

SMITHFIELD CITY COUNCIL

AUGUST 9, 2023

The Smithfield City Council met in a regularly scheduled meeting at 96 South Main Street, Smithfield, Utah on Wednesday, August 9, 2023. The meeting began at 6:30 P.M. and Mayor Kristi Monson was in the chair. The welcome/pledge of allegiance and thought/prayer was by Deon Hunsaker.

The following council members were in attendance: Curtis Wall, Deon Hunsaker, Sue Hyer, Jon Wells and Wade Campbell.

City Manager Craig Giles, Police Chief Travis Allen, and City Recorder Justin Lewis were also in attendance.

VISITORS: Todd Orme, Robert N. Gerber, Connie Bingham, Lynn Godderidge, Jeff Barnes, Scott Gibbons, Doyle Peck, Magda Peck, Senaida Peck, Elizabeth Thain, Terry Christensen, David Forrester, Dan Sundstrom, Jamie Anderson, Jenn Staker, Zane Hyer, Mava Pitcher, Mike Monson, Todd Durrant, Myra Durrant, Caralee Stokes

APPROVAL OF THE CITY COUNCIL MEETING MINUTES FROM JULY 12, 2023.

A motion to approve the July 12, 2023 City Council Meeting minutes was made by Wade, seconded by Curtis and the vote was unanimous.

Yes Vote: Wall, Hunsaker, Wells, Hyer, Campbell

No Vote: None

PUBLIC HEARING TO DISCUSS THE PROPOSED INCREASE IN PROPERTY TAX REVENUE FOR THE CITY. THE SMITHFIELD CITY TAX ON A \$483,000 RESIDENCE WOULD INCREASE FROM \$305.23 TO \$359.16, WHICH IS \$53.93 PER YEAR. THE SMITHFIELD CITY TAX ON A \$483,000 BUSINESS WOULD INCREASE FROM \$554.97 TO \$653.02, WHICH IS \$98.05 PER YEAR. IF APPROVED THE CITY WOULD INCREASE ITS PROPERTY TAX REVENUE BY 17.71% ABOVE LAST YEAR'S PROPERTY TAX BUDGETED REVENUE EXCLUDING ELIGIBLE NEW GROWTH.

Mayor Monson stated this is a very emotional subject as nobody likes taxes. Each person speaking during the public hearing will be limited to three minutes so that everyone who wants to speak will have an opportunity.

Mayor Monson asked each person speaking to be civil, patient and respectful as the council will be the same in return.

The public hearing was opened at 6:33 P.M.

ROBERT GERBER: I have lived here for over 45 years. I love living here. I am proud of Smithfield. I would like to know how you are justifying the increase. I would like to know the

reason for the increase. Especially with all of the building going on. Hundreds of homes have been built and they are all over \$400,000. Revenue will come in from these homes. I would like you to answer why we need this revenue at this time.

CONNIE BINGHAM: I concur with Robert. We are not receiving any business revenue. I was told a business coming to town was voted down by the planning commission. I was told that by someone else not associated with the city. I am not sure why we don't want more businesses. I don't want to put people out of jobs but would it be more cost effective to contract with the Cache County Sheriff's Office for police protection? I don't know the difference in costs between the two but want to know. I know the council previously considered this. It is hard for those on a fixed income to see these increases every year.

DOYLE PECK: Is this increase based on an increase in the value of the property or an increase in the tax rate? I have no idea what this tax increase is about. I need more information to ask you questions.

TODD DURRANT: I have a concern with businesses as well as sales tax revenue. I have lived here for 20 years. In that time the number of businesses have not really increased but the population has increased by fifty percent. If we are not receiving more sales tax from businesses then property tax must increase. Property values have tripled over our time here. I am concerned about those who are retired with no change in income. If the value goes up the amount we pay goes up. What are we doing now to stop large increases ten or twenty years from now?

TERRY CHRISTENSEN: I got the email from the city about this meeting. I feel like this was not presented to the residents as it should have been. Why not ask the residents to vote on this request? Ask the residents for their concerns about this request. I don't think this was presented to the residents as it should have been.

