



## MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, March 6, 2012, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

### Members in Attendance:

Jim Brass	Council Chair
Dave Nicponski	Council Member
Darren V. Stam	Council Member
Brett A. Hales	Council Member

### Members Excused:

Jared A. Shaver	Council Vice Chair
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### Others in Attendance:

Michael D. Wagstaff	Council Executive Director	Dan Snarr	Mayor
Janet M. Lopez	Council Office	Jan Wells	Mayor's COS
Frank Nakamura	City Attorney	Angela Price	Comm. & Econ. Dev.
Tim Tingey	ADS Director	Justin Zollinger	Finance Director
Bill Finch	Citizen	George Katz	Citizen
Sally Hoffelmeyer Katz	Citizen	Doug Hill	Public Service Director

Chairman Brass called the Committee of the Whole meeting to order at 5:48 p.m. and welcomed those in attendance.

### Business Item #1:

### Community Development Block Grant Process Discussion – Angela Price/Tim Tingey

Mr. Tingey mentioned that the presentation was to educate the new Council Members on the CDBG program and application process. He explained that Ms. Price is the CDBG Coordinator and works very closely with the applicants who request CDBG funding. She works through the contracts each year making sure that the approved work is getting done.

Ms. Price mentioned that the Council will be voting on this during a public hearing that will take place soon and she expects it to be a little controversial because budget cuts have been very serious this year. The Council makes the final decision on the funding recommendations.

The Department of Housing and Urban Development (HUD) has several requirements that the City will need to meet, one, is meeting the National Objectives, which are mostly to

benefit low to moderate income individuals. Other objectives are to prevent or eliminate blight or to meet an urgent need, which does not apply to Murray, unless we were to experience an earthquake or something similar. In that case, CDBG funds could be used to do repairs.

Performance measures are to create a suitable living environment, provide decent affordable housing or create economic opportunity.

Ms. Price stated that HUD outcomes include increasing availability or accessibility, increasing affordability or sustainability by promoting livable and viable communities.

Ms. Price explained that the Murray funding will all go toward "Hard Costs," which are brick and mortar projects. For example projects like installing a new roof on the Boys and Girls Club, doing the covered vestibule at the Heritage Center or providing paint or carpet are Hard Cost projects.

"Soft Cost" projects might be administration, like providing staff salaries for Boys and Girls Club or staff salaries for the homeless shelter.

Property acquisition with the NeighborWorks partnership and public facility improvements, not including City facilities are examples of projects approved for CDBG funds, Ms. Price noted. CDBG funds cannot be used to benefit government.

Mr. Stam asked if restroom improvements in Murray parks would qualify. She responded that they would. Mr. Tingey said that government buildings do not qualify, but where the general public utilizes the parks that would benefit the public and is allowed.

Other ineligible activities include political activities and construction of new housing.

In years past, Murray City has received an allocation of funding, taken Hard Cost applications, and Soft Cost applications come to the City after going through the County. Soft Cost applicants may ask for funding from several cities based on their services provided to individuals within those cities. The County would pass those applications on to the City and the Council would decide how much funding to award each entity, both Soft Costs and Hard Costs.

This year there will be a change in how the program is run, Ms. Price detailed. In an effort to streamline things for the cities, the County will take all the Soft Cost applications. Ms. Price presented some priorities to the Council for approval last August and subsequently gave Murray's funding priorities to the County. Murray has a representative, Diane Turner, who serves on the County selection committee for CDBG funding. She knows the City priorities for Soft Cost funding and she will help determine where the Murray portion of those dollars is awarded. She was appointed to the committee by the County and is a Murray citizen. In the past Murray has received about \$38,000 to be allocated, however, that will stay with the County for allocations.

Ms. Price pointed out that housing applications will also go to the County, including the Community Development Corporation, which runs our down payment assistance program, NeighborWorks, and Assist, which does emergency home repair. They will apply to the County with applications passed on the City for determination of funding.

This year the City Council will be determining Murray's Hard Cost allocations and housing allocations. It will be one amount to be split among these applicants.

Mr. Tingey mentioned that there would be multiple applicants for Soft Cost funding and Mr. Brass and Mr. Stam would recall those meetings.

Ms. Price said that there will be 12 applicants to interview this year; two years ago there were 41 applicants to consider. The public hearing should go very quickly and the idea is to streamline these processes. Sometimes as little as \$500 could go to an applicant for soft costs and there is a lot of administration and overhead for these organizations and the cities.

