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Minutes of the **Special Meeting** of the **Riverdale City Council and Truth in Taxation Hearing** held Tuesday, **August 14, 2007** at 7:00 p.m. at the Riverdale Senior Center, 4433 S. 900 W., Riverdale, Utah.

Members Present:     Bruce Burrows, Mayor  
                           David Gibby, Councilor  
                           Stacey Haws, Councilor  
                           Gary Griffiths, Councilor  
                           Shelly Jenkins, Councilor  
                           Doug Peterson, Councilor

Others Present:     Larry Hansen, Chief Administrative Officer; Lynn Fortie, Business Administrator;  
                           Dave Hansen, Police Chief; Marilyn Hansen, City Recorder; and approximately 15  
                           citizens.

### **Welcome & Roll Call**

Mayor Burrows called the meeting to order and welcomed all those present.

### **1. Truth in Taxation Public Hearing**

Lynn Fortie reported that State law requires a Truth in Taxation hearing when the proposed tax rate exceeds the certified tax rate. He explained that the Council proposed a tax rate of .001470 and that this year's certified tax rate is .001030. He noted that the .001470 tax rate was based upon a 30% increase over last year's rate of .001131.

Mayor Burrows reported that because the new certified tax rate was lower than last years and property tax values increased, the truth in taxation ad reflected a 46% tax increase instead of the 30% that was originally discussed. He explained that the Council will have the opportunity to discuss this issue tonight and could come back down to a ratio that is 30%.

Larry Hansen reported that at the town meeting, information was distributed regarding the sales tax collected in Riverdale and the impact that the legislature had on Riverdale by reducing the sales tax revenues with SB-35. He explained that if the legislature had not passed SB-35, the sales tax revenues for 2007 would have been \$5.4 million instead of the \$4.5 million that was received.

John Overdiek stated that he is interested to see where this money is going as he feels there is a disparity in the City's budget and understands the increase, if that money was needed for shortfalls in the budget. He reported that he sees 20 new establishments in Riverdale and feels that the tax base is substantial. He stated that he would agree with an increase in taxation if there was a negative in the budget, but he saw an 8% increase in wages for employees and doesn't think the raise is justified. Mr. Overdiek reported that he was speaking on behalf of a number of people in Riverdale and if possible asked the Council to review the increase and come up with a lesser tax rate.

Dave Vaughn proposed putting the surplus of \$700,000+ toward reducing the tax rate down to 25% instead of 30% and giving the residents a little break. He reported that those on fixed incomes and the citizens of Riverdale deserve a tax break.

DeeAnn Dickson stated that she thinks this is ludicrous as they live in a city with 8,000 people and have more businesses in this City than any surrounding city. She feels that Riverdale's taxes will be higher than any other city. She explained that she is on a fixed income and that her house hasn't improved since 1982 but that the price has gone up substantially from people moving into this area from other states. Ms. Dickson stated that there has been a new fleet of trucks purchased by the City and raises for the Council and Mayor and she thinks there are a lot of people who can't afford this tax increase. Ms. Dickson stated that she can't understand why this is needed with all the new businesses coming in.

Jay Thackeray stated that he feels that this truth in taxation hearing is not truth but deceiving. He stated that if the elected officials are putting the City in a deficit situation, then they are not doing their job. He stated that if because of lost revenue taxes need to be raised, why not take the excess money and put it toward debt and go to legislature and prove their point that way, rather than through taxation.

John Overdiek asked Mayor Burrows to give him an explanation, other than sales tax, why this increase is necessary and what is the difference in the total amount to the City. Larry Hansen replied that prior to the implementation of SB-35 Riverdale counted on receiving \$0.75 cents on every local sales tax dollar, which has now been reduced to \$0.57 cents. He stated that the legislature felt it wasn't fair to the outlying cities that don't have a retail center but do have population, for a city with our small population to receive \$0.75 cents on every local sales tax dollar. Mr. Hansen stated that as far as impact, the legislature established a new distribution formula, which is based on 50% for point of sale and 50% for population. He stated that from this point, Riverdale is going to receive less sales tax revenue until the 50% point of sales grows in combination with the 50% population above the prior \$0.75 cents. He explained that our sales tax revenue distribution won't grow yet, even with the new stores opening up.

Alden Johnson questioned the increases in his property valuation. Mayor Burrows explained if he has a problem with his property valuation amount that it would need to be disputed with the Weber County Assessor.

DeeAnn Dickson inquired as to how long the City was aware that the legislature was going to make this change. Mayor Burrows replied that they made the change two legislative sessions ago and that they did everything they could during the first tax cycle and cut \$500,000 out of the budget, but that type of cut wasn't possible this year. Ms. Dickson stated that she is concerned that Ritter Drive is being neglected again and is concerned that money was taken away from citizens on Ritter Drive. Mayor Burrows replied that if taxes aren't raised, it will further defer funding for Ritter Drive.

Margaret Vaughn asked if we go ahead with this property tax increase, will the legislature give us a break and look on us favorably. Mayor Burrows replied that they have been told that part of the reason we were looked at in a poor light was because our taxes were lower in comparison to everyone else's and that with this increase, Riverdale will still be lower than the median tax rate in the county. Councilor Peterson reported that they have worked on this for a couple of years and that the legislative process is not a simple or straight forward one. He explained that back in 1983 we had an agreement for the 75% of the 1% that Mr. Hansen mentioned. Then two years ago a senator from Utah County and from Davis County got this legislation pushed through. He noted that the City has worked with them since and has had great allies at the legislature in Brad Dee and the Utah League of Cities and Towns.

