

MURRAY CITY MUNICIPAL COUNCIL

BUDGET AND FINANCE COMMITTEE

FISCAL YEAR 2024-2025 – Budget Reviews

Meeting Minutes – **Wednesday May 8, 2024**

Murray City Hall, 10 East 4800 South, Poplar Meeting Room, Murray, Utah 84107

Attendance:

Council Members:

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| Paul Pickett | District #1 – Budget Chair |
| Pam Cotter | District #2 |
| Rosalba Dominguez | District #3 |
| Diane Turner | District #4 |
| Adam Hock | District #5 – Budget Vice-Chair |

Others:

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| Brett Hales | Mayor | Jennifer Kennedy | City Council Executive Director |
| Brenda Moore | Finance Director | Pattie Johnson | Council Administration |
| G.L. Critchfield | City Attorney | Laura Bown | Purchasing Agent |
| Emily Barton | Finance Controller | Steve Olson | Fire Department |
| Joey Mittelman | Fire Chief | Russ Kakala | Public Works Director |
| Steve Roberson | Fire Department | Travis Bodtcher | Fire Department |
| Jeff Puls | Fire Department | Laura Lloyd | Fire Department |
| Robyn Colton | Human Resource Director | Kim Fong | Library Director |
| Rob White | IT Director | Julia Pehrson | Library Assistant Director |
| Gordon Cook | IT | Ryan Madsen | IT |
| Kim Sorensen | Parks & Recreation Director | Scott Barrell | GIS |
| Bruce Holyoak | Parks & Recreation | Lori Edmunds | Parks & Recreation |
| Jeff Martin | Parks & Recreation | Aron Frisk | Public Works |
| Cory Plant | Parks & Recreation | Soni Hirasuna | Recreation Director |
| Lane Page | Cemetery | Ben Ford | Public Works |
| Trae Stokes | Public Works | Josh Hill | Public Works |
| Phil Markham | CED Director | Greg Bellon | Power Director |
| Craig Burnett | Police Chief | Matt Youngs | Assistant Power Director |
| Zac Smallwood | Planning Manager | John Pearson | Golf Course |
| Karen Gallegos | Murray Justice Court | Jason Lundberg | Golf Course |

Conducting: Mr. Pickett called the Budget and Finance Committee Meeting to order at 8:30 a.m.

Approval of Minutes: May 16, 2023 Budget and Finance Committee Meeting.

Ms. Cotter motioned to approve, and Mr. Hock seconded the motion. All in favor 5-0.

Budget Reviews:

- Attorney's Office – City Attorney G.L. Critchfield said budgets for the City Attorney's Office, the Prosecutors division and Retained Risk have all remained flat. However, in the Prosecutors division, there was a slight increase of \$2,071 in the Dues and Memberships account due to membership in the Statewide Association of Prosecutors and Public Attorneys. Also, noted as a nationwide increase, there was a 35% increase in the City Attorney's division related to the Retained Risk Fund for Liability Insurance.
- Budget Overview – Finance Director Brenda Moore discussed changes to fund balances. In the Internal Service Funds there was a transfer of \$100,000 from the Central Garage Fund to the MBA (Municipal

Building Authority) for the public works building project. The Retained Risk fund would be reduced by \$425,000 to maintain a proper balance and provide for four potential deductibles. The Library Fund, the RDA (Redevelopment Agency) Fund and the Cemetery Perpetual Care Fund would continue to grow. The MBA Fund would allocate \$18 million for the public works building project. Enterprise Funds would use balances for capital and long-term projects, not operational costs. The Stormwater Enterprise Fund needs only to pay for minor projects this year, so the growing savings would be set aside for a future project.

Ms. Moore discussed highlights of the GF (General Fund) Summary including the use of \$2.2 million in reserves to balance the budget, a 6% increase in Operations, a 5% increase in Personnel, and the implementation of a 5% Property Tax increase. Sales tax revenue was budgeted at fiscal year 2023 levels, less 2%.

She said the City's .2% Optional Sales Tax revenue, used for funding capital projects will expire in 2030 and without the revenue this year expenses would have exceeded revenue by \$4.8 million. This meant that either a 42% property tax increase would have been necessary, or the enforcement of drastic cuts to City programs and activities. The proposed 5% property tax increase is the first step in mitigating the future shortfall and will help wean the City from Optional Sales Tax revenue.

Mr. Hock asked if inflation was taken into account for mitigating the loss of tax revenue. Ms. Moore said no, budget cuts would be necessary in 2030 to address any future inflation. Because actual revenue is currently less than the City's expenses, she discouraged funding new programs or building restoration projects.

