



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2018-2019**

The Murray City Municipal Council met as the Budget and Finance Committee Monday, April 23, 2018 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jim Brass	Budget Chair - Council District 3 - Conducting
Brett Hales	Budget Vice-Chair - Council District 5
Dave Nicponski	Committee Member - Council District 1
Dale Cox	Committee Member - Council District 2
Diane Turner	Committee Member - Council District 4

Others in Attendance:

Blair Camp	Mayor	Jan Lopez	Council Director
G.L. Critchfield	City Attorney	Doug Hill	Chief Administrative Officer
Jennifer Heaps	Communications & Public Relations Director	Danny Astill	Public Works Director
Pattie Johnson	Council Office	Mike Terry	Human Resources - Director
Blaine Haacke	Power – General Manager	Bruce Turner	Power - Operations Mgr.
Danyce Steck	Finance Director	Bruce Holyoak	Park Superintendent
Kim Sorensen	Parks & Recreation Director	Cory Plant	Recreation Director
Tim Tingey	ADS – Director	Greg Bellon	Power – Assist. Gen. Mgr.
Craig Burnett	Police Chief	Jon Harris	Deputy Fire Chief
Kristin Reardon	Police Department	Lori Edmunds	Cultural Arts
Steve Roberson	Fireman/ Resident	John Pearson	Golf Course
Joe Tarver	Assistant Police Chief	Dave Carruth	Golf Course
Gil Rodriguez	Fire Chief	Julia Pehrson	MCEA
Mary Ann Kirk	Cultural Arts	Laura Lloyd	Fire - Administrator
Kim Fong	Library - Director	Mike Williams	Court Administrator

Mr. Hales called the Budget and Finance Committee Meeting to order at 9:00 a.m. and welcomed those in attendance. Mr. Brass was slightly delayed.

Budget Overview – Danyce Steck & Mike Terry

Ms. Steck presented a 2018-2019 tentative budget book, reviewed the Table of Contents and noted the first section containing helpful documents, such as:

- Budget Highlights - Pages 1-5
- Budget Addendum - Page 6
- Budget Process - Page 7
- Budget Calendar – Page 8
- Organizational Chart – Pages 9, 10

The Budget Addendum reflected donations, services and waived fees the city provided to other entities. A recommended increase was noted to the Boys and Girls Club of Greater Salt Lake, due to a request for additional funding to assist with building costs. The value of the increase would be equivalent to building permits and fees.

Ms. Turner asked if the Boys and Girls Club provided budget information requested in the past. Ms. Steck would get the information as soon as possible.

Mr. Nicponski asked how much funding the city provided to the club last year. Ms. Steck reported \$75,000. Mr. Nicponski affirmed the club would receive the same - with an additional \$50,000. Ms. Steck confirmed.

Mayor Camp reported the club requested the city waive building permit and plan review fees, which the city could not do; however, the increased contribution would be of great assistance to them for those costs. He noted \$25,000 of increased funding would come from the Power Fund, which Mr. Haack authorized.

Fund Summary – Page 11

A financial table was noted that illustrated **estimated** beginning and **projected** ending fund balances for the city's major and non-major funds.

Beginning Balances:

- Fund Summary:

General Fund	\$9.8 million
Capital Projects Fund	\$5.8 million

Ending Balances:

- Overall Total Revenue: \$112 million
- Overall Total Expenditures: \$114.5 million
- Fund Summary:

General Fund	\$9.1 million
Capital Projects Fund	\$4.3 million
- Overall Total in Reserves: \$40.7 million

Ms. Steck noted the ending balance as a city, overall, (not particularly just the General Fund), reserves would be reduced in FY 2019 by \$2.9 million to cover the difference. The General Fund would be reduced by \$1 million, which closes out the year at 21.3%. The state mandates a minimum

of 5% and a maximum of 25% of current year revenues. Ms. Steck said new projects like the EMI Health facility, and Murray Crossing Apartments, would be contributing to property tax totals next year.

Mr. Cox asked if calculations included the anticipated property tax increase. Ms. Steck confirmed and said the entire tentative budget document was prepared with the assumption that a 45% property tax increase would occur. Mr. Nicponski affirmed the increase would provide \$2.8 million. Ms. Steck confirmed.

Ms. Steck provided an overview of the following to explain **reductions** and **buildup** in fund balances:

Use of Reserves:

- General Fund - \$1.0 million
- CIP Fund - \$1.5 million
- RDA Fund - \$300,000
- Cemetery Perpetual Care Fund - \$110,000
- Wastewater Fund - \$2.0 million
- Power Fund - \$4.2 million
- Parkway Fund - \$31,000
- Solid Waste Fund - \$211,000
- Storm Water Fund - \$230,000

Reserve Buildup:

- Library Fund -\$493,000
- Water Fund (debt issuance) -\$6.2 million

General Fund Summary

Ms. Steck noted General Fund sources of revenue, uses, transfers in and transfers out, use of contributions, and uses by department. She believes this year the city will contribute \$618,000 to offset the General Fund. See page 12 of the budget binder. She reviewed the following:

Revenue Assumptions – Information was used to compile the budget:

- Sales tax – an increase of 3.5%.
- Option Sales Tax – 3.0% over estimated collection of this fiscal year.
- Other revenues were conservatively held steady.
- Property tax – an increase of 45%.
- Expected new growth in property tax.

Ms. Steck said the city has very low debt, is stable and has remained consistent over the last six years.

Compensation Study – As a result of the study, the following information was provided to explain shifts in pay ranges.