He reported that last year, the senators in leadership reached a compromise and is hopeful that Riverdale will receive some relief, but even if the City receives relief, there is the current budget to deal with. Councilor Peterson stated that they have discussed if the relief were to come through, they could adjust taxes. He noted that property taxes bring in \$300,000 to \$400,000 to the City, but that sales tax brings in \$5 million a year. Ms. Vaughn asked if there was an absolute promise from the legislature regarding the relief. Mayor Burrows replied that there isn't, but that the compromise they have potentially agreed to is not to give the City back the 25%, it is to change the base year that they are working on. He explained that when the legislation was passed, the City would continue to receive the same amount of sales tax that it received in 2004-2005, as a base year. The compromise would move that base year to the 2005-2006 year, which would mean an increase of about \$400,000 to the City. Mayor Burrows stated that the new businesses will not generate any additional revenue until the City grows past the original 75%.

Hank Cragun stated that by looking at the information distributed tonight, it looks like the City will receive an additional \$178,000 in property taxes and inquired if anyone has looked at what that would bring in without any tax increase. Larry Hansen reported that if the City was to adopt the County's certified rate, the increase in property tax revenue was less than \$10,000 a year. He stated that the gross retail sales in Riverdale need to pass \$800 million in sales per year, before the City will receive additional sales tax revenue. He reported that figure is currently around \$725 million a year. Councilor Peterson stated that it is commonly misunderstood that there is a correlation between the property values going up and taxes going up, as the City is supposed to bring in the same amount of revenue even though homes appreciate. The City will only receive additional tax revenue when there is new growth.

John Overdiek stated that he believes that Walmart can pay a substantial amount more than citizens. Mayor Burrows replied that the businesses are being taxed double what the homeowners are.

Councilor Griffiths reported that one of the things that infuriated him through this mess is that the other cities are all willing to share in the tax revenue that Riverdale generates, but that they are not willing to share in costs, such as public safety and roads. He stated they feel that Riverdale has low taxes and they don't realize that a major part of the budget goes to public safety because of the increased shopping population, traffic and crime.

DeeAnn Dickson asked what is happening to all the sales tax revenue being generated in Riverdale. Mayor Burrows explained that it is being redistributed to other communities by population.

Don Hunt inquired as to what sacrifices the City will make, if they get the 46% increase. Mayor Burrows replied that this Council has been opposed to going over 30% and are here to talk about that adjustment tonight.

Dave Vaughn inquired if businesses can provide their own security. Mayor Burrows stated that they do, but it is still our responsibility because if crime happens at one of those places, it affects everyone.

Don Farr asked if the City is still giving tax incentives to businesses coming in. Mayor Burrows stated that it is done on a case by case basis, but typically for demolition of buildings or infrastructure of putting in roads that will benefit the City in the long run. Larry Hansen reported that when the City, through the Redevelopment Agency, has chosen to enter into a tax increment reimbursement agreement, it is a reimbursement of some of the property taxes that that property owner/developer pays. Mr. Farr asked how does the City grow out of this if we don't get any of those taxes from day one. Councilor

Haws replied that it is not property taxes, but sales taxes that will help us grow out of the effects of SB-35.

**Motion:** Councilor Gibby moved to close the public hearing. Councilor Peterson seconded the motion.

**Call the Question:**

The motion passed unanimously. The public hearing closed at 8:09 p.m.

**2. Consideration of Resolution 2007-35 adopting the Final Tax Rates and Budgets.**

Larry Hansen discussed the information that was included in the packet that was distributed to the City Councilmembers. Councilor Gibby stated that in previous meetings, they felt like a 30% tax increase was needed in order to meet the City's budgetary expectations. Mayor Burrows stated that originally the tax increase discussion was for a 50% increase, but other modifications were taken and a 30% tax rate increase was settled on.

**Motion:** Councilor Gibby moved to adopt Resolution 2007-35 adopting final tax rates and budget at the rate of .001339 for a 30% increase, generating a budget of \$515,375.61 approximately. Councilor Peterson seconded the motion.

Councilor Haws stated that when they received their budget packets, he noticed that the total revenues that would be generated came out to a \$400,000 surplus. He reported that he had difficulty coming to a reconciliation of that and still does. He stated that on the night that the budget was to be approved, an additional item was added to the agenda that proposed a 2% bonus out of the surplus for all of the City employees. Councilor Haws stated they had discussed that the City's revenues were cut by \$900,000 for FY 06-07 and ended up with a surplus of \$700,000. He stated that, not only did they cut, but came in about \$1.6 million under what they were anticipating to have. He stated that he has serious questions about how accurate the City's budgeting process is.

Councilor Jenkins reported that she doesn't feel like they should go to the residents and ask for a tax increase when they are giving a bonus to the employees. She does think that the City has a serious road ahead.

Councilor Peterson reported that they make a 10 year speculation for growth and that in 2005-06, SB-35 hit and the City lost \$900,000. He explained that they cut out of the last year's budget what they could and this year they have got to do something to shore up those losses. He noted that the City has a surplus because it is needed for capital projects, whether it is used for Ritter drive or something else. He stated that the City can't run without a surplus to manage the projects and events that are coming on in the next few years.

**Call the Question:**

Councilor Peterson, Yes; Councilor Griffiths, Yes; Councilor Gibby, Yes; Councilor Haws, No; Councilor Jenkins; No. The motion passed with three in favor and two opposed.

**I. Adjournment**

With no further business to come before the Council at this time, Councilor Gibby moved to adjourn the meeting. Councilor Peterson seconded the motion. The motion passed unanimously. The meeting adjourned at approximately 8:28 p.m.

Attest:

Approved: September 4, 2007

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Marilyn Hansen, City Recorder

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Bruce Burrows, Mayor