

1 **PROVIDENCE CITY COUNCIL**
2 **TRUTH IN TAXATION HEARING MINUTES**
3 **August 5, 2019 6:30 PM**
4 **Providence City Office Building**
5 **164 North Gateway Drive, Providence UT**
6

7 **Opening Ceremony:**

8 Call to Order: Mayor Drew
9 Attendance: John Drew, Kirk Allen, Kristina Eck, Brent Fresz, Dennis Giles, Roy Sneddon
10 Roll Call of City Council Members: Mayor Drew
11 Pledge of Allegiance: Mayor Drew
12 Opening Remarks – Prayer: Audience
13

14 **Item No. 1. Notice of Proposed Tax Increase:**

15 The Providence City Council will hold a public hearing to provide an opportunity for anyone interested to comment
16 on a proposed tax increase. If the proposed budget is approved, Providence City would increase its property tax
17 budget revenue by 67.74% above last year’s property tax budgeted revenue excluding eligible new growth.

- 18 • Mayor Drew explained that the city strives to get professional advice before making a decision. He
19 introduced the professionals whom the council relies on, including Skarlet Bankhead, Administrative
20 Services Director; Rob Stapley, Public Works Director; Chad Wooley, City Attorney; Max Pierce, City
21 Engineer; Nick Jones, the director of the LTAP program at Utah State; and Logan City Fire Chief Brad
22 Hannig.
- 23 • Mayor Drew explained that LTAP evaluated our roads and gives us advice on how to spend our taxpayer
24 money. They give each section of road a remaining service life. Based on this survey we created a five-
25 year road plan that we are currently following.
- 26 • Mayor Drew said that we don’t have time to go through every line of the budget tonight. If there is
27 enough interest, we are thinking about having a town hall on September 10th. By then we are planning on
28 having a “narrative budget” prepared that explains each line item of expense and revenue.
- 29 • Mayor Drew showed an Excel spreadsheet with information about the budget and the proposed tax
30 increase. He said that the notice in the paper said that there would be an average increase of about \$150
31 per household per year. However, our most recent calculations have it at about \$119 per household.
- 32 • Mayor Drew explained that Logan City gave us notice a few months before he became mayor that they
33 would renegotiate the emergency services contract. When he became mayor, the city had 10 months to
34 research options. We met with different cities to look at different options. We also held a town hall. We
35 consulted with fire chiefs throughout the area.
- 36 • Mayor Drew said that we talked to Hyrum, which provides fire services for Millville and Nibley. They had
37 no interest in working with us. The county fire chief also put together a proposal to put a fire station
38 across from the high school in Millville. It would have served Millville, Nibley, and Providence, but the
39 cities of Millville and Nibley had no interest.
- 40 • Mayor Drew said that North Logan would like to combine their fire department with Logan. They currently
41 spend about \$750,000 per year on their fire department. To operate an effective fire department in North
42 Logan, Chief Hannig thinks it would probably cost \$1.5 million.
- 43 • Mayor Drew explained that the invoices from Logan City to Providence will increase from \$74,000 for
44 2019 to \$303,000 for the 2020 year, and then to the full contract amount of \$460,171 for the 2021 year. It
45 will be the same in 2022, and then have a 3% increase thereafter. We have a six year contract.
- 46 • Mayor Drew explained that we are considering replacing the Logan City fire inspector with our own
47 inspector. This would reduce our contract amount by \$60,000. We are also considering adding our own
48 building inspector to replace our contract with Cache County. This position should be self-funding because
49 of the money we will not be paying to Cache County. We are also considering hiring another water
50 employee so that we have time to focus on sewer infiltration issues.
- 51 • Mayor Drew explained that according to his research, we pay our staff several dollars less per hour than
52 other Cache Valley cities. We have had a lot of turnover. We have included \$24,000 for pay raises in our