- In total, the city's ranges shifted upward 7.4%
- Ranges shifted upwards most in Parks & Rec (17%), Police (9%), and Public Works (9%)
- Range adjustments and implementation of a career path cost was minimal.
- Range placement was the majority of the implementation cost.

- Adjustment cost to the General Fund \$625,000.
- Placement cost to the General Fund \$2.2 million.

Mr. Terry noted during lean times, the city allowed for smaller COLA increases along the way, which kept wages up with the market, therefore, some job titles would need to be adjusted higher, and some lower, as a result of the study.

Ms. Steck said employees would be given credit for their years of service, therefore, the placement cost, which was higher than the adjusted cost to secure employees who might otherwise quit for a higher paying position elsewhere. Going forward the cost would be approximately \$600,000 to \$800,000 per year to fund step increases. Adjusting pay ranges had a very small effect on the budget, however, placing employees in the correct pay range resulted in a more significant effect.

Mr. Nicponski wondered with 400 employees in the city, how many were affected by the study, and affirmed some employees would see large pay increases, while others may not. Mr. Steck confirmed the majority of employees were affected, with 46 positions shifting downward that would only receive a 2% COLA increase, and an estimated 275 to 325 employees would see major increases - in excess of the 2% COLA. She also explained a downward shift in pay range did not mean a cut in pay, but rather the potential for increased earning would end because certain long term employees were already at the top of the pay range and over compensated in the past according to the study.

2% COLA – Proposed increases are based on these common Consumer Price Index (CPI) entities:

- Zions Bank Wasatch Front CPI (Feb 2018) – 2.6%
- Department of Workforce Services CPI (Mar 2018) – 3.0%
- US Department of Labor Bureau of Labor Statistics for the western region (Feb 2018) – 3.1%
- Ranges shift by 2%
- Cost to the General Fund - \$500,000

Mr. Cox wondered if the 2% increase would be calculated after adjusted pay steps were made. Ms. Steck confirmed.

Mr. Hill noted the total cost of implementing the Compensation Study was \$2.8 million, which was equivalent to the proposed property tax increase of 45%; and said in theory, it could be said the increase would fund employee salary increases, with a large percentage for public safety.

Mr. Nicponski added the city was losing employees due to inefficient pay and thought employee compensation was important to the city. Ms. Steck agreed with Salt Lake City opening 50 new positions in public safety, the possibility of losing Murray police and fire employees was great.

Mr. Cox wondered when increases would go into effect. Ms. Steck said pay adjustments would be effective July 1, once approved, which would occur prior to Salt Lake City's hiring. Mr. Terry added employees would know within two weeks how their pay would change.

Insurance Premiums - Ms. Steck noted Mayor Camp's informative budget address, therefore, the following was reviewed as related to the budget:

- PEHP original bid was 11% higher than current year premiums.

- City reduced benefits to capture a 3.14% savings.
- Prescription coverage reduced, maximum out of pocket increased, deductible increased.
- Total cost -\$225,000.

Mr. Terry compared Murray's insurance contributions to other cities and said Murray was slightly below average by paying 85% of insurance premiums. It was determined with the 11% increase by PEHP, out of pocket costs would go from \$4,000 to \$5,000 per person, and from \$8,000 to \$10,000 for families. Office visits would increase \$5, major medical would remain at 20% out of pocket after deductibles are met. He explained 80% of city employees would not be effected by the PEHP increase and continued education related to higher deductible Health Savings Accounts (HSA) would continue, which was considered a better plan for those with major health concerns. A lengthy conversation followed about how the HSA works and the benefits of having one.

New Positions - The following new recommended positions are included in the budget:

- Police Officer
- Battalion Chief
- 2 Crossing Guards
- Office Administrator II (PT to FR)
- Maintenance Worker
- Facilities Maintenance Supervisor

Total cost to the General Fund -\$490,000

- Electrician in the Water Fund
- Risk Analyst in the Risk Fund
- 2 Apprentice Line Workers in the Power Fund

Total Cost to the Other Funds -\$360,000

Operations – the following increases were noted:

- *Class C Roads* -\$680,000
- *Fire department* -\$100,000 (Hexagon, GPS, computer equipment)
- *Other* - inflationary increases
- *Administrative Services* – Due to change in allocation

Debt Service, Transfers out, and Fund Balance

- Debt service increased \$535,000 for Fire Station 81 - (short term, 12 years)
- Transfers out increased by \$650,000 – Ms. Steck noted due to the \$5.8 million bond for the new fire station, an increase occurred but was transferred out. Therefore, in 2018 the transfer would be \$4.8 million. (\$10.6m -\$5.8m = \$4.8m)
- Fund balance is estimated to be 21% at FY 2018 year end.
- Fund balance is budgeted to be 21% at FY 2019 year end.
- Use of reserves for FY 2019 is \$1 million.

In closing, Mr. Terry mentioned vehicle allowance, which was steady for 10 years after a significant decrease during the recession. However, in order to determine what other cities currently provide as a normal vehicle allowance by comparison, a survey was conducted in the surrounding areas. Mr. Terry found most cities pay

\$300 to \$500 per month, where Murray provided \$50 to \$150 at the most. Therefore, an increase of \$350 to \$500, depending on usage and department, was recommended for the vehicle allowance line item expense.

Mr. Cox thought the increase was positive and would be overall far less than purchasing new vehicles.

Power Department – Blaine Haacke

Power Fund - Mr. Haacke presented a balanced budget and reported the following anticipated sales projections:

- Residential sales - \$10.3 million
- Large Commercial Customer sales - \$17.7 million
- Small Commercial Customer sales - \$4.6 million

Due to the lack of new growth in the city – related to power sales - an increase in revenue from FY 2018 is not expected. Part of the reason is the result of resident's good conservation efforts, a more significant reason is still related to the economic downturn in 2007-2008 as businesses recover. For example, the area near Burlington Coat Factory, where large commercial customers provide large loads and have closed their doors, even though business is picking up again.

