more visible community wide.

FRAUD RISK ASSESSMENT – This year the State Auditor’s office sent out a Fraud Risk Assessment for each entity to complete. He said one requirement was the assessment be discussed at a City Council
meeting to make the governing body aware of the elements which have been implemented. He mentioned a couple of items to be completed:

- Item #2(d) and (i) – Policies reporting fraud and abuse and cash receipting and depositing. He said the Personnel Policy Manual was being updated and would include these items.
- Item #4 - Were employees and elected officials committed to abide by ethical behavior? This was a form the City needed to create and have employees and elected officials sign each year.
- Item #5 – Have all the board members completed the State Auditors on-line training at least once in the last four years? The link will be provided to the Council so they can complete the training.
- Item #9 – Does the entity have a formal audit committee? The City could form a committee which would include several councilmembers, management team, and our CPA.

Ty mentioned most of the items were covered during the annual audit. During the audit the City’s procedures were reviewed and the employees were interviewed and asked if they were aware of any issues.

**ELECTRIC FEES** – The Electric Department will begin doing subdivision installations so the Consolidated Fee Schedule will be amended to include these costs. Also, a fee for the installation of temporary power will be added to the Consolidated Fee Schedule.

**FIREWORKS RESTRICTIONS** – An Executive Order was adopted in 2018 remained in force until changed. He talked with Boyd Carrigan, Morgan County Fire Chief, and he wasn’t as concerned about the south end of town but was still concerned with the north end. The Fire Department would display signs regarding the fire restrictions in that area.

**CARBON FREE POWER PROJECT** – Some of the contracts had been renegotiated so the City would need to make a decision in July regarding their participation. The DOE’s participation in the project had changed. They were restructuring their commitment to the project and the dollar amount had changed. The project was still moving forward but had been restructured.

Councilmember Alexander complimented Ty on the information he provided on the Local Option Sales Tax, tax rates, and the budget.

Mayor asked council members to close doors and the YouTube Recording was stopped.

**CLOSED SESSION**

**MOTION:** Councilmember Alexander moved to go into a closed session at 8:15 p.m. for the purpose of discussing the purchase, exchange or lease of real property.

**SECOND:** Councilmember Turner

**Discussion on Motion:** None

Vote: 4 ayes; Motion passed to go into closed session; Councilmember Wardell was absent.

**PRESENT:** Mayor, City Manager, City Attorney, Recorder, Councilmembers Alexander, London, Turner, and Richins
MOTION: Councilmember London moved to open the meeting at 8:31 p.m.

SECOND: Councilmember Turner

Vote: 4 ayes; Motion passed to come out of closed session; Councilmember Wardell was absent.

This meeting was adjourned at 8:32 p.m.

Denise Woods, City Recorder

These minutes were approved at the July 14, 2020 meeting.
SWORN STATEMENT

The undersigned hereby swears and affirms, pursuant to Section 52-4-205(1) of the Utah Code Annotated, that the sole purpose for the closed meeting of the Morgan City Council on the 23rd day of June, 2020, was to discuss the purchase, exchange, or lease of real property.

Dated this 23rd day of June, 2020.

RAY W. LITTLE, Mayor

DENISE WOODS, City Recorder

ATTEST:
Morgan Property Tax Discussion

Property taxes help pay for administration, buildings, events, public safety, roads (sidewalks, trails, bridges), parks, and cemeteries.

Property taxes in Morgan City are 27% of Tax Revenue

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
<th>Rate</th>
<th>% change from previous year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>304,286</td>
<td>.001902</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>321,694</td>
<td>.001912</td>
<td>5.7%</td>
</tr>
<tr>
<td>2017</td>
<td>327,429</td>
<td>.001720</td>
<td>1.8%</td>
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<tr>
<td>2018</td>
<td>340,281</td>
<td>.001724</td>
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<tr>
<td>2019</td>
<td>350,831</td>
<td>.001544</td>
<td>3.1%</td>
</tr>
<tr>
<td>2020</td>
<td>354,829</td>
<td>.001524</td>
<td>1.1%</td>
</tr>
<tr>
<td>2020 proposed</td>
<td>362,000</td>
<td>.001555</td>
<td>3.1% or 2% increase of certified tax rate</td>
</tr>
</tbody>
</table>