She explained the GF uses sales tax revenue to fund the CIP (Capital Improvement Projects) where decisions need to be made about appropriating funds for requested projects over the next 5-years. Funding also addresses projects on the horizon like the rebuilding or remodeling of the outdoor pool and old ice rink and other improvements to Murray Park. Park Impact Fees have currently generated \$3.5 million and there are no projects planned for FY 2024-2025. However, to purchase land in the Fireclay area for a new park, Park Impact Fee Revenue was increased by \$500,000.

She gave a brief review of the GF Summary page highlighting that expenditures for Class C Road projects were outlined in a new way; the Debt Service account for UTOPIA (Utah Telecommunication Open Infrastructure Agency) would earn dividends estimated at \$277,000 this year, and there was a significant increase to the Transfers Out allocation due to the .2% Sales Tax Option transfer of \$2.6 million to the CIP.

- CED (Community and Economic Development) Department and RDA (Redevelopment Agency) – Director Phil Markham reviewed budgets for three divisions. In CED there was a 17% increase in Personnel costs due to the new Economic Development Specialist position, and a 29% decrease in Operations because one employee declined the car allowance. Dues and Subscriptions increased substantially to \$30,000 for purchasing new software related to cell phone data used to evaluate traffic flows and visitors to Murray. The Travel and Training account increased by 30% to accommodate 2024 International Council of Shopping Centers Conference attendance. There was an increase of \$3,300 in Professional Services for promotional materials related to advertising the City. The Building division budget remained flat, however adjustments could be made to staff totals in the future. In Planning and Licensing there was one retirement that created a cost reduction in Wages. Due to inflation, an increase of \$1,000 was needed in the Operations account for Public Notices. Inflation also caused an increase in Postage expenses. There was a 50% increase in Credit Card Fees, a \$1,000 increase in Transcription Services and a 25% increase in Weed Control.

Ms. Moore discussed the RDA Fund budget that would be presented for consideration on June 18, 2024 in the RDA meeting. Overall, Cherry Street and the Smelter Site have stopped collecting revenue and the combined fund balance should be approximately \$9.7 million. The low-income housing appropriation is expected to be approximately \$3.3 million. Revenue of the CBD (Central Business District) budget remains the same as last year. In Fireclay there was a substantial increase in the Wastewater allocation, due to infrastructure needs valuing \$2.2 million. The annual payment to the RDA Fund equals \$221,000. In the Smelter Site, regarding low-income housing, \$230,000 was withheld from Sales Tax revenue for the homeless shelter contribution, which increases each year by 15%. The East Vine Street RDA will transfer \$125,000 to the CIP for bike lanes and resurfacing projects. There are no projects scheduled yet in the Cherry Street fund that has a remaining balance of \$75,000.

- Human Resources – Director Robyn Colton said her budget remained flat. A line-item transfer of \$10,000 was made from the Professional Services account to the Software account for a new harassment training program.
- IT (Information Technology) – Director Rob White said the significant increase to the overall budget was due to inflation. Expenses in all three divisions, IT, GIS (Geographic Information Systems) and Programming are way overbudget. Cost increases were noted for purchasing software and hardware and for necessary applications to prevent ransomware. The increase of \$30,000 in GIS was related to mostly software licensing purchases. Mr. White reviewed CIP requests for the IT division that included technology upgrades, an allocation to keep Wi-Fi in Murray Park, a legislatively mandated security program called Security Information and Event Management, a new phone system, a 10 GIG UTOPIA fiber connection to the City's Emergency Operations Center, and one replacement vehicle. CIP requests in the Programming division include a decommission program, additional ransomware software and possibly a new payment system called Tyler Payments.
- Public Works – Director Russ Kakala discussed budgets and CIP requests for seven divisions. In Streets there was no change to the budget. Mr. Kakala noted that street workers would now take care of street lights in East Murray. The Street Light Lighting maintenance account was funded \$40,000 to pay Rocky Mountain Power bills for street lights, traffic signals and flashing crossing signs. The Rent and Lease Payment account was allocated \$289,000 from the GF to pay a portion of the bond payment for the Public Works rebuild project. CIP requests were related to purchasing various work trucks, enclosed trailers, equipment, various machinery, a metal sign printer, and radar and pedestrian signs. Mr. Kakala reviewed all paving, rebuild and overlay street projects as well as bridge work, sidewalk repairs and curb and gutter projects. Three future road projects would be completed with Transportation Tax revenue allocated to Class C Roads to spend \$18 million for road salt, roadway maintenance, slurry seals, sidewalks and ADA ramps, traffic signal maintenance and repair, a traffic calming measure, and a paving project.

The Engineering division budget remained unchanged.