Other sources of revenue were noted, such as, impact fees, contracted work and reimbursements; for example, upgrading transformers at the mall. In addition, pole attachments, which provided \$140,000 last year and are becoming more frequent and common nationally.

Funds of \$1.2 million allocated to the golf course last year - for irrigation work - continue to be reimbursed to the Power Fund, which offers \$41 million in revenue.

Expenses:

- *Power Plant Maintenance* - Decrease of \$300,000.
- *Salt Lake County Signal Light Maintenance* contract - Increase of \$200,000 per year. (The city utilizes the county due to lack of manpower.)
- *Miscellaneous, Tools and Supplies* - Small increases were seen throughout the division.

Resources:

- Increase in resources at Hunter II Plant and two landfills - \$1 million increase.
- Slight increase in power pool energy and power exchange.

Utah Associated Municipal Power (UAMPS) allowed the city to purchase power in advance for summer loads. Therefore, the following was purchased for high load peaks, per megawatt hour (MWh):

- June 15 megawatts (MW) \$27
- July 20 MW \$36
- August 15 MW \$38
- September 10 MW \$30

Mr. Bellon stated purchases were half the cost of the city's hydro resource, and in a normal year pricing was typically \$50 to \$70 per MW.

Ms. Turner was pleased the city could purchase power in advance.

Mr. Haacke noted there would be some peak hours during summer months when purchasing additional power would be required to meet those loads, and pricing would increase as high as \$80 MWh. Power is not purchased hour by hour and this purchasing strategy of buying 90% of the load in advance, with this type of contract, has benefited the city for many years. Gas Turbines would also be utilized throughout the summer when needed to avoid paying higher prices. Natural gas prices were reported at \$1.77 per dekatherm, which was the lowest he had seen in seven years. At this price for natural gas, the city could generate power for \$29 MWh.

Mr. Haacke expressed optimism for all of the city's resources over the next 12 months and the market is not expected to fluctuate this year. He reported no need for call-back of power from Intermountain Power Agency (IPA), and negotiations are expected next year with a large scale solar firm to contract for 5-10 MW of solar energy. The hope is to offer efficient rooftop solar rates to residents, although he said the popularity and request for solar has slowed to one or two requests per month.

Mayor Camp said the city's residential rates are low enough, residents might find it hard to find the cost benefit of purchasing solar. Mr. Haacke confirmed the city's rates are 20% less than Rocky Mountain Power.

Capital Projects

Mr. Turner said total Capital Projects are \$3.8 million with a decrease in vehicle purchases from \$870,000 to \$400,000 this year. Two bucket trucks and two pickup trucks need to be purchased, otherwise the fleet is in good shape for the next five years, unless unexpected circumstances occur.

Mr. Bellon said evaluation of the central substation is ongoing, as the facility continues to settle into the ground. Therefore, \$2.5 million was budgeted for the next two years, as decisions are made whether to relocate the substation further north or rebuild the sinking station. By comparison Bountiful City recently spent \$4 million to rebuild their substation. Mr. Haacke stated there is a one year lead time on the purchase of new transformers.

As a safety concern, testing power poles began three years ago and continues. Each year approximately 70 poles are replaced and the process continues. With regular job responsibilities and two retirements approaching, Mr. Turner discussed finding qualified youthful help and reported a need for two part-time positions that would eventually become full time.

Murray Library – Kim Fong

Increases:

- *Staffing* – As a result of the compensation study, the increase was significant because several employees were found to be underpaid.
- *Supplies* - Major increase. She explained the last few years were financially challenging in trying to keep a balanced budget. Purchasing supplies and new books was frequently neglected and the hope was to catch up, improve and replace a great deal of material.
- *Adult and Children's Electronic Books* - Ms. Fong said E-books tend to be expensive, however, they are in high demand. A substantial increase was noted to meet the needs and the popularity is not slowing down. A

26% increase was noted in the circulation of electronic resources.

- *Reserve Build-up* - \$580,000 was budgeted with plans for a new facility. The amount is equivalent to a bond payment, should the city bond for \$10 million. Ms. Fong explained if the time comes to begin construction, reserves would be available. However, if new construction was not possible the funding could be used to expand and remodel the current building; although, space is limited and the city does not own the land.
- *Capital Projects* – A total of \$120,000 was budgeted, however, Ms. Fong said she would rather get by and not utilize funds on continued building repairs if the library was going to move in the future. Funds could be utilized for the HVAC system if it fails again.

Ms. Steck said considering the property tax increase, Murray would still offer the lower rates than the county, which is a significant discount to its residents.

Court – Michael Williams

There was not much change to the budget this year, however, a slight decrease was noted in *revenue*.

Costly challenges with the aging building continue, due to ongoing repairs and upkeep. Judge Williams explained the building was never intended for such high volume traffic of 300 or more patrons coming and going on a daily basis that use doors and restrooms continually. Main entrance doors, court room doors and carpets were replaced, due to high usage, and concerns exist regarding mold from previous water leaks. Ideas were noted about the possibility of relocating to a school building, however, moving information technology (IT) and security would be rather large expenditures.

Mr. Williams said credit card fees continue to increase, which are utilized for processing payments, and therefore, the best form of payment was on-line.

A discussion occurred regarding the need for a justice court in the city.

(Mr. Brass arrived and conducted the rest of meeting.)

