



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
FISCAL YEAR 2022-2023
Budget Reviews - Meeting Minutes**

Tuesday, May 4, 2022

Murray City Center

5025 South State Street, Conference Room, Murray, Utah 84107

Attendance: Council Members and others:

Rosalba Dominguez – Chair	District #3
Pam Cotter - Vice Chair	District #2
Kat Martinez	District #1
Diane Turner	District #4
Garry Hrechkosy	District #5

Brett Hales	Mayor	Jennifer Kennedy	City Council Executive Director
Doug Hill	Chief Administrative Officer	Pattie Johnson	Council Administration
Brenda Moore	Finance Director	Kim Fong	Library Director
Tammy Nakamura	Mayor CCO	Jenefer Reudter	Legal Admin Supervisor
Briant Farnsworth	Deputy Attorney	Robyn Colton	HR Director
Emily Barton	Finance - Controller	Brooke Smith	City Recorder
Kim Sorensen	Parks & Recreation Director	Rob White	IT Director
Jared Hall	CED Director / RDA Agency	Blaine Haacke	Power - General Manager
Danny Astill	Public Works Director	Bruce Tuner	Power – Operations Manager
Greg Bellon	Power – Assistant General Mgr.	Karen Gallegos	Courts – Lead Clerk
Chief Mittelman	Fire Chief	Craig Burnett	Police Chief
John Pearson	Golf Course	Dave Carruth	Golf Course
Lori Edmunds	Cultural Arts	Bruce Holyoak	Park Superintendent
Soni Hirasuna	Recreation Director	Kristine Jones	Parks & Recreation
Cory Well	Water Division	Ben Ford	Wastewater Division
Cody Pearson	Fleet Maintenance	Lane Page	Parks Department
Jeff Martin	Parks & Recreation	Stephen Olson	Fire Department
Travis Bodtcher	Fire Department	Kristin Reardon	Police Administration
Doug Roberts	Police Department	David Florin	Fire Department
Mike Obrey	Police Department		

Conducting: Ms. Dominguez called the Budget and Finance Committee Meeting to order at 9:00 a.m.

Budget Overview: Ms. Moore provided an overview of the proposed budget. She reviewed governmental, enterprise and internal service funds, and stated that this budget includes a proposed property tax increase. She reminded Council Members that each enterprise fund was designed to be self-sustaining and explained how the GF (General Fund) charges administrative fees to each enterprise fund from all departments in the City for various administrative services. She noted the RDA (Redevelopment Agency) budget, and the MBA (Municipal Building Authority) would be discussed and considered during separate public hearings. Ms. Moore highlighted the following:

- **Fund Summary:**

- General Fund:
 - The GF is balanced, and no reserves would be utilized for the fiscal year 2022-2023 budget.
 - CIP (Capital Improvement Projects): \$11,830,640 will be utilized for various projects.
- Internal Service Funds:
 - Central Garage: \$30,000 will be used to purchase equipment, leaving a balance of \$40,000.
 - Retained Risk: No change, end balance: \$1,374,262.
- Special Revenue Funds:
 - Library: No property tax increase is being proposed this year.
 - MBA: \$10,617,000 was allocated for new city hall construction costs; remaining funds will be moved as construction continues.
 - RDA: No major projects this year.
- Enterprise Funds:
 - Power: \$14 million from reserves will be used for power projects and to purchase power.
 - Murray Parkway/Golf Course: The fund will begin generating revenue once the sprinkling system is paid for.
 - Solid Waste: The fund balance is starting to build up once again, which will help with long-range changes to garbage disposal.
 - Storm Water: \$1 million in ARPA (American Rescue Plan Act) money will be allocated to the fund that will help with anticipated projects.

- **General Fund Summary:**

- Last years' budget projections were that the City would utilize \$5.9 million of fund balance that included rollovers. Instead \$1.3 million was gained.
- This years' budget was balanced by implementing a 20% property tax increase of \$1,885,192; and by not transferring \$3,983,046 of the .2% sales tax revenue to the CIP.
- The GF would be balanced at \$13,900,165, which provides a 26% ending balance in reserves and includes a proposed 7% COLA (Cost of Living Adjustment).
- Sales Tax revenue transfer: Ms. Moore reviewed a decision made years ago that once the new city hall building was completed in 2023, the City's .2% sales tax revenue allotment would be transferred to the MBA for making city hall bond payments, instead of to the CIP. The annual city hall building payment is \$1.885 million on a 30-year bond. She explained originally the .2% transfer to the CIP was intended for catching up on maintenance projects and old vehicle replacements, with the understanding that it would stop by 2030.
- GF Revenue: The majority of revenue comes from Property Taxes = 20%; Sales Taxes = 40%; and Enterprise funds transfers = 8%. Ms. Moore noted property tax revenue as very steady and sales tax revenue as volatile. She said due to the number of car dealerships located in Murray, the City's sales tax could be negatively affected if people stopped buying cars. If we were unable to do the enterprise fund transfers, a possible 45% property tax increase could be required.
- GF Expenditures: Personnel costs = 65%. Operations = 20%. Debt Service = 8% that includes the city hall bond payment. Transfers Out = 7%. The City also pays the RDA for the property that the new city hall is sitting on.