JAMIE ANDERSON: I have a good idea of how property tax works. About four years ago the city council increased the property tax rate. I was on the city council at that time and we decided to hold the rate constant moving forward. This has not been done. If we had done that it would be more like a five to ten dollar per year increase not \$50 or more per year. I implore you to hold the property tax rate the same moving forward to stop having to have large increases every three to four years. I think it is a better way of moving forward.

JEFF BARNES: I agree with Jamie's comments. The city went about ten years without making any changes to property tax revenue. When the rate is not held the same year over year it decreases. It is important to hold the rate the same and have small five to ten dollar per year increases rather than an increase in the range of forty to fifty dollars per year. The city only gets the same amount of property tax, excluding new growth, if values go up and the rate goes down. New growth doesn't add a bunch of revenue.

BILL WRIGLEY: I live in the northeast part of town. People have been notified of this meeting. We all got the notice from the Cache County Assessor's Office. We received another notice with our monthly utility bill. The public safety utility fee is gone and because of that the overall net effect is small. I think we were reasonably notified. What are the expenses of the city and what

can be done to obtain the revenue needed for those expenses? The only way to find this information is to attend the budget meetings. You could advertise more but it would cost more. None of us want to see a property tax increase. We are on fixed incomes but social security is increasing eight percent this year. I do sympathize with the difficulties of making this decision as well as with the residents who are struggling to pay for the increase. I hope we can obtain some information to better understand why this increase is needed.

****The public hearing was closed at 6:46 P.M.****

DISCUSSION AND POSSIBLE VOTE ON RESOLUTION 23-12, A RESOLUTION SETTING THE PROPERTY TAX RATE.
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MAYOR MONSON: I appreciate the respect of those who talked during the public hearing. Thank you. There were lots of good thoughts and questions. Last year we considered holding the rate the same but with increases to garbage, sewer and other increases we decided we could not include this increase as well. We knew this year we needed to do something. I encourage the city council to hold the property tax rate the same moving forward.

WADE: This is not a simple matter. I have been on the city council for six years. When I first got on the council, I had a young family and could not afford things. I voted for the previous increase and it was hard on me and my family. It was hard on my mom, family members and friends. It is not easy to consider or do. We held budget meetings for several months. We were happy to receive input. We don't want to sneak things through. The citizens need to be involved. The citizens need to be involved from January until this meeting, not just tonight. Taxes suck. I do not like them. I get irritated by them. The government is good at not spending money wisely. We are grappling with many things. We have thirty million dollars of storm water projects which need to be completed. Culinary water projects include a new well which is just being finished as well as the need for a new water tank and to replace a waterline which was installed in 1923. The waterline replacement project is approximately six million dollars. The line is leaking. Everything has increased in cost. The availability of labor has diminished. We don't have teenagers applying for jobs anymore. We have received complaints about the city parks this year. Some of the toilets in the restrooms have been destroyed. The police department was started around 1999. Kent Ward was the mayor at that time. I was never a fan of the police department. You get what you pay for. We never properly funded the police department in the past. We have worked to improve that. The department is better than in the past. We are better but not perfect. We talked to the county many years ago about the service they could offer. There would not be dedicated service in the city and we could not have any control over what they did. We could not tell them what to do. We have the ability with our own department to make recommendations. They are doing a better job than in the past. We could ask them to bid the service again but we still would not have any control over what they do. We talked about a tri-city agency by combining with the North Park Police Department. The discussion faltered because of some of the things the other cities wanted. We have upgraded our department since then. I thought we should hold the rate last year. The rest of the city council did not support doing that last year. I don't like taxes. This increase will affect my family and five young kids. My mom is on a fixed income. We are a multi-generational family in the city. This is not a simple matter and I don't want it to be considered simple. My neighbor made it personal in the past by throwing his

property tax statement in my face. We look at the budget closely. Every resident has a different philosophy of what programs they want funded or not funded. We run as efficiently as a governmental agency can run. We try our best.