Fire Department – Gil Rodriguez

Mayor Camp announced his intent to appoint Jon Harris as Murray's new fire chief following the retirement of Chief Gil Rodriguez. Full support was shown by the council. Mr. Harris noted the following:

Increases:

- *Suppression Operations, Small equipment* - \$96,500, due to a onetime purchase for new dispatch system, which would be in place this year.
- *Paramedic Operations, Ambulance Supplies* - \$150,000, due to increased call volume.
- *Paramedic Operations, Travel and Training* - \$23,000, in order to send another medic to school.

Decrease:

- Paramedic Operations, *Billing Contract Services* - \$40,000, due to a change in billing procedures.

Mr. Brass noted the budget was consistent and close to last year's actuals. Ms. Steck confirmed.

Mr. Harris reported an ambulance was recently refurbished. The plan is to refurbish three or four more times before purchasing brand new apparatus.

A discussion occurred about succession planning, the future of the fire department, and the future of the city – in terms of fire personnel. Shift demands and overtime were discussed, with the hope of adding a new half-position, as well as, a full-time administrative battalion chief position to alleviate those stresses.

Mr. Harris said Murray and West Valley City were the two busiest fire departments in the Salt Lake Valley. Therefore, West Valley planned to construct a new fire station and hire 18 new people to meet demands.

A discussion occurred about the lead time in ordering, a new chasse for refurbishing the ambulance, as well as, purchasing and attaining, air packs, new fire apparatus and tower trucks, and how to extend the life of fire apparatus.

Human Resources – Mike Terry

Mr. Terry provided a flat budget and noted the following increases:

- *Car Allowance* - \$4,200
- *Travel and Training* - \$10,000 for staff, and city-wide employment training, as well as, training related to legislation that occurs every other year - located in Washington, D.C.

Mayor Camp explained the increase in *training* was related to risk management, which was a primary focus and a good investment city-wide related to sexual harassment.

A discussion occurred related to roll-out procedures on July 1, 2018, as a result of the compensation study and the time frame for putting new pay ranges into effect. In addition, the benefits public safety employees would gain was noted.

Mayor Camp recognized pay range changes were all contingent on council approval.

Attorney's Office – G.L. Critchfield

Mr. Critchfield presented a flat budget for the attorney's office and said after personnel changes the office was fully staffed again. There were no budget changes to report.

Risk Management

A flat budget was noted and a discussion occurred related to providing a more robust program in risk management for the city. Mr. Critchfield said it was not only important to reduce claims, but because Mr. Knight was overwhelmingly busy processing claims he had less time for addressing safety issues. Therefore, a request for the new position of a risk analyst was made who could assist in processing claims in order to free up time for Mr. Knight.

Finance Department – Danyce Steck

Updated 5-year General Fund planning estimates consistent to the budget were presented. (See Attachment #1) Ms. Steck said the purpose for the updated review was due to the proposed property tax increase, and neighborhood meetings, which would be helpful for council to communicate effectively with residents. She explained going forward the next five years, property tax increases would be necessary because the city would not be able to sustain the budget beyond the year 2023, and meet state mandates maintaining a 5% reserve. The chart shows that the *ending fund balance* would be decreasing substantially, because reserves would be used to balance the budget each year. In addition, she suggested further civic engagement following the increase, which might be helpful as well.

Most cities incurred property tax increases of 3-5% per year to sustain volatility. Based on increase assumptions for Murray, with projected growth in mind she reviewed *revenue, expenses and transfers in* from utility funds. (See Attachment #2). The following was noted:

- *Expenditures* - 3% increase to *personnel*, and a 1% increase in *operations*.
- *Debt Service* - Estimates included a \$30 million bond for a new city hall building.
- *Transfers out* - Described as what would be needed to transfer to the Capital Project Fund in ordering to fund projects such as, *equipment and facilities maintenance*, as well as, *parks, and streets*.

Ms. Steck stressed the need to ensure constituents understanding of how property tax increases occur – whether one large increase all at once, or smaller gradual increases over several years. Had the city initiated a 3% property tax increase every year, over the last 12 years, total impact would have been less than what is now required - with a larger increase. And, the city would have gained revenue over time to take care of the issues at hand.

Mr. Brass recalled feedback from residents when the last property tax increase occurred – constituents preferred small regular increases over time. He asked Ms. Steck if the estimated 1% increase in property tax revenue included taxes from new buildings. Ms. Steck confirmed. Mr. Brass wondered what the estimate on property tax revenue from Security National might be as related to future growth impact. Ms. Steck thought once the facility was no longer an RDA, and was completely built out, revenue would be substantial, which would alleviate concerns.

Ms. Turner wondered if the Truth in Taxation process would be necessary each time an increase occurred, should the city propose yearly increases of smaller amounts. Ms. Steck explained, a public hearing would be required, but not district meetings because typically when residents understand a 3% or 5% annual increase, which results in a \$15 to \$20 increase per year, it does not warrant the uprising of concern about over taxation - as opposed to reading about a 45% increase. Therefore, educating citizens about a one-time increase is imperative for understanding that the 45% increase is not 45% of their entire property tax bill - but rather 45% of a very small portion of the bill.

Mr. Brass thought providing accurate information during neighborhood meetings would be beneficial, as well as, educating residents on the city's website.

Ms. Steck explained 5% of \$9 million is approximately half a million dollars per year, to supplement the General Fund, would provide services the city needs, and also takes care of inflationary increases. The city will work with a consulting organization that specializes in assisting cities with strategic planning, marketing, and advertising, to campaign the message in a positive comprehensive way. It is important to be responsible - but it's also important to address the needs of the community as well.

