



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2017-2018**

The Murray City Municipal Council met as the Budget and Finance Committee Tuesday, May 9, 2017 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

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

Others in Attendance:

Ted Eyre	Mayor	Jan Lopez	Council Administrator
Frank Nakamura	City Attorney	Janet Towers	Exec. Asst. to the Mayor
Pattie Johnson	Council Office	Mike Terry	Human Resources - Director
Matt Youngs	Power	Doug Hill	Public Service Director
Danyce Steck	Finance Director	Justin Zollinger	Finance Director
Beatriz Mayorga	Attorney Office	April Callaway	Heritage Center
Trae Stokes	Public Services	Tricia Cooke	Heritage Center Director
Tim Tingey	ADS – Director	Greg Bellon	Power – Assist. Gen. Mgr.
Craig Burnett	Police Chief	Joe Tarver	Assistant Police Chief
Cody Pearson	Fleet	Carisa Gale	MCEA
Gil Rodriguez	Fire Chief	Laura Lloyd	Fire - Administrator
Kim Fong	Library - Director	Lori Edmunds	Cultural Arts
Mike Williams	Court Administrator	Mary Ann Kirk	Cultural Arts
Kim Sorensen	Park Superintendent	Lane Page	Cemetery
Cory Plant	Recreation	Russ Kakala	Streets Superintendent
John Pearson	Golf Course		

Mr. Brass called the Budget and Finance Committee Meeting to order at 9:04 a.m. and welcomed those in attendance.

Budget Overview – Justin Zollinger

Mr. Zollinger reported a balanced budget despite challenges. He described this year’s budget as the year of preparation, due to next year’s large scale projects. Three significant projects were noted:

- Historical Murray Mansion – \$1.5 million
The purchase would be situated in the middle of a potential downtown city park.
- Design Plans - \$1.44 million
The cost for design planning is often covered with a bond, however, by utilizing the .2% sales tax money, along with available funds from a bond payoff, the cost for plans and other projects could be paid out of pocket. In the future, new bonds would be utilized for new construction instead of designing. Architects are yet to be determined.
- Fire Station - \$1.8 million
The initial cost of \$4.2 was underestimated, therefore, an additional \$1.8 million is needed to allow for a \$6 million dollar facility.

According to the legislature, \$1.5 million is available to Murray, for transportation and funds would be utilized for the extension of Hanauer Road. In summary, by moving the fire station, completing design plans, extending Hanauer Road, and purchasing the Murray Mansion, Mr. Zollinger said progress would be significant.

As requested, \$100,000 was added to the budget for the final acquisition of additional properties in the downtown area. Demolition and cleanup expenses would filter into next year's budget.

Mr. Zollinger felt delaying the bonding process was the best option for the city, therefore, he recommended bonding for the new city hall in May or June of 2018. He thanked the council for their patience and was excited to report construction for city hall would be ready at that time.

Mr. Zollinger continued to review the overall budget.

Departments were asked to keep operational budgets flat, as a result, only a few increases were seen, due to contractual increases and higher utilities.

In the past, internal services that provide funds, such as the council, finance and city attorney offices, budgets were completed by moving money to the General Fund, however, new software this year allowed wages to be allocated to various enterprise funds. Therefore, internal services wages are distributed as follows: 30% from the General Fund, 5% from the Water Fund, and 20% from the Power Fund. The new software simplified the process significantly.

Employees were scheduled to receive a 1% Cost of Living Allowance (COLA) increase and a 1% Merit increase. In addition, very few adjustments were made compared to last year's total of 90 adjustments.

Mr. Camp asked if increased personnel costs of \$778,000 included the 1% COLA, the 1% merit increases, adjustments and insurance coverage. Mr. Zollinger replied yes.

Mr. Camp asked if retirement rates were flat. Mr. Zollinger replied yes.

Mr. Camped wondered what the actual cost of a 1% merit increase was. Mr. Zollinger explained wages, multiplied by 1%, would not include retirement, therefore, a general factor of 1.3%, multiplied by wages was used. An amount of \$300,000 was noted as the cost for the increase. Mr. Camp explained he asked the specific question because he thought the Consumer Price Index (CPI) increase was 2.3%. It was

noted that the CPI for the Utah region is just over 3%, which had fallen into the negative over years past.

Due to anticipated growth, the budget on the .2% sales tax increased by