- 53 budget.
- 54 • Mayor Drew explained that the city council is considering adding a city manager position. S Bankhead
- 55 often works 60-70 hours per week. She has asked the council to reduce her work hours. We have a
- 56 budgeted position for a land use/planning person that she could fill.
- 57 • Mayor Drew showed an Excel spreadsheet that shows local cities and their city managers. Although Hyde
- 58 Park is not on this list, they are currently considering employing a city manager.
- 59 • Mayor Drew said that he looked at 30 cities in Utah that were similar in size to Providence. He looked at
- 60 their code. Adding a city manager is not very complicated. We are adding a position that requires the
- 61 advice and consent of the city council. The main change is that currently, the mayor could unilaterally
- 62 appoint someone to fill the position that S Bankhead will someday be vacating. Adding the city manager
- 63 ordinance requires the council to weigh in on the selection.
- 64 • Mayor Drew showed an Excel spreadsheet showing the total compensation of local city managers, and
- 65 what Providence is proposing to pay. Mayor Drew also showed the pay rates of local mayors. These
- 66 mayors often have other jobs. They don't run the city. The city managers do. All of the city managers
- 67 shown have 20+ years of experience.
- 68 • Mayor Drew explained the balances in the general fund, capital projects fund, and enterprise funds. He
- 69 explained the difference between unrestricted and restricted funds. Restricted funds, such as the water
- 70 fund, cannot be used on anything other than their intended use.
- 71 • Mayor Drew explained that some of the money in the capital projects fund is for the potential VW
- 72 settlement award. If we are awarded funds, we can use them to purchase new vehicles, but we need to
- 73 cover half of the cost of the vehicles.
- 74 • Thomas Cherrington of Providence asked how much money the tax increase will raise. Mayor Drew said
- 75 that it will raise \$364,000. T Cherrington said that according to Indeed.com, the average salary of a city
- 76 manager in the state of Utah is \$43,137-65,603. The average salary of an urban planner in Utah according
- 77 to Salary.com is \$42,715-51,589.
- 78 • S Bankhead explained that the proposal is to hire a city manager and to give about half of the duties to
- 79 the manager and the other half to herself.
- 80 • T Cherrington asked what we will be paying the new manager. Mayor Drew said that we will be paying
- 81 about \$130,000 in total compensation. T Cherrington said that there is a big difference between what he
- 82 saw on the internet and that salary.
- 83 • Mayor Drew said that he got his salary comparison info from transparent.utah.gov.
- 84 • R Sneddon said that the council is concerned about the institutional knowledge that S Bankhead
- 85 possesses. We want to provide for a proper way to transfer that knowledge.
- 86 • K Allen said that sometimes websites are inaccurate. Mayor Drew said that with the salary levels that T
- 87 Cherrington is proposing, the manager would not be able to afford to live in Providence.
- 88 • T Cherrington said that his taxes would more than double with this tax increase.
- 89 • K Eck asked whether his taxes would actually double. She said that property value increases may be
- 90 contributing to his perception that taxes are doubling. The county has reassessed property values.
- 91 • Mayor Drew said that property values have gone up about 10-12% per year.
- 92 • Mark Thompson of Providence said that the information about Wellsville on Mayor Drew's Excel
- 93 document is inaccurate. Don Hartle retired in 2016.
- 94 • Tyler Gessel of Providence asked about the fire contract. He asked if the increase was a result of the
- 95 negotiations. Mayor Drew explained that accepting the increase was our only choice.
- 96 • T Gessel asked why the city had their own building inspector previously, and now uses the county, and is
- 97 now considering having our own inspector again.
- 98 • S Bankhead said that at the point that we removed the inspector position, it wasn't cost effective. If we
- 99 can now have someone be a fire and a building inspector at the same time, we could save enough money
- 100 on the contracts that it could be worth it. We could also have them do code enforcement activities.
- 101 • Mayor Drew explained that for us to provide our own fire department would be prohibitively expensive in
- 102 both capital outlay and labor costs. North Logan is spending about \$750,000 per year operating their
- 103 department, and should probably be spending more. He also said that it is difficult to hire fire fighters and
- 104 first responders.