Mr. Cox wondered if the newspaper advertisement would convey a 45% increase, and would the article explain what the increase actually equates to in dollars and cents. Ms. Steck confirmed and said an additional ad would run parallel to the state required add, which would be less inflammatory and provide helpful details related to understanding how the increase is actually implemented.

Public Works – Danny Astill

Streets and Engineering Departments

Flat budgets were reported for both departments, and there was nothing pressing to report. Both departments anticipate changes this year in *wages and benefits*, due to the compensation study.

Capital Improvement Project Fund (CIP)

Vehicles approaching 20 years in age need replacing, which includes trucks, snow plows and salters.

Mr. Astill reviewed the Capital Improvement Project List (CIP) on page 86, where he noted \$3 million for *streets* and *engineering* projects that would occur in 2019. Slurry seal projects, overlays and rebuilds were noted.

Mr. Hales discussed safety concerns related to aging sidewalks and repairs and wondered when projects would be addressed. Mr. Astill explained yearly funds received for sidewalk repairs were limited, therefore, great effort was made to utilize funds in one large area at a time, within the contractors cost proximity. Once completed, funds are reevaluated before moving onto the next area, with the hope of getting all broken sidewalks replaced over time. He said if residents request a broken sidewalk repair, the city would remove sections at no cost, however, homeowners would be financially responsible for replacing concrete. In addition, if street trees are discovered to be the cause for lifted or cracked sidewalks, the city is required to first remove trees - before removing concrete, although, most citizens do not want to see trees removed.

The discussion continued about where and how sidewalk replacement projects are prioritized, based on information related to sidewalk studies that have been conducted. Mr. Astill said in summary, there was not enough funding to keep up with the demand.

Mayor Camp said the CIP Committee recommended funding of \$400, 000 be allocated for sidewalk projects, which was previously \$250,000. Ms. Steck overlooked the recommendation and said she could amend the tentative budget by transferring \$400,000 from reserves to the *streets* budget as soon as possible. There was a consensus of council members for the transfer.

Water Fund

- *Staffing* - A new full-time position for a licensed electrician who would be qualified to work on all city water equipment was requested.
- *Professional services* - A minor increase occurred due to required lab testing, which would occur out of state.
- *Bond Proceeds* - As part of the Water Master Plan, rate increase requirements, and the urgent need to rebuild two wells, a bond of \$8,600,000 was requested. A third well is currently under repair in order to

meet summer needs, and the hope is to get wells rebuilt over the next 3-4 months.

Waste Water Fund

There was not much change to base budgets, with the exception of a rate increase at the Central Valley Water Reclamation Facility (CVWR) due to plant reconstruction. New required standards mandate the plant be upgraded in order to meet future needs. Mr. Astill said the city is in a good position to meet funding requirements.

Solid Waste Fund

Due to increasing recycling costs, a rate increase is inevitable within the next year. A representative from the Trans Jordan Landfill would be coming to a Committee of the Whole work session in May to provide details regarding inflationary recycling costs that will affect solid waste fees. Ms. Steck confirmed Rocky Mountain Recycling was estimating a 300% increase in order to meet their own increased expenses.

Mr. Hill mentioned the city's contract with ACE Disposal and reported the city would share 50% of those cost increases.

Mr. Brass confirmed recycling costs were inflating, due to collapsing recycling markets, particularly in China, who closed the door on recycling plastic. In addition, there is no longer a market for recycling paper, which is being warehoused at Rocky Mountain Recycling. He stated there is no way to avoid the increase, which would affect everyone. Therefore, at what point do citizens decide whether to spend extra money for recycling. Putting a stop to recycling, means landfills meet capacities quicker so balancing the cost for recycling was important. For instance, tipping fees for garbage is \$31 per load, compared to recycling at \$50 per load.

Mr. Astill thought if tipping fees became extremely high, new uses and processing ideas for waste would eventually be determined.

Mayor Camp agreed the amount of recycling material going to landfills was startling, which was affecting the life of the landfill. The conversation continued regarding contaminated recycling cans affecting 50% of truck loads, which had to be taken to landfills instead, and the importance of educating the public. For example, any rain water inside of recycling cans contaminates the whole can, affecting the entire truck load. Ms. Turner thought citizens would be disappointed if they had to stop recycling, therefore, re-educating the public was imperative.

Storm Water

There was not much change to report regarding the budget. However, a new master plan is underway in order to evaluate rates, and move forward with additional projects. A tremendous amount of good was done with the first bond issuance, with only a couple of difficult projects to be finalized, such as the Utahna project. Resolving the nutrients contamination problem is challenging and costly, however, the investigation process continues and several long term solutions are being considered.

Central Garage

There was no change to the budget. Mr. Astill said the garage provides a great service to the city, and as the end of the budget years grows near, vehicle repairs slow down.

Parks & Recreation – Kim Sorensen

Parks – A mostly flat budget was reported with only few increases:

- *Wages and benefits* - One additional maintenance worker was added.
- *Operations:*
 - *Car Allowance* - New director position.
 - *Jordan River Commission* – Membership fee of \$3,700 in order to participate in state funding.
 - *Fun Days* - \$40,000

Mr. Nicponski inquired about the aging ice rink facility and run down restroom conditions in Murray Park. He wondered what could be done to improve, replace or create something better since the hope was to have a splash pad there.

Mayor Camp said it would be wise to complete the Murray Parks Master Plan first, in order to address the area at best. Mr. Brass agreed the heavily used restrooms needed refreshing.

Mrs. Turner asked if there was funding to remodel restrooms. Mr. Sorensen replied there was no funding at this time, however, Mayor Camp included the project in the coming Murray Parks Master Plan.