The CDBG contracts run on a two-year cycle; therefore the agencies have two years to complete their projects. The City will no longer be allowed to make any allocations under \$7,000. That is simply because of the administration that is involved. Mr. Brass said these meetings in the past were the most difficult to bear. There may have been 50 entities, all with worthy projects and the Council had only enough funding for 20. These are positive changes making it easier for everyone.

Ms. Price said that over the previous two years the City has seen \$100,000 reduction in CDBG allocations. Mr. Nicponski asked what the total dollar amount is this year. Ms. Price said that it was \$259,700 two years ago, \$215,000 in 2011 and \$156,142 for the current year. That is a substantial reduction.

Ms. Price met with the Council a couple of months earlier to narrow the scope of priorities. It was decided to focus on programs about housing or keeping people in their homes. An example of that would be the Boys and Girls Club that has the after school child care allowing parents to work longer hours and keep their homes. NeighborWorks is another example of an organization that fills that need. Other organizations that are creating jobs or retaining jobs will be considered, as well. Ms. Price added a question on the application asking how many jobs in Murray the entity is providing.

The Soft Cost priorities that will be sent to the County include shelter, housing, food, medical care, employment and youth programs.

Mr. Nicponski asked if the funding dollars had gone down based on the federal allocations. Mr. Tingey explained that the Department of Housing and Urban Development for a number of decades has funded the Community Development Block Grant Program. They fund through Congress an amount for CDBG based on a formula. Communities apply for entitlement status if they are over the 50,000 mark for population. Those communities receive the funds directly from HUD and administer it working with HUD. The population numbers are important, Mr. Nicponski stated. Mr. Tingey said that the amount of dollars for Murray would not be significantly more. Now Salt Lake County receives the funds and administers the program, and gives Murray our allocation. The County does give Murray some administration.

Mr. Stam asked if the next time Murray might be able to qualify would be when the next census is completed. Mr. Tingey said there can be a time in between when the census does yearly growth projections and if the community has significant growth. Then we could be eligible to apply if the projection is over 50,000. The census can also be challenged if you feel areas have not been counted.

Ms. Price said South Jordan recently reached the 50,000 population figure. They became an entitlement community thinking they would get a substantial increase in the allocations. They did not get much additional money and now they are required to do all the things that Salt Lake County does for Murray and the other cities. The County does annual and quarterly reports plus this application process.

Mr. Tingey said that the HUD allocation is based on a formula using housing stock, population and percentage of low to moderate income individuals. If cities don't have a lot of older housing or low to moderate income residents they will not get as much.

Ms. Price said it is interesting because the formula comes from HUD not the County. Cottonwood Heights did not see any cut in their funding. The County does not know exactly what determines the formula. Mr. Tingey speculated that Murray probably does not have as many low to moderate income families. Murray used to have CDBG areas within the City and according to the preliminary map it does not have them now.

Ms. Price described the application process:

- A Letter of Intent must be submitted in December. It gives a chance for a preliminary look and if agencies need to go to the County or their project does not qualify she can inform them;
- Applications are due in February;
- Interviews take place in March by the Advisory Committee made up of the Mayor, Ms. Wells, Mr. Wilkinson and Ms. Price. Each applicant has 15 minutes to present their project and answer questions. This will include eleven applicants, plus the administration;
- Recommendations are made that will be presented to the Council at a Committee of the Whole meeting on April 3.
- The public hearing has been scheduled for April 17, and the applicants will present their project to the Council;
- Funding the programs occurs on July 1, 2012.

Mr. Nicponski asked how involved the Council gets and Ms. Price replied that in the past the Council has accepted the staff recommendations; however, she said they do not have to do so. The Council does have the ultimate decision;

Ms. Price explained that she would prepare a CD for all Council Members that contained each application, a summary of the programs and the recommendations.

Mr. Stam asked if it would be possible to get a list of the organizations that have received funding in the last couple of years. Ms. Price said she would provide that information.

Ms. Price gave a summary of the numbers:

- The County gave Murray \$18,100 from its administrative funds, due to the cuts sustained from HUD;
- Program funds in the amount of \$138,042;
- Total allocation of \$156,142;
- Requests of \$405,209;
- Reductions of \$249,067.

Ms. Price reported that there could be additional funds coming back to the City from expired contracts, which can be reallocated. She hopes to have those numbers within the next week.

Mr. Hales said that it must get pretty emotional. Mr. Brass noted that the requests come from homeless shelters and food banks and when they are not funded it is hard for these organizations.