- 105 • Chief Hannig explained that we were dealing with a 25 year old contract that didn't really address the
106 [true cost]. The contract should have been adjusted up gradually over time. Chief Hannig explained that as
107 volunteerism dies across the country, call volumes have been increasing.
- 108 • Chief Hannig explained that North Logan spends 800,000+ and is about half way to adequately funding a
109 four person department. The standard for response to a fire is 16 people. They still need help from other
110 cities to respond.
- 111 • Chief Hannig explained that with good fire protection, insurance goes down. Without fire services,
112 insurance rates would double or triple or more. Logan City is a class 2 fire department. Only 12 other
113 departments in Utah have obtained this rating out of 344 departments in the state. This is based on
114 response time, communication, water supply, etc.
- 115 • Chief Hannig said that under this new contract, Providence residents will still pay less per capita than
116 Logan City residents. Part of this is justified by a slightly slower response time to Providence.
- 117 • Chief Hannig said that he understands that this is a large increase, but that it is mostly the result of not
118 addressing it for 25 years.
- 119 • K Eck asked where EMS falls into this.
- 120 • Chief Hannig explained that they are a full-service agency with paramedic service. Paramedic services are
121 provided through an interlocal agreement between Logan and Cache County called CCEMS (Cache County
122 Emergency Medical Services). Out of the cost that the department bills for transport [ambulance service],
123 they collect 48% of that from CCEMS. CCEMS is mostly staffed by Logan, but part of it is subcontracted to
124 Smithfield.
- 125 • B Fresz asked how good of a deal we were getting in 2017 for the fire contract.
- 126 • Chief Hannig said that he estimates that Providence saved about \$4.5 million over the last 25 years
127 because of the artificially low contract rate. Chief Hannig said that out of their three stations, 40% of one
128 of their stations' volume is from Providence. They have three stations and a \$6 million dollar budget, so
129 you could say that each station accounts for \$2 million.
- 130 • Mayor Drew said that there was a potential contract 10 years ago that would have locked in the rate for
131 20 years if Providence built a fire station. A previous council voted it down.
- 132 • K Eck said that the majority of the reason that we are having a tax increase is fire and emergency services.
133 She had a personal experience where her husband almost died, and Logan City arrived in 7 minutes, which
134 probably saved his life. A volunteer fire department could never have arrived in 7 minutes.
- 135 • Ned Wienshenker of Providence thanked the council and the city administrator for their work. He said
136 that this information would have been useful to have before this hearing. There would probably have
137 been less people here. He would like to ask the council to have a budget before asking for a tax increase.
- 138 • Mayor Drew said that he has written many articles on this topic in the newsletter. Residents can sign up
139 for the Providence Pipeline and receive a link to the newsletter.
- 140 • B Fresz said that we have been having meetings about the budget for the last six months.
- 141 • S Bankhead said that we had to adopt a proposed budget by June 22. We held public hearings. We
142 discussed the property tax increase in those meetings. One of the reasons that we are doing this hearing
143 after the fact is that we are waiting for taxation information from the county. We have to have our budget
144 adopted before we get the final information about the taxes from the county. We passed a proposed
145 budget in June, but we didn't have the exact tax numbers. Truth in Taxation hearings don't start until
146 August. Depending on what the council decides, we will make more changes to the budget and have
147 another hearing to adopt the tentative budget on August 13th.
- 148 • Sharon Johnson of Providence said that she is on a fixed income, and the proposed tax increase will
149 impact her budget tremendously. However, if you divide the increase into monthly or weekly chunks,
150 most citizens will probably not notice it. Most of this is going to first responders. First responders have a
151 hard and dangerous job. They deserve a good pay, good vehicles, etc. They are heroes. She supports this
152 tax increase.
- 153 • Ralph Daniels of Providence asked why human resources is increasing by \$15,500 in the budget.
- 154 • S Bankhead said that we have looked at several different options for Human Resources. Human Resources
155 is a sophisticated task. We would like to get a consultant for it, and this is the amount that we figured we
156 would need.