In the Water Fund/division there were no changes to staff. Mr. Kakala said this year's CIP Water projects would total \$2,030,000. Ms. Dominguez asked if any projects could wait until the next budget year. Mr. Kakala said no, all requests were necessary for infrastructure repairs, replacements, improvements and maintenance, and needed purchases related to metering, new software, various equipment and professional studies.

In the Wastewater Fund/division Mr. Kakala said another employee is still needed to manage daily duties but the position would wait another year. This was due to the cost of the CVWR (Central Valley Water Reclamation) rebuild project and their need for additional bonding. FY 2024-2025 CIP requests totaling \$2,428,000 are related to CVWR contributions, a software upgrade, sewer line projects, purchases for a service truck and backhoe and an aeration system install.

The Solid Waste Fund/division budget remained unchanged. CIP requests totaling \$515,000 include green waste trailer repair or purchases and a garbage truck for pickups in Murray parks.

The Storm Water Fund/division budget did not change. Mr. Kakala noted CIP requests for FY 2024-2025 that included Master Plan repair projects. Also included in the total of 760,000 are drain line and water line installations, a street sweeper and a mini excavator.

The Central Garage Fund/division budget remained unchanged. There were no CIP requests because a new garage building would be constructed as part of the Public Works rebuild project.

- Library – Director Kim Fong said the budget remained stable and flat. There was one request to add an additional full-time senior librarian position that was eliminated in 2017. She anticipates another part-time employee may retire, so a new full timer would be responsible for the duties of those positions. CIP requests include ongoing HVAC replacements and leaky roof repairs.
- Mayor's Office – Mayor Hales said the budget was unchanged, however there was a 20% increase to the Travel and Learning expense account. He confirmed that the chief communications officer position would not be filled reducing staff to three people.
- City Council Office – Executive Director Jennifer Kennedy said the Council budget remained flat, however there was a slight increase in part-time wages; the meals budget would decrease because there would be no Oath of Office ceremony next fiscal year and there was a slight increase in Professional Services to pay for audit services.

Mr. Pickett mentioned that he had concerns about the insurance benefits, the allowances, and the travel budget allocations for Council Members, but he did not wish to discuss the issues at this time.

- Court – Lead Court Clerk Karen Gallegos said there were no concerns or changes to the budget. The FY 2024-2025 CIP requests include replacing lighting throughout the court and replacing the front counter window.
- Power Department – Director Greg Bellon said overall the budget was conservative but in regards to staffing two retirements occurred and positions need to be filled. The wages account would see an increase by \$8,159 to reclassify a Journey line worker who will become a line crew supervisor. Another increase of \$7,717 to Wages was required to reclassify a senior control room operator to energy resource manager. Mr. Bellon reviewed CIP requests for FY 2024-2025 noting that purchases for vehicles, LED street lights and various projects related to the office remodel need to be made. Projects would also address infrastructure needs, maintenance and major software upgrades.

Ms. Cotter asked about the cost for vandalism when copper wiring is stolen from electric vehicle charging stations. Mr. Bellon said the City recently dealt with that incident and Mr. Youngs agreed the cost was significant. Ms. Moore confirmed the damage was over \$10,000 that was covered by the City's Retained Risk Fund which usually does not handle vandalism. Mr. Bellon said the Power Department would allocate funding to cover any future occurrences.

Mr. Pickett asked about travel and training expenses doubling in the Distribution and Dispatch divisions. Ms. Moore said the actual cost was equivalent to the budgeted amount and that the projection was sufficient to their travel requirements. Mr. Bellon said training is mandatory and specialized in these divisions. Mayor Hales noted that registrations fees for attending conferences had

risen significantly.

Mr. Pickett asked about an increase to Overtime expenditures. Mr. Bellon explained the expense was due to Murray Power transitioning to a new AMI (Advanced Metering Infrastructure) system. Until the AMI installation is complete, the old system continues to operate, so two billing systems are running simultaneously. Mr. Bellon noted that due to staff shortages and vacations, additional overtime hours were also built-in to the Overtime budget.

- Parks and Recreation – Director Kim Sorensen reviewed budget information for 11 divisions within the department. Mr. Sorensen said the Parks Administration division was new, where a request was made to hire a marketing technician, funded solely by revenue generated by other Parks and Recreation divisions. Expenditures and allocations moved to the Parks Administration budget include \$30,000 in the Public Notices and Advertising account and \$20,000 in Professional Services for a marketing campaign. In the Theater division, he noted \$150,000 in the Contract Services account which is a 6-month estimation for operations.

The Parks division budget remained flat. In the Park Center budget, Part-time Wages would increase by 38% to fund lifeguards and pay higher wages to pool staff. The Recreation budget had a slight decrease in Part-Time Wages due to the Murray Youth Government program not moving forward under Murray City's oversight.

The Arts and History budget was status-quo. Ms. Dominguez asked about the \$2,000 increase in the Advertising account. Mr. Sorenson replied that more events would require more advertising. Ms. Turner asked about the 67% cost increase for Royalty and License Fees. Ms. Edmunds said the estimate was for afterschool musical performances at elementary schools and to address three musical performances scheduled at the amphitheater. Required fees are as much as \$3,000 per performance.

Budgets for the Outdoor Pool, Senior Recreation Center and Cemetery remain unchanged. There was a slight increase to the Facilities division in Custodial Services to cover cleaning at the new City Hall and the Power building. The Parkway Golf Course budget is 2% higher overall and revenue has increased over the last two years, which was estimated to be \$1.9 million. Mr. Sorensen discussed all CIP requests for each division of the Parks Department for FY 2024-2025.

- Fire Department – Chief Joseph Mittelman reviewed CIP requests for FY 2024-2025. Purchases include \$120,000 for air bag equipment in a ladder truck that will be delivered in 2026; personal protective gear for \$300,000, a staff car, small equipment, utility filler station and carports at Station 81.

Chief Mittelman said the overall budget was flat and noted one fire inspector position was added to improve processes for fire inspections and plan reviews.

He explained a request for six new paramedic/firefighters positions mentioned in the Budget Summary and Analysis document, for a proposed cost of \$800,000. He said the reasoning behind the request was to staff an additional ambulance during the peak of summer and handle needs located in the busiest district in the City where growth and high-density housing has increased call volumes. He later determined that the request could wait, which was why it was not part of the tentative budget.

Mr. Hock asked if there would be value in adding three paramedic/firefighter positions to the budget now, instead of six. The Chief shared comparative staffing data related to other cities regarding call volumes and response times. He felt he could manage with three for the additional ambulance by having a fourth person work overtime, as four people are required on the ambulance.

Mr. Hock expressed concern about the Murray Fire Department operating with less staff than other cities. He said Murray paramedic/firefighters have trusted the Council for a very long time to increase staffing but the Council has not done their part. There was consensus that safety should come first, especially for an aging Murray population and that call volumes should be better balanced.

Chief Mittelman discussed other accounts that saw budget increases like 33% to Training, a \$15,000 increase to Hazmat Equipment and slight increases to Fire Prevention for additional tools and to Equipment Maintenance due to inflation.

- Police Department – Chief Craig Burnett discussed CIP requests for FY 2024-2025 besides the standard needs for vehicle replacements and small car equipment. He noted a \$76,000 request to replace older motorcycles, \$75,000 for a carport/awning for gated police vehicles, \$25,000 for Federal required updates to the SWAT (Special Weapons and Tactics) vehicle, \$15,000 for updating Crisis Response Unit equipment and \$60,000 for Case Service software installation and maintenance.

Chief Burnett reviewed the Administrative budget noting a request for one police officer position. He explained cost increases in Operations for expenditures like a 19% rise in the Uniforms account due to inflation, a \$5,000 increase to Travel and Training for required certifications and training and a significant increase of \$30,000 for New Hire Onboarding expenses.

The Vehicle Maintenance account was up by 17% due to inflation for cost of parts and the increased number of police vehicles. The Software account rose 32% for Case Software, which was not part of the \$60,000 CIP request. He explained additional cost increases for patrol radios, the K-9 program and SWAT supplies also due to inflation. A new line item called Drone Maintenance would be fully funded that includes training and licensing. Chief Burnett noted the strict conditions and laws over where, when and why the drone may fly for specific reasons related to public safety.

- Finance and Administration – Director Brenda Moore said the overall budget was simple and most increases were related to wage increases. Budgets for the Finance and Treasury divisions had no change. The Records division now has four part-time passport agents, which has become a very good service to the City because the revenue is covering all expenses and operational costs. She noted that the Utility Billing division had a slight decrease in Operations. Salaries increased 5% due to Cost-of-Living Adjustments and Merit raises.

Ms. Moore shared the CIP for the MBA (Municipal Building Authority), which was to purchase additional Christmas lights for City Hall. Because the MBA is building the new Public Works facility the Buildings account was funded \$18 million through transfers from all Public Works divisions to get the project started. Bond proceeds for the new City Hall and the Public Works facility were analyzed.

Ms. Moore reviewed the Budget Addendum amounting to \$56,000 and asked to include its contents in the FY 2024-2025 tentative budget. There was consensus among the Council to add the Budget Addendum to the tentative budget. She asked about the change from Dental Select back to PEHP, funding the Step-plan, implementing a 3% COLA, and making pay range adjustments to police and fire employees and approving all new hire requests. There was consensus among the Council to move Ms. Moore's proposals forward. Ms. Moore reiterated that the request for six firefighters was not funded in this budget.

Final Questions and Discussion:

Mr. Hock revisited his request to fund more firefighter positions. Ms. Moore questioned what funding sources would be used. Mr. Pickett suggested pulling \$200,000 from non-profit donations, saying that

since the City's revenue was less than expenses, money should not be given out in this manner.

Ms. Turner expressed concern about the cost of funding six firefighter positions. She opposed withholding donations to the Boys and Girls Club, noting the important contribution they provide to the City. She recommended approving three firefighter positions this year and another three next fiscal year.

Mr. Pickett reiterated that if the City wasn't generating enough revenue to cover City services, it would not be financially responsible to give \$200,000 to various non-profits. He said donations should only be given if the City had surplus.

Ms. Cotter agreed citizens would question how the City could afford to give money to non-profit organizations while proposing a 5% property tax increase and not providing financially for fire and police services to citizens. Mr. Hock said Murray gives less in donations than other cities like Sandy City. Ms. Cotter noted the size of Murray comparatively.

Ms. Dominguez heard nothing negative from constituents about financial donations. Ms. Turner agreed. Mr. Pickett believed if most citizens were aware of a revenue deficit that led to a property tax increase, while continuing to donate to non-profits, they would be very interested in discussing the issue. Mr. Hock said the framework of those conversations should include knowledge about how non-profit agencies provide good services to the community.

Ms. Dominguez said the City has a responsibility to prioritize safety for a growing population and noted that the Council would face the request again next year, with a potentially larger number of positions.

Ms. Turner believed the increase in fire staff would promote quality of life. Mr. Pickett agreed that essential services for quality of life should be funded first. He suggested voting on each financial donation separately to distinguish between non-profit needs and purposes. There was consensus among the Council to vote on each non-profit separately when those requests come before them.

A lengthy conversation followed about the necessary amount of property tax funding required to support additional firefighters. Ms. Turner said last fiscal year the proposed property tax increase was eventually reduced during the approval process. Ms. Moore said that was possible due to new growth that was calculated after the tentative budget was presented, noting that last fiscal year property tax revenue amounted to approximately \$190,000. She said the current cost to fund three firefighter positions would be approximately \$400,000 and she could allocate funding by adjusting the sales tax revenue budget.

In summary Ms. Moore asked for permission to adjust the tentative budget to fund three firefighter positions, the Tier-2 police and fire employee retirement contribution costs, all FY 2024-2025 CIP requests including an additional \$4 million for the outdoor pool rebuild and \$20,000 for residential access to the City website. There was consensus among the council to allow Ms. Moore to make her proposed adjustments.

Mr. Hock asked about funding four firefighter positions. Ms. Moore said the cost per firefighter the first year is \$118,000. Ms. Cotter noted if all six positions were funded, the property tax increase would need to be higher than 5%. Ms. Moore agreed. Ms. Dominguez favored a 6% property tax increase.

Ms. Cotter revisited not giving donations to non-profits saying that residents are facing both Murray School District and City property tax increases next year, in addition to the rising costs of gas, electricity, water and food. Mr. Hock said even by withholding non-profit donations, there wouldn't be enough funds to increase the fire staff. To compensate for the loss of the 0.2% option sales tax revenue, a 10-11% property tax increase would be needed. He felt a more manageable option would be a 6% property tax

increase this year, followed by another 6% increase next fiscal year.

Ms. Moore confirmed the approximate cost for six firefighter positions would be \$740,000 requiring a 10-12% property tax increase. Discussion continued about the need for more first responders in relationship to new high-rise apartments being constructed in the City; how budget adjustments to gradually prepare the City for the loss of the 0.2% option sales tax revenue ending in 2030 would occur slowly, the housing crisis causing families to leave Murray and how future inflation would affect the coming years economically.

Ms. Moore noted that the City's expenses are still \$2.4 million higher than revenue, which was the need for the proposed 5% property tax in FY 2024-2025.

In conclusion there was consensus from the Council to add three firefighter positions to the FY 2024-2025 tentative budget and a 5% property tax increase regardless of where growth was going. Ms. Moore said she would be using slightly more reserves to cover the cost, she would rework the budget documents accordingly and send out the final FY 2024-2025 budget prior to its final adoption in August of 2024.

Adjournment: 5:15 p.m.

Pattie Johnson
Council Office Administrator III