Mr. Nicponski asked if across the board cuts would be made or if they planned to just eliminate some agencies because others need a certain amount in order to function. Ms. Price

said that the preference is to fund a particular program in its entirety, if possible. For example, if the Heritage Center asks for \$50,000 the staff would recommend as close to that as possible because the idea is to complete a project. If you spread it around and each entity gets \$4,000 then they may not have enough to complete a project. The Boys and Girls Club have asked for money for a playground, ADA upgrades, bathroom upgrades and carpets. This gives some flexibility for the City to fund two or three projects, but not all five. The recommendations to the Council will be to fund a project entirely or not at all. NeighborWorks has asked for \$90,000 this year for property acquisition and rehab loans. There is some flexibility here as the total \$90,000 does not have to be funded. Mr. Nicponski likes that philosophy so that the projects that are funded can be effective and others just will not get funded.

Ms. Price said that there are five applications for agencies that do the same things with small differences. They try not to duplicate services. They look for organizations that are in Murray and they consider how many Murray residents are served. The Columbus Community Center is an example of an organization that only serves six people, but these six people could not live on their own without that funding.

In summary, Ms. Price will get the electronic application materials to the Council and present the recommendations on April 3.

Mr. Brass thanked Ms. Price and stressed that the staff had taken a lot of the pain out of the procedure because it is a tough process.

Mr. Nicponski remarked that this is an integral part of the overall Strategic Plan.

## **Business Item #2    Capital Improvement Program Policy**

Mr. Zollinger distributed a tentative schedule for working through the CIP process. His presentation would be just a general overview of what is ahead.

The purpose of the CIP is to provide a long term planning tool to prioritize, coordinate, plan financing and provide follow-up. The nature of budgets is annual. It involves the budget you are currently in and the next one you are planning. The CIP provides a way to look further into the future and collect information to plan for those needs.

The three major classifications of capital are:

- Projects over \$50,000 with a useful life of greater than 10 years, such as buildings, infrastructure, land purchases and renovations.
- Technology capital projects cost more than \$25,000; new financial software would fit in this category, web design or improving the City network.
- Capital projects planning are projects costing over \$10,000 with a five year longevity, such as updates to master plans.

Another category that will be planned with the CIP is maintenance (referenced in the study) although it is not capital.

The CIP Committee will be composed of five members: two Council Members, the Mayor, Chief of Staff, and Finance Director. He feels that composition and balance is good. The Council Members talk well with constituents and know what they need, as do directors and department heads. This input from various sources can flow well into the committee for decision making. Also, all committee members are voting members.

Prioritization will take place in the following manner:

- Department Heads will collect their capital needs, put them on forms and assign them a score;
- Committee members will also assign a score to each project;
- An additional subjective factor applies to items that might not have scored well on the initial review and provides a way of weighting something a little heavier if it is felt that it is an important project.

The projects will be selected from this process and then evaluation of funding takes place. This will include the elimination of projects and coordinating items. With the big picture view the committee will have the ability to determine if streets are being replaced, then do the water and sewer lines below need replacement at the same time?

This year one year is being planned; but after this five years will be plugged into the process.

Project financing:

- Pay as you go is Mr. Zollinger's preference to avoid debt. He likes to provide a way to save and then transfer money to the Capital Project fund for future projects. He has seen a great model of how that works and he would like the opportunity to discuss it further with each Council Member. Mr. Nicponski clarified that the City would build reserves outside the 18% allowed.
- Debt financing by bonding would be something to consider for projects that cannot be afforded by the City alone, such as a new City Hall.
- Build reserves to utilize for capital projects.

The CIP process allows oversight and follow-up. The committee will check on projects funded the prior year, see if additional funds are needed for completion, and this provides a way to make incremental progress toward City long term objectives and goals.

Mr. Nicponski confirmed that these do not always have to be new projects, like the water and sewer upgrades. We do not want to get behind in these areas. Mr. Zollinger agreed.

Mr. Wagstaff mentioned that the handout gives an idea of the timing involved in the process.

Mr. Hill stated that the CIP committee put together the policy Mr. Zollinger just outlined. It was the consultant's recommendation that the City Council adopt the policy. That is probably the next step - to present that policy with a resolution at a future Council meeting. Once adopted that puts this policy in place.

The policy will include any changes that were submitted to the Council.

There being no additional business the meeting was adjourned at 6:25 p.m.

Janet M. Lopez  
Council Office Administrator