- 157 • R Daniels asked why we are budgeting one or two thousand dollars for transportation when we don't use
- 158 that much every year.
- 159 • K Allen said that if we don't use all that money, it goes back into the general fund.
- 160 • Mayor Drew said that we can answer R Daniels' line-by-line budget questions at the town hall event we
- 161 are proposing for September 10th.
- 162 • Daniel Sharp of Providence said that he came to be educated on the tax increase. He feels that it has been
- 163 well represented by the council and the mayor. He thanked the council and the mayor for the
- 164 information.
- 165 • Mayor Drew said that there may be some residents who save money on their home insurance because of
- 166 Logan City's excellent ISO rating.
- 167 • D Sharp said that it would be interesting to see a comparison between other cities and their tax increases,
- 168 overall tax burdens, revenues, etc.
- 169 • K Eck said that part of the reason that we are doing this now is that it hasn't been done in so long.
- 170 • Dee Barnes of Providence said that the rate increase is being proposed now because the council is going
- 171 out and only K Eck and the Mayor will be on the next council. Most of the council will not have to answer
- 172 to anyone. D Barnes asked the council to tell the audience what other rates will increase in the next while,
- 173 such as sewer rates.
- 174 • Mayor Drew explained that sewer rates are not arbitrary. The city must contract an outside firm to
- 175 perform a rate study. The rate that the study recommends is designed to recover the operating costs,
- 176 maintenance costs, and reserves for eventual replacement.
- 177 • D Barnes asked what the increase will be. Mayor Drew said that we don't yet know what it will be.
- 178 • D Giles asked if D Barnes thinks that the council wants to increase their own taxes.
- 179 • D Barnes said that there are many things that the city overspends on. We should cut services before
- 180 raising taxes.
- 181 • Mayor Drew asked what services he would like to have cut.
- 182 • Sharell Eames of Providence suggested that the city save money on attorney fees. They have increased
- 183 dramatically in the past few years.
- 184 • Mayor Drew explained that much of the increase has been for land use issues. Many people have decided
- 185 that they want to be developers, and have caused us to need our attorney's advice. Mayor Drew said that
- 186 three years ago, the city was in court and this did cost a lot of money. However, we haven't been in court
- 187 over the last few years.
- 188 • K Eck said that she agrees with S Eames. The attorney fees bothered her and were one of the reasons she
- 189 ran for city council. She said that hiring a city manager with professionalism will save us on attorney fees.
- 190 • Brian Cox of Providence asked if spending the money on this building was a good buy.
- 191 • K Eck said that at that time, we should have been discussing property tax increases to cover the building.
- 192 The council kicked the can down the road.
- 193 • Mayor Drew said that we dipped into reserves to buy this building. Eventually those reserves will have to
- 194 be replenished.
- 195 • K Allen said that he was on the council at that time. He felt that the previous building was inadequate. He
- 196 feels that we get better service out of our employees from this building than from the old building.
- 197 • Andrew Speth of 440 South 200 West said that Providence will be the highest taxed municipality in the
- 198 valley after this tax increase. You would think that with our tax rate, we would have excellent roads.
- 199 • Mayor Drew explained that this problem is not unique to Providence. Each block of road replacement
- 200 costs about \$250,000. To replace all of the roads in Providence would cost around \$100 million dollars. At
- 201 our current rate, it will take over 100 years to replace our roads.
- 202 • Mayor Drew explained that we had a study done by LTAP that recommended that we don't replace the
- 203 dying roads. We should spend our money on maintaining the good roads so that they will last longer.
- 204 • A Speth asked when 500 South will be replaced, since it has already failed. Mayor Drew said that we have
- 205 already contracted that one out. Work should start in about a month.
- 206 • A Speth said that the homes in Providence have a higher value than the surrounding cities, and therefore
- 207 the city gets more revenue. Where is the money going to? He asked if there will also be a utilities
- 208 increase. Mayor Drew said that it is not his decision, but that he believes that there will be an increase.

- 209 • A Speth said that Providence has had more lawsuits than any of the municipalities around here. There is
210 currently legal action surrounding Spring Creek Water Company. These things could be avoided by
211 negotiation.
- 212 • S Bankhead said that the city does not necessarily get more money if the housing valuation increases. If
213 we do not do an incremental increase, we do not get more money simply due to the valuation increase.
- 214 • Nick Jones of Utah State University was a city engineer in Provo for 30+ years. Now he works at the
215 university with civil engineering students. They go out and evaluate every section of road in a city or town.
216 They take pictures and evaluate the service life of each section, and give a cost estimate for
217 replacing/repairing each section.
- 218 • Mayor Drew said that three years ago we had N Jones' team do the LTAP study for us, along with a
219 recommended five-year plan. We will probably get an updated study done this year.
- 220 • Mayor Drew said that even if we had \$10 million a year for replacing streets, we couldn't spend that
221 much. There are not enough contractors available to get that much done.
- 222 • N Jones said that the plan usually gives priority to the collector roads before the local roads without much
223 traffic.
- 224 • Mayor Drew said that we are doing the survey again after three years because we couldn't fully
225 accomplish all the recommended streets within the five year time frame.
- 226 • Mayor Drew said that we contract with the county for chip and seal treatment. They can't always
227 accommodate the amount that we want to do.
- 228 • Blaine Hancey of Providence asked what the budget for the city's five year road plan is. Mayor Drew said
229 that he doesn't have the estimate in front of him, but it is less than \$5 million.
- 230 • Mayor Drew said that just because a street is bumpy doesn't mean it needs to be replaced.
- 231 • B Hancey asked if the report considers safety. He feels that the council is kicking the can down the road on
232 this issue. We may get a big tax increase in the future once all the roads are deteriorating. We should
233 revisit the issue of streets before that happens.
- 234 • Don Calderwood of Providence said that in the 18 months since December 31st 2017, the amount of
235 money in the city bank accounts has increased by \$3 million. He said that the budget is increasing
236 \$800,000 from the 2018 budget. Half of that is going towards the city manager and the city inspector. The
237 city manager will change our form of government.
- 238 • D Calderwood said that Nibley probably won't even pay \$20,000 for their fire contract. They provide their
239 own non-fire service. D Calderwood put in a GRAMA request to [Logan Fire Department]. He found that
240 30% of their work is fire related, and 70% of their work is non-fire related. Nibley, Milliville, and Hyrum
241 provide the non-fire related service themselves. He is asking the council to consider providing that service
242 to the city so that we can reduce the fire contract amount. D Calderwood suggested that the council use
243 reserves instead of the tax increase for the fire contract, and then allow the next council to decide on cost
244 saving measures.
- 245 • K Eck said that a city manager does not change our form of government. C Wooley, city attorney, agreed.
- 246 • Mayor Drew responded to D Calderwood's comments about the city's fund balances increasing. The city's
247 fund balances increase intentionally because we are setting aside reserves in our enterprise funds for
248 replacement of infrastructure. This is according to state code.
- 249 • Chief Hannig said that part of the fee that Providence is being charged is for first responders. Logan City
250 provides a faster response time than volunteers. As D Calderwood mentioned, Nibley does have a
251 volunteer first responder service. It is out of service 40% of the time. Hiring paramedics would cost \$75-
252 80,000 with benefits per medic. It takes 6 to have full-time coverage. In salary alone, that would cost
253 more than Logan City is charging Providence for the fire/EMS contract. You would still need to provide a
254 station to house them in, equipment, etc. Because of the expense of trying to maintain this service on
255 their own, North Logan is currently in discussions with Logan about combining their department with
256 Logan. Logan has the infrastructure and ability to provide the service for a lower cost.
- 257 • Mayor Drew said that Cache County made us an offer that was close to Logan City's price. That told us
258 that Logan City's price was at least in the ball park.
- 259 • Mayor Drew asked about response times. Chief Hannig explained that the recent Hyrum storage unit fire
260 came after the deadline in which Logan City said that they would no longer automatically respond to

- 261 Hyrum incidents because Millville and Nibley do not want to pay for the service Logan has been providing
262 to them. Logan City did respond, but only after a fifteen minute delay. When they arrived, which was
263 about 23 minutes into the response, no one had yet accessed a water source.
- 264 • K Allen said that he doesn't care to discuss this fire contract anymore. He thinks it is a great deal that
265 provides excellent protection to the citizens of Providence.
 - 266 • Josh Paulsen of Providence said that he thinks that the way these meetings are run is very ineffective. If
267 the mayor ran them better, it would make more efficient use of people's time. Effectively running the
268 meeting would include letting the citizens speak, and not debating with them. It would also include
269 presentations like the mayor did at the beginning of the meeting, which J Paulsen felt was very well done.
 - 270 • J Paulsen said that he is in favor of the city manager position. However, there has been a debate about
271 whether this is a change in the form of government. State Code outlines the mayor's duties in 10-3b-104.
272 The mayor's first duty is to be "the chief executive officer of the municipality to whom all employees of
273 the municipality report." By hiring a city manager, we are changing the person to whom city employees
274 report. He feels that the citizens should have an opportunity to vote on that level of change. He is
275 personally in favor, but believes that there should be a vote.
 - 276 • J Paulsen said that the fire contract constitutes 60% of the tax increase. He feels that the other 40% is
277 unnecessary and does not need to be done this year. A sensible solution would be to use some of the 8
278 months of unrestricted cash reserves to offset the tax increase for a few years. There is no reason to
279 increase taxes that much in one year.
 - 280 • Mayor Drew invited Rich Anderson, the Logan City Finance Director, to speak about this issue. J Paulsen
281 said that if we keep inviting experts to speak, it is no longer a public hearing.
 - 282 • Mayor Drew said that it is not responsible of us to use all the money in our general fund.
 - 283 • R Anderson said that it is a mayor and council decision how much unrestricted money they want to have
284 in the general fund, within the limits set by state law. However, in his opinion, it would be extremely
285 foolish to use the general fund balance unnecessarily at this time. R Anderson said that he feels that we
286 are probably on the precipice of an economic contraction. That is the wrong time to spend reserves.
 - 287 • Mayor Drew said that city governments communicate and share ideas with other cities. These issues are
288 complicated. When he became mayor, he realized that there were many things that had been neglected.
 - 289 • Suzanne Stout of Providence asked if when we hire a city manager, we will still be paying S Bankhead her
290 current salary. Mayor Drew said that S Bankhead is currently doing two jobs. If we hire a city manager,
291 she would take a land use and planning position that we already have budgeted for.
 - 292 • S Stout said that she understands the necessity of the fire contract, but asked the city to council to
293 consider waiting on the inspector position and the city manager.
 - 294 • Shauna Flammer asked if there are some things that the city could put off in order to have more money
295 now. She brought up the proposed 100 South improvement as a possible place to save money.
 - 296 • Mayor Drew said that we are applying for a COG grant for 100 South.
 - 297 • K Eck said that the 100 South project is something that will be coming in the future. This tax increase is
298 addressing needs we have right now.
 - 299 • Sharon Johnson of Providence asked if the total compensation shown for S Bankhead includes all benefits
300 such as medical, dental, retirement, etc. Mayor Drew said that it does. S Johnson said that many people
301 do not realize that the number shown is not the salary.
 - 302 • B Fresz said that these decisions aren't taken lightly. We have worked on the budget for months. He gets
303 all the expense reports every meeting and goes through them. There might be a few places where we
304 could save money, but not as much as some people think.
 - 305 • Mayor Drew said that there is not hundreds of thousands of dollars that we could cut out of the budget. B
306 Fresz agreed.
 - 307 • B Fresz said that he is the one who asked for the rate study for utilities. If we are not putting aside enough
308 money to do anything other than maintenance, what happens when the service life of our infrastructure
309 comes to an end? A rate study tells you how much you should be paying now so that you don't have any
310 surprises like we had with the fire contract.
 - 311 • S Bankhead asked if we are reducing the tax revenue in the budget to the \$364,000 tax amount. Mayor
312 Drew said that we are.

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- Mayor Drew said that councils need to be forward looking. Millville kicked the can down the road, and now they will need to double or triple their property tax rate just to meet expenses due to the need to install a sewer system. Residents will also have to pay between \$1000-2000 to connect. They will also need to engineer and purchase a new source of water because they cannot get approval to renew the permit for one of their wells. Mayor Drew said that the easy thing to do would be to put off these issues. But the wiser thing would be to address the problems as soon as we see them in order to avoid situations like Millville is facing now.

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321 **Motion to adjourn: — K Allen, second — D Giles**

322 **Vote:**

323 **Yea: K Allen, K Eck, B Fresz, D Giles, R Sneddon**

324 **Nay:**

325 **Abstained:**

326 **Excused:**

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328 Meeting adjourned at approximately 9:10 PM

329 Minutes prepared by Jesse Bardsley

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John Drew, Mayor

_____ Skarlet Bankhead, City Recorder