Park Center - A mostly flat budget was reported with the following increase:

- *Facilities maintenance* - Minor increase to provide wage increases for part-time employees.

Recreation - A mostly flat budget was reported with one minor increase:

- *Wages and benefits* - 10% increase for part-time wage increases.

Arts and History – Generally a flat budget with the following changes:

- *Wages and benefits* - 17% decrease to due to the retirement of a full time employee.
- *Local Arts Grants* - An increase of \$35,000 was noted for distributing grants, because of grants received.

Outdoor Pool - A flat budget was reported.

Senior Recreation Center - A flat budget was reported.

Cemetery - A flat budget was reported, however, Mr. Sorensen addressed the need for an additional niche, due to lack of space. Funding of \$110,000 was noted, which would come from the *Perpetual Care Fund* and the niche would generate \$220,000 in sales.

Capital Improvements Projects (CIP) List

Mr. Sorensen said there was excitement about CIP this year and noted a few projects:

- *Parks Department* - \$125,000 for parks equipment, and \$50,000 for vehicles.
- *Park Center* - \$75,000 to replace aging exercise equipment.
- *Senior Recreation Center* - \$20,000 for equipment.
- *Parks* - \$1,110,000 to be divided among certain parks for several projects.
- *Parks and Recreation Master Plan* - \$100,000

Mr. Cox wondered about seating improvements at Ken Price. Mr. Sorensen confirmed concrete seating in the grandstand was breaking apart, but it was determined after evaluations, seating was still safe. Reconstructing and repairs would come in the future, and would be costly.

Murray Parkway Fund – Golf Course

- *Wages and Benefits* - Slight increase for new superintendent position, and with one less employee, an increase to part-time wages occurred.
- *Infrastructure* - \$110,000 needed for a new driving range net – poles were purchased last year.
- *Equipment* - \$200,000

Ms. Steck explained the city subsidized for infrastructure over past years, however, this year the city would subsidize operational costs as well, which would be monitored. She noted the necessary \$60,000 transfer from the General Fund to the Parkway Fund. Infrastructure subsidized by the CIP Fund was noted and the hope is to provide enough revenue to cover all summer operations.

Mr. Brass said the Jordan Parkway exists, because golf course reserves were utilized, so he thought subsidizing the golf course was only fair. Mr. Sorensen agreed.

Ms. Turner wondered about upkeep and maintenance costs for the Canal Trail. Mr. Sorensen said costs were minimal, so there was no need for additional funding, or additional employees to maintain it. A parks employee visits the trail once a day to monitor the trail and pick up trash. Signs are now in place explaining trail rules, including hours of operation and there was only positive feedback from residents.

Administrative & Development Services (ADS) – Tim Tingey

The General Fund by department includes eight divisions.

ADS Administration

- *Staffing* – A facilities maintenance supervisor position was requested, in addition to a cost effective part-time position to provide improved office cleaning at city hall.

Treasurer

- *Equipment Maintenance* – Increases needed in multiple divisions for utility billing machine, and inflationary credit card billing.

Recorder

Due to a number of changes in this division, Mr. Tingey explained some line items were transitioned

to the *Facilities Management* division, where a new deputy recorder/purchasing agent would be hired. The following was noted:

Increases:

- *Postage* - Due to the rise in issuing passports.
- *Equipment Maintenance* - Related to reoccurring copy machine needs.

Decrease:

- *Elections* – There are no elections this year.

Information Technology (IT) - Very stable budget with the exception of the following increases:

- *Equipment Maintenance* – Due to a malfunction that occurred with installation of new software.
- *Software Maintenance* - A one-time charge of \$50,000 for transitioning to new Microsoft licensing program to accommodate multiple devices, providing long term savings.

Geographical Information Systems (GIS)

Increase:

- *Travel and training* – Usual training with the addition of one new staff member. Some funding to come from *professional services* account for training needs.

Decrease:

- *Software Maintenance* – The contract with City Works was renegotiated providing a reduction of \$13,000.

Building Inspection – Increases:

- *Uniform Allowance* – New inspector and plans examiner needs.
- *Professional Services* - \$5,000 due to upcoming larger projects.
- *Cell Phones* - \$2,400 for Surface-Pro technology required in the field.

Community Development - Increases:

- *Travel and Training* – \$1,900 for continued education, and training for new city planner.
- *Professional Services* - \$9,000 for live stream technology during planning commission meetings.
- *Planning Commission Pay* - \$2,500, commissioners and hearing officers have not received wage increases in 11 years.
- *Economic Development Corp. of Utah* – \$2,500 due to funding modifications for material and information.

Facilities

- *Facilities Management Division* - Mr. Tingey expressed the need for creating the new division within his department for continued assessment of city buildings. He explained, Facilities Manager, Jeff Martin, recently completed a detailed assessment of all city buildings and CIP projects, and found a tremendous amount of work to be done. The new budget for facilities was created beyond what was decided previously this year.

Increases:

- *Wages and benefits* – For new facilities maintenance supervisor position.
- *Equipment Maintenance* – Purchase of various equipment.
- *Professional Services* – Due to the take over of all building maintenance.

Decreases:

- *Operations, Public Services* – Due to the elimination of a previous maintenance contract, the parks department would now conduct all building maintenance services for the city. As a result, a great reduction of \$150,000 was noted in the *Buildings and Grounds Maintenance* account.

Mr. Tingey stressed the importance of attaining the new facilities maintenance supervisor position and said upon approval of the budget, the new person could also provide backup in the absence of other employees.