DEON: I have mixed emotions. I see both sides. I looked at information from the last census. Smithfield has the highest percentage of residents under five years old in the valley. There are many families with young children in the city. We are the second largest city in the valley based on population but third in regard to the number of households. This is mainly because of family size. I looked at other cities property tax numbers. There are entities with a lower tax rate than we have but they collect more money than we do. Some cities have a dedicated property tax for the cemetery. Those cities are collecting funds for the city as well as the cemetery. Some even collect funds from the unincorporated area in the county for their cemetery. The cemetery is part of our General Fund. We don't have a separate tax here. A lack of commercial properties is what hurts us. Eighty-five percent of our taxable properties are homes. Homes are taxed at 55% of the assessed value while businesses are taxed at 100% of the assessed value. We don't have the commercial tax base we need. I looked at what was collected from entities in the city last year. The three highest are apartment complexes as well as an assisted living center. The entity paying the most is an apartment complex. In Hyde Park, they have a large group of commercial buildings which pay more than any parcel in Smithfield. In North Logan, the research park pays more than our highest five or six combined. We don't have the commercial tax base we need which hurts us on property tax collected. We have benefits other cities don't have. We have the second largest rec center in the valley. The closer I get to retirement the more I get concerned about these increases. I am not sure how I will vote on the proposal right now.

JON: I would like to talk about how home and business values are determined. The Cache County Assessor's Office determines all property values. Each year they take about 20% of the parcels in the valley and reassess the value. The intent is to make the value what the current market value is. Last year 20% of the parcels were not reassessed; 100% of the parcels in the valley were reassessed. Higher property values mean a lower tax rate. The property tax rate decreases as values increase. The amount of property tax paid goes up if the value of the property increases and the rate stays the same. The intent behind holding the rate the same is having smaller increases rather than a 17% increase. We have all seen our property tax estimates as the county mailed them to all of us. The city collects approximately 12% of the total amount of property tax paid. The vast majority goes elsewhere. The biggest recipient is the school district. Values must be based on current market value. We as a city don't determine the values.

SUE: You asked what is the increase for? As I understand it; our utility bill recently had the \$4.00 per month public safety utility fee removed from the bill. The state auditor asked us to do away with it where it was a fee. The property tax increase was to help replace that lost revenue. As of July 1st that fee is no longer charged and that is why we are proposing a property tax increase.

MAYOR: What are we spending the increase on? We are trying to hire new police officers and firefighters. All of our expenses such as fuel and fertilizer have increased. It was mentioned that social security saw an eight percent increase this year. We are not giving that much of an increase to our employees. We need to make sure we take care of our employees as well.

Everyone is struggling. Grocery stores are so expensive. I will provide another example. We received an initial bid to redo the roads in the cemetery for \$400,000. The roads have been a big complaint of the residents for many years. We hired a contractor for the job but they ended up going bankrupt and did not do the work. The new estimate for the work was \$800,000 so we were only able to redo half of the roads.

CURTIS: Just to clarify we did not lose \$400,000 to the company who went bankrupt. We never paid them anything. They went bankrupt before they could start the project. This is my eighth year of going through this process. We have gotten better over time in how we present this. We can still do a better job. The budget meetings last all spring and summer. We have to have a balanced yearly budget in the General Fund. The staff does a great job with the budget. Lee's Marketplace is our number one contributor in sales tax revenue. Will we lose sales tax revenue now the Richmond Lee's Marketplace is open? I shop locally to keep the sales tax I pay here. We are collecting more from Amazon than ever before. Discount Tire, Brown Monument, Old Grist Mill and Arby's are all great new local businesses. A&W closed and we were lucky to get Arctic Circle in their place. This is the hardest meeting of the year for the city council. I am on a fixed income now that I am retired. I don't like taxes. We started holding the rate for a couple of years and did not last year because of several other factors. We use the money wisely. We look at ways to save money. I am glad this is my last time as a council member to make this decision. I appreciate your comments. This year was the largest number of residents we have had attend budget meetings. I hope the number continues to increase yearly. We receive a lot emails and some anonymous letters. I am glad you are here to be heard. It is a hard decision to spend other people's money.