Options for consideration:

Option 1:
Approve the certified tax rate of .001542 with the revenue of 354,829
- A home with a taxable value of $320,000 pays $268 in City property tax per year

Option 2: (Would cause a truth in taxation hearing by Aug. 17th and postpone the final budget until then)
Keep the same tax rate from 2019 of .001544 and generate $359,020 a 1.28% tax increase
- $3.52 increase per year on a home with a taxable value of $320,000

Option 3: (Would cause a truth in taxation hearing by Aug. 17th and postpone the final budget until then)
Propose a new tax rate of .00155 and generate $362,000 a 2% tax increase
- $5.46 increase per year on a homes taxable value of $320,000
Notes for Morgan City Council for L.O.S.T. consideration 6.23.2020

Local Option Sales and Use Tax for Transportation

- Provided by the State Legislature to have local governments generate their own revenue for road maintenance.
- Local Option Sales and Use Taxes stay 100% in jurisdiction
- Is restricted for transportation expenses for construction and maintenance of roads, curb and gutter, sidewalks, signs and trails
- 1st Quarter Section 2215 Morgan City can impose up to .30%
- .25% would generate an estimated $171,220 per year
- .30% would generate an estimated $205,464
- Davis, Utah and Weber Counties have adopted 1st Quarter at .25%
- Box Elder, Salt Lake, Summit, Tooele and Wasatch Counties have adopted at .30%
- Davis, Summit, and Weber Counties have adopted 4 of the 5 Quarter Sales Tax Options

Current Sales Tax rate includes:

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Description</th>
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<tbody>
<tr>
<td>6.20% Total</td>
<td></td>
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<tr>
<td>4.85% State</td>
<td></td>
</tr>
<tr>
<td>1.00% Local 50% point of Distribution 50% population factor</td>
<td></td>
</tr>
<tr>
<td>.25% County</td>
<td></td>
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<tr>
<td>.10% Recreation</td>
<td></td>
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</table>

Comparisons:

<table>
<thead>
<tr>
<th>Surrounding Cities</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Riverdale 7.45%</td>
<td>-1.25%</td>
</tr>
<tr>
<td>Ogden 7.25%</td>
<td>-1.05%</td>
</tr>
<tr>
<td>Layton 7.25%</td>
<td>-1.05%</td>
</tr>
<tr>
<td>South Weber 7.25%</td>
<td>-1.05%</td>
</tr>
<tr>
<td>Coalville 7.15%</td>
<td>-.95%</td>
</tr>
<tr>
<td>Salt Lake 7.75%</td>
<td>-1.55%</td>
</tr>
</tbody>
</table>

Historical Comparison with Riverdale (main shopping district for Morgan)

<table>
<thead>
<tr>
<th>Years</th>
<th>Riverdale</th>
<th>Morgan</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000 – 2002</td>
<td>6.25%</td>
<td>6.00%</td>
<td>-.25%</td>
</tr>
<tr>
<td>2003 – 2004</td>
<td>6.50%</td>
<td>6.00%</td>
<td>-.50%</td>
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<td>2005 – 2007</td>
<td>6.60%</td>
<td>6.00%</td>
<td>-.60%</td>
</tr>
<tr>
<td>2008</td>
<td>6.75%</td>
<td>5.90%</td>
<td>-.85%</td>
</tr>
<tr>
<td>2009 – 2015</td>
<td>7.05%</td>
<td>5.95%</td>
<td>-1.1%</td>
</tr>
<tr>
<td>2016 – 2018</td>
<td>7.30%</td>
<td>5.95%</td>
<td>-1.35%</td>
</tr>
<tr>
<td>2019 – 2020</td>
<td>7.45%</td>
<td>6.20%</td>
<td>-1.25%</td>
</tr>
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