Redevelopment Agency Fund (RDA) – Tim Tingey

Last year's bond was utilized to acquire property in the downtown area, therefore, funds remain for expending. Budget information for the following areas were noted:

Central Businesses District

Utilizing existing bond funds, a carry forward may be needed if all pertaining properties are not acquired this year. *Revenue* of \$4,621,000 was noted for continued property acquisition expenditures. The following accounts were reviewed:

- *Tax Increment Rebate* - Related to the *Murray School District* who receives \$400,000 per year from the city, which is nearly half of the amount received in the area, and goes directly to the school district. Mr. Tingey stressed the need for replenishing the fund.
- *Land expenses* - He noted \$3.4 million for current land acquisitions, however, funds do not reflect the expense for the 2018-2019 budget year because the hope is to have all property acquired by then.

Fireclay

- *Tax Increment Rebate - Murray School District* - Mr. Tingey noted \$119,000 and explained 12% of collected funds in the area, go directly to the school district, from the city. Funding fluctuates from year to year - last year funds totaled \$106,000.
- *Redevelopment Activity - Private Reimbursement* – With three redevelopment agreements in place, three reimbursements are necessary, based on the revenue value of that project. After this years' completed evaluation the city would pay reimbursements totaling \$443,000, therefore, projections for 2018-1019 were noted as \$470,000.

East Vine Street and Cherry Street

A status quo budget was reported for both redevelopment areas, however, a 'hair cut provision' was noted with both agreements. This means the city received less funding than five years ago, due to the percentage the city attains. He recapped Murray School District receives a share of all the increment in all five RDA areas, and noted the following:

- *Tax Increment Rebate - Murray School District* - Mr. Tingey voiced his projections that one quarter of the city's tax increment financing from RDA areas are given to the school district. From the current budget year a total of \$638,000 would be paid next month, in full, to the school district. He said the contribution was very important because the school district is an important participant in our community - with important partnerships. Therefore, he hoped the school district would always realize the city does pay a good portion

of the increments to them.

Mr. Nicponski wondered what the current budget was for the school district. Mr. Tingey was not certain. Mr. Brass alluded, out of every \$100 attained in property tax money - the city receives just \$13 and the school district collects \$55.

Smelter Site

- *Redevelopment Area -Low Income Housing* – the primary area would utilize \$175,000 for projects, in partnership with Neighbor Works.

Capital Improvement Project (CIP) Fund

- *Vehicle and Equipment Replacement Program – Equipment* – Mr. Tingey noted \$300,000 for GIS and \$20,000 for IT, due to a number of projects related to increasing storage, backup software, upgrades, content management, scanners, server replacements, licensing programs, and door security systems.
- *Facilities* – Several large projects were noted totaling \$700,000. For example, leisure pool and deck replacement, replaster outdoor pool, HVAC repair at city hall, sprinkling system at the Murray Mansion and chapel, roof repair and replacement on the police substation and central garage, to name a few.
- *Major City-Wide Improvement - Professional Services* – The developer settlement with Dakota Pacific and J.R. Miller Group is ongoing. A request for documentation was made by the city and the hope is to keep costs below \$1.2 million as the legal process continues. A discussion occurred about the history of events regarding the relationship with J.R. Miller, related to specific projects, and the future use of funds which could total \$1 million per year once the settlement was completed.

Mayor's Office – Doug Hill

Four changes for the next fiscal year were noted:

- *Wages and benefits* – Related to the recent compensation study.
- *Car Allowance* – As previously addressed in the meeting.
- *Mayor's Special Projects* – Scholarship funds are awarded to one Murray High school student, and one Cottonwood High student. The Mayor proposed two students from each school this year.
- *Professional Services* – Wages for lobbyists and new intern increased from \$50,000 to \$90,000. Mr. Hill explained the current budget of \$50,000 coming into the new administration in January of 2018 was found to be inadequate, and less than the previous year. Therefore, an arrangement was made to employ them for 6 months this year from January 1, 2019 to July 1, 2019 until contracts are renegotiated. The intern received \$10,000, and two lobbyist received \$20,000 each. Additional funds would be put aside for next year's budget and a review of the budget would be considered at that time. He noted the going rate comparatively was \$40,000 each, per year. A discussion occurred about requesting future lobbyists to lobby for Salt Lake County.

Council Office – Janet M. Lopez

- *Staffing* – All levels would remain the same.
- *Wages and Benefits* – Increases occurred earlier in the year and would not change.
- *Miscellaneous account* - A minor decrease occurred, due to an error in excess of funds the past year. The account was adjusted down to \$6,500.

Ms. Lopez noted the mayor made no changes to the council budget, and changes could be

suggested by the council if necessary.

Ms. Turner wondered what the process would be if council wages were increased. Ms. Lopez replied an ordinance would be written by City Attorney Critchfield, and presented to the Finance Director Steck for review. Mr. Brass noted if a request for an increase occurred mid-year, a budget opening would be required.

Finance Department – Danyce Steck

There were no changes to report.

Non-Departmental - Danyce Steck

Operations:

- *Boys and Girls Club* – The total contribution was noted as \$100,000.
- *Retiree Insurance* – A number of people are coming off the plan, so a slight reduction occurred.

A discussion occurred about why contributions to the Boys and Girls Club increased. Mayor Camp explained instead of honoring a request to waive permit fees for reconstruction, the city would support the club with a contribution increase, which was actually the same amount granted in previous years.