MAYOR: We encourage businesses to come here. We no longer have an RDA (Redevelopment Agency) to offer them assistance. I always encourage people to come here. We want businesses here. None of us are anti-business. We don't want to be a bedroom community but right now we are. There was a swimsuit company in the city that recently moved to North Logan because they could not find any available space in Smithfield to expand their business. The question was asked why aren't the residents voting on this increase? You elect the council members whose responsibility is to make this decision. It is so important to vote in the municipal election. Please vote this year. We are responsible as elected officials to those who elected us and the entire community.

JON: I agree with the mayor's comments regarding businesses. We want them here. I think the main reason we don't get businesses here is our close proximity to Logan. We are too close to Logan from a business standpoint. It is not inconvenient to drive to Logan for what cannot be purchased in the city. Those businesses considering locations look at the population and don't think our population is high enough to support them. They want to be close to Logan. I think if we were further away from Logan, we would have a better business district.

CURTIS: Providence and Nibley are close to Logan and have more businesses than we do. There is a big commercial complex as well. The Rolee Boutique started to build a new building here and pulled the plug on it. There are people out there who specialize in getting businesses into cities. I am not sure why we are not getting new businesses like Providence and Nibley.

DEON: Is the Resolution worded properly?

JUSTIN: The Resolution is currently worded if you approve the tax rate increase as proposed. The rate would then be 0.001352. You can adopt that rate or go less than that rate but you cannot go more than that rate as that is what was advertised and proposed.

WADE: When we bid police services in the past the cost savings was not much if we went with the county but we would give up entire control of the police department.

CURTIS: The bids were almost the same and we would have had less coverage and a longer response time. The small savings was not worth it.

WADE: I have worked in some rural communities where ambulance service has been needed. In one instance the Smithfield ambulance arrived before the Lewiston ambulance. I want the ambulance and fire service to be good. If you see issues in town such as a pothole let us know and a work order will be placed. We are still operating old equipment. We have a dump truck that is a 1994. We have old equipment and new equipment. Things don't last as long as they used to anymore; especially equipment. It is hard to pay 35% or so in taxes on the money we make. I want to be respectful to everyone as this is a serious matter. I don't like increases. We are not the only ones proposing an increase this year. It is hard to do this.

DEON: I cannot support the increase. It is too much.

A motion to adopt Resolution 23-12, a Resolution setting the Real and Personal Property Tax rate was made by Curtis, seconded by Wade and the motion passed by a vote of 4-1.

Yes Vote: Wall, Hyer, Wells, Campbell

No Vote: Hunsaker

Jon made a motion to adjourn at 7:21 P.M.

SMITHFIELD CITY CORPORATION

Kristi Monson, Mayor

ATTEST:

Justin B. Lewis, City Recorder

SMITHFIELD CITY CORPORATION
96 South Main
Smithfield, UT 84335

AGENDA

Public Notice is given that the Smithfield City Council will meet in a regularly scheduled meeting at 96 South Main, Smithfield, Utah, on **Wednesday, August 9, 2023**. The meeting will begin at 6:30 P.M.

Welcome and Opening Ceremonies by Deon Hunsaker

1. Approval of the city council meeting minutes from July 12, 2023.
2. Public Hearing to discuss the proposed increase in property tax revenue for the city. The Smithfield City tax on a \$483,000 residence would increase from \$305.23 to \$359.16, which is \$53.93 per year. The Smithfield City tax on a \$483,000 business would increase from \$554.97 to \$653.02, which is \$98.05 per year. If approved the city would increase its property tax revenue by 17.71% above last year's property tax budgeted revenue excluding eligible new growth.
3. Discussion and possible vote on Resolution 23-12, a Resolution setting the property tax rate.

Adjournment

*****Items on the agenda may be considered earlier than shown on the agenda.*****

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