- **Property Tax:**

- Ms. Moore said property tax does not adjust with inflation. The only increase in the amount of property tax the city receives is due to growth and in the last three years the city increase in

- property tax revenue due to growth was \$109,000.
- Out of 17 cities in the Salt Lake valley, Murray sits lower than 12 others with a rate of .001608%. She noted differing factors like police and fire departments and libraries and water services can affect the amount of property tax cities charge. If Murray did not independently provide these services, citizens would be obligated to pay district and county fees for them.
 - With a proposed 20% property tax increase this year, Murray's property tax rate would be .001930.
 - A conversation occurred about how county property taxes are calculated for various house values; how they are evaluated, increased, and decreased, and how they are implemented and allocated to various entities. Council Members discussed citizen perception and the issue of other recent rate increases for power, water, and stormwater services. A 12-month consumer price index was analyzed since the last increase.
 - The proposed property tax increase amount of \$1.8 million only covers the increased cost, due to salary pressures, for public safety personnel. The item was placed on contingency.
- **Personnel:** Ms. Moore highlighted items for consideration:
 - New position requests include: One police officer, two Public Works employees, one recreation coordinator and two positions related to the Murray Theater. All requests were placed on contingency.
 - Funding: Overtime, standby and specialty pay; holiday bonuses and retirements, the sick leave payout, and a 7% COLA increase. The COLA increase was placed on contingency.
 - Wage adjustments for two positions: One building official and one building inspector, because building inspectors often leave for higher wages. Total annual wage difference is \$16,973.
 - Funding the Step-plan: The goal for maintaining the step plan is keep employee pay ranges at average of market. The average merit increase is estimated to be approximately 2.01%.
 - **CIP Fund:**
 - Funding sources that come from the GF are:
 - .2% of sales tax revenue – but that will discontinue in 2023.
 - Transportation sales tax revenue – Restricted to road projects only.
 - Any fund balance amount over 26%.
 - There was a conversation about how the CIP originated, how it operates, how it is regulated and how funding should be implemented to help departments save for projects or equipment that generally take multiple years to pay for.
 - A five-year projection chart was viewed. Ms. Moore noted that if all requests are funded the ending fund balance for FY 22–23 will be approximately \$5.2 million.
 - Next year's CIP requests total \$15 million, which would leave a negative balance of \$5.1 million. Ms. Moore explained the negative fund balance is reflective of significant requests like remodeling Ken Price ball field and the Armory project.
 - Park Impact Fees: No new projects have been budgeted because revenue must be used on new facilities and new amenities.

Ms. Moore acknowledged the current uncertain economic situation and concluded with concern that sales tax revenue may not increase like it did in 2019 and pre-pandemic years.

Department Budget Reviews:

- **Attorney's Office** – Mr. Farnsworth presented a flat budget. He confirmed there were no concerns regarding attorney retention. He noted one significant increase to the City's liability insurance deductible, which increased from \$250,000 to \$350,000.
- **Parks and Recreation Department** – Mr. Sorensen reviewed the following highlights for all divisions in his department.
 - Part-time Wages: An increase of 15% is proposed within all parks divisions. This is due to a new minimum starting wage of \$12 per hour that was implemented several months ago. Mr. Sorensen said the increase has helped to retain part-time and seasonal workers, but it has not resolved the labor shortage. The previous starting wage was \$8.50.
 - Parks Division:
 - Travel & Learning: ↑138% due to new CDL (Commercial Driver's License) requirements.
 - Maintenance of buildings and grounds: ↑ 67%. Parks workers will begin assisting the Power department arborists who no longer have time to maintain all city park trees in landscaped areas and along the Jordan River. The increase also occurs in cemetery and golf course budgets for tree maintenance expenditures.
 - Fun Days: ↑ 25% to cover inflated costs for fireworks, stage rental and porta potty rentals.
 - CIP Requests:
 - Armory renovation = \$500,000. Funding will allow development plans to move forward with repurposing the building. The facility would become a center for hosting weddings, private meetings, and dinner party events. The request was placed on contingency.
 - Storage Building = \$1.2 million. A new storage facility would replace the Armory. The item was placed on contingency.
 - Parks Center: Budget is status quo.
 - Recreation:
 - Travel & Learning: ↑116% to allow recreation coordinators and staff to attend the Utah Recreation Parks Association Convention.
 - Staffing: One full-time recreation coordinator position was requested.
 - Miscellaneous: \$10,000 for annual recreation banquet.
 - Arts & History: The budget is status quo other than:
 - Operations: Local Arts Programs: ↑40% to cover escalating costs.
 - CIP:
 - Murray Mansion: Request = \$500,000 for final upgrades.
 - Senior Recreation Center: Meals: ↑22% due to inflation. Lunch tickets will increase \$1.
 - Cemetery: Buildings & Grounds Maintenance: ↑250% for tree maintenance.
 - Theater Division:
 - The new division would oversee the Murray Theater and the outdoor amphitheater. There was a lengthy discussion about the history of the Murray Theater and how renovation ideas came about. Other items that were discussed included: renovation costs, operating expenses, theater programming, parking concerns, and fundraising options. It was noted that this project is listed in the Parks and Recreation Master Plan.
 - Staffing: Two positions are requested; one theater manager and one technical manager.
 - Funding: Mr. Sorensen stated the City would not bond for the project. Currently plans are underway to organize fund raising and to design the venue. So far Salt Lake County grant funding is \$3.6 million + City savings of \$2 million = \$5.2 million.
 - Renovations are contingent upon CIP funding approval. The item was placed on contingency.

- **Public Works** – Mr. Astill discussed all division budgets and highlighted the following:
 - Streets:
 - Travel & Learning: ↑50% for new CDL testing and training requirements.
 - Staffing: Request for two positions; one lead concrete worker, and one crew member.
 - Class C Roads: \$400,000 budgeted for sidewalks and ramp replacements.
 - Water Fund:
 - Staffing: Two requests: One part-time office administrator and one part-time position to move into full-time.
 - Building & Grounds: Landscaping costs have increased. Because the City does not have enough manpower to keep up with all City properties much work will be contracted out.
 - Wastewater Fund: Projected revenue is expected to meet all budget needs for the coming year. Reconstruction is ongoing to upgrade the Central Valley Water Reclamation Facility and recent fee increases contribute to that project.
 - Solid Waste Fund: Requested additional part-time and seasonal help. Mr. Astill noted the cost has doubled for garbage cans and a shortage of garbage cans has caused a delay in getting more.
 - Storm Water Fund: No significant changes were made to the budget. Storm water improvement projects continue to move forward.
- **Human Resources** – Ms. Colton said the budget remains neutral except for one minor change:
 - Professional Services: ↑200% to hire a health insurance broker to help analyze health, dental, life and disability insurance costs. The City recently did this and as a result, the City saved \$170,000 on health insurance premiums.
 - Ms. Turner led a conversation about why a 7% COLA was requested. Ms. Colton said comparatively the proposed amount was right in line with what other cities are implementing this year. If the City did not keep up with the market rate, Murray wages would fall behind other city wages that would cause a loss in personnel to Murray. Mr. Hrechkosy agreed the City should be competitive in pay and believed most private companies would only implement a COLA between 3% and 5% this year; he requested the item be placed on contingency.
- **Information Technology** – Mr. White discussed all division budgets and highlighted the following:
 - IT:
 - Overtime: ↑100% for relocating all computer systems to the new city hall building that will occur after hours and on weekends.
 - Software Programs: ↑18% for transitioning to Microsoft Office 365 Government and for increasing software maintenance agreement costs. The increase includes \$45,000 to improve the City's cyber security. Mr. White noted ransomware is on the rise for municipalities and offsite backups have been instituted as well.
 - Travel & Learning: ↑22% to allow more staff to attend conferences and various classes.
 - GIS: Status quo budget with the exception of Full-time Wages which is ↑10%.
- **Courts** – Ms. Gallegos reported an unexpected clerk position not reflected in her budget. CIP requests were discussed:
 - Replace kitchen cabinets = \$10,000. Cabinets in the kitchen that is also the jury room, are rotting and damaged from major water leaks. Leaks are repaired and countertops also need replacing.
 - Upgrade Audio System. \$19,119 is currently available in savings, but they need a total of \$81,000. The request was placed on contingency.