Debt Service – Danyce Steck

The FY 2019 budget includes debt service for the following outstanding bonds or obligations:

- *UTOPIA* – Detailed information was provided regarding the city's calculated obligation of 12.32%
- *2009 Sales Tax Revenue Bond* - (Fire Station 82 and 83)
- *2018 Sales Tax Revenue Bond* - (Fire Station 81)

A discussion occurred when Mr. Hales mentioned the city's obligation to UTOPIA would end in 2040. Ms. Steck confirmed and provided updated information regarding the organization, their plans to help cities buildout commercially and residentially, by providing service agreements, related to credit ratings, UIA bonds, and franchise fees, in exchange for profit sharing. Mr. Brass was curious about the legalities of such contracts. Ms. Steck shared details regarding future take rates for the city, and her analysis compared to what other cities decided to do, including Layton City, Orem and West Valley City. The conversation continued about technology, fiber optic speed, small cell wireless facilities, connection commitments, and the possibility of future bonding, in order to help the city build UTOPIA out. The council agreed further discussion was needed in the future.

Transfers out – Danyce Steck

- *Capital Projects Transfer* – Ms. Steck noted the request to increase the sidewalk budget to \$400,000, therefore, she would decrease the Capital Project transfer by that amount.
- *Golf Transfer* - \$60,000 for subsidized operations.

Ms. Steck expressed concern about the Golf Course Fund because the business was not thriving. A discussion occurred about the possibility of making it part of the General Fund if the industry does

not rebound. The hope for a productive summer was noted, due to the new driving range, and irrigation system, which would provide great improvements, however, Ms. Steck said changing it to a recreational service might be wise.

Mr. Hill thought it would be helpful to review steps and procedures regarding future deadlines, council meeting and public hearing dates, and the timeframe for public process formalities as related to the amended tentative budget, final budget consideration, and property tax increase. Dates were noted from May 15, through August 2018, which included Truth and Taxation hearings, and neighborhood meetings. Ms. Steck provided the above information, as well as, when wage adjustments would occur, and procedures should budget changes or property tax increase changes be requested by the council.

The council and Ms. Steck agreed communication with constituents during neighborhood meetings would be important, not only for listening points, but for conveying the city's mission. Mr. Nicponski agreed it was important to explain the value in retaining qualified public safety workers, and the consequences for not having qualified people.

Mr. Brass agreed but recounted a hostile experience 12 years ago when the city proposed a property tax increase - during the initial meeting. However, once details were shared about where money comes from, how funds are utilized and what citizen's gain with improved infrastructure, there was a calm understanding.

Ms. Steck noted the city invests financially in quality training for employees including public safety employees, only to lose them to other cities that offer higher pay. Therefore, retaining qualified employees, firemen and police officers was imperative.

MCEA – Julia Pehrson

After a rough year, MCEA is moving forward with renewed checks and balances in place. The association, continues serving 253 members, for things like, sending flowers, offering a cancer research luncheon, conducting holiday parties, and sponsoring functions like the golf tournament - to name a few. In addition, they hope to participate in the Festival of Trees this year – to honor the late Mayor Eyre.

Compensation, the rise in costs of living and healthcare, turnover rates, and tuition increases were noted as employee concerns. However, Ms. Pehrson reported members are aware of upcoming wage adjustments and believe the future is looking bright. She thanked the council for their continued support.

Mayor Camp understood employees were very, very anxious and identified with their concerns. He hoped they would understand it was a process the city had to go through and compensation adjustments would be completed.

Police Department – Craig Burnett

There was no significant change from last year, other than the following:

- *Staffing* – A request for one additional police officer and two crossing guards.

- *Operations, Administration - Professional Services* – Increase of \$14,000 for Lexipole. The annual fee is for a new software program related to public safety policy management and procedures.

Crossing guards would be utilized at Riverview and Hillcrest Junior High Schools and the hope is to place a full-time school resource officer at AISU. The charter school has experienced an increase in utilizing the police department's time and resources, due to its large student body of 1400 students. Concerns were noted regarding the increasing number of alternative students, who were expelled from other schools and have serious issues. The resource officer at Riverview Junior High School has been dealing with increasing challenges at AISU, therefore, the additional officer would be helpful. The school did not start out this way, but over time AISU expressed concerns and would consider reimbursing the city for its public safety service.

A discussion occurred regarding the possibility of attaining a second canine dog in the future.

Chief Burnett expressed great appreciation to the mayor and council for their recommendation and consideration regarding wage increases in his department. He said officers love Murray City and do not want to leave the city, to take higher paying positions elsewhere and would patiently wait for the outcome. Ms. Steck said after May 8, 2018, officers would know the results.

A discussion occurred when Ms. Turner continued her discussion about how cost effective the justice court was, and reiterated her thoughts about why the city needs to have its's own justice court system, related to officers spending time in court that takes them off the streets. The chief explained depending on the case, and whether it was a misdemeanor or not, officers are often required to travel to West Jordan, or Salt Lake City to appear. This does take from their service on the streets, and, having the Murray court close by is convenient for them when cases can be resolved locally.

Ms. Steck noted officers often appear in court when they are off duty. Chief Burnett agreed and said he was not sure how to calculate what the difference in cost would be should the city no longer have their own court system. The discussion continued about changes in legislation, certified security officers working at the court house, a history of qualified officers and retired police officers who currently work at the courts, and the hiring process.

In Closing

Ms. Lopez noted since Ms. Steck would transfer funds for *sidewalks*, the budget reconciliation meeting would no longer be necessary. Therefore, the May 3, 2018 meeting would be cancelled and the intent document would be updated. In addition, she reviewed meeting plans regarding the property tax increase, and a conversation occurred regarding possible locations for upcoming neighborhood meetings.

Adjournment: 3:45 p.m.

Pattie Johnson
Council Office Administrator II