- **Power Department** – Mr. Haacke reported no significant increases and highlighted the following:
 - Power purchases: Annual Cost = \$25 million. Staff pre-purchased power to avoid escalating fuel prices.
 - CIP: Request = \$7.9 million. Several major CIP and maintenance projects were requested that include upgrading the meter reading system, vehicle replacements, several substation rebuilds, hydro repair, LED streetlights, and emergency substation equipment.
- **CED (Community and Economic Development) and RDA** – Mr. Hall discussed all division budgets and highlighted the following:
 - CED: The budget remains status quo.
 - Building: No major changes to report. One position request for an administrative assistant to help with building inspections due to lack of building inspectors.
 - CIP: Code enforcement is saving for a new truck.
 - Planning & Licensing: No major changes to the budget. There is one unfilled planner position and promotions are being considered.
- **Fire Department** – Chief Mittelman said the budget is in good shape and highlighted the following:
 - Personnel: ↑ 5%. After two significant retirements, the department is being reorganized so there is currently no assistant fire chief.
 - Part-time Wages: ↑36% for restarting the cadet program and increasing fire prevention efforts.
 - Overtime: ↑20% to better align with actual costs.
 - Physicals: ↑35% due to increased medical and screenings costs; the line item now includes expenses for mental health evaluations that used to be itemized in professional services.
 - CIP: Request = \$1 million. Five purchase requests include one staff vehicle, replace one ambulance with new ambulance, upgrade car radios to match new system, breathing apparatuses and extrication tools.
- **Police Department** – Chief Burnett discussed changes to the budget:
 - Personnel: ↑ 6%. Request for one additional officer.
 - Training Center Supplies: ↑14% due to inflation.
 - Medical Services: ↑500% (\$15,000). The request will ensure that a new required mental health program can be implemented with the Partridge Group.
 - Life Skills Program: ↓29%. The program replaces the DARE program and is less expensive.
- **Library** – Ms. Fong reported small adjustments to her budget:
 - Staffing: Duties will increase for one customer service librarian. One person will be promoted from associate librarian to assistant librarian; wage increases pending after work reviews.
 - Part-time Wages: ↑16%. To ensure that all part-time employees make \$12 per hour.
 - Library Programs/Materials: ↑8% due to inflation.
 - CIP: Request = \$155,000. Remodel staff area and replace 16 HVAC system units as they fail.
- **Mayor's Office** – No significant change. Mr. Hill explained the Budget Addendum to the Council.
 - Budget Addendum: Donations to non-profit entities are considered by the Council during a public hearing. The Council reviewed donations to several entities and groups. A new request was noted by Mayor Hales to include the Murray Volunteers of America facility that is a women's shelter in Murray. There was a discussion about in-kind gifts, dollar amounts, and types of organizations that receive gift funding that resulted in putting the entire Budget Addendum on contingency for

further review.

- **City Council Office** – Ms. Kennedy noted very little change in the budget and explained:
 - Oath of Office: Since it would not be an election year, accounts related to the ceremony would be reduced:
 - Miscellaneous: ↓18%.
 - Meals: ↓13%.
 - Supplies: ↑20% due to inflation.
 - Small Equipment: ↓68%. A new printer was purchased this fiscal year.
 - Travel & Learning: Ms. Martinez led a discussion to propose that the City Council's travel and learning budget be reduced from \$46,000 to \$20,000. She said this would cut \$26,000 from the travel budget that would better match other programming in the City. She felt uncomfortable with the current amount because comparatively it is significantly higher than other departments with more employees like police, fire, public works, and the parks department who also require travel and training. She suggested alternating attendance each year, rather than sending all Council Members to Washington, D.C., and St. George; then Council Members could report back to the entire group about what was learned. Ms. Moore agreed the Council travel budget was significantly more comparatively. It was noted that the amount budgeted was not always spent because not all Council Members attend all conferences due to conflicting schedules. There was consensus that resulted in no support for the proposed budget reduction request.
- **Finance and Administration** – Ms. Moore explained various line items related to four divisions:
 - Finance:
 - Full-time wages: ↑18% for an expected retirement payout and a one month overlap of the position.
 - Professional Services: ↑100% for payment to the City's auditor for services throughout the rest of the fiscal year. Last year the payment came from non-departmental expenses.
 - Travel & Learning: ↑11% for two people to attend a State and National conference and online classes.
 - Treasury: Full-time Wages: ↓24% due to one retirement.
 - Recorder: Part-time Wages: ↑121%. Two part-time positions are required in the passport office.
 - Utility Billing: Contract Services: ↑60% to outsource all utility billing printing and mailing services.

Final Questions or Discussion Items: Council members discussed and confirmed items placed on contingency to be addressed Wednesday, May 11, 2022 at 3:30 p.m. Items included the COLA amount, property tax increase, new position requests, finance department salaries, courtroom audio upgrade, Mayor's Budget Addendum, Parks Department storage building, Armory building plan and Murray Theater remodel.

Adjournment: 5:03 p.m.

Pattie Johnson
Council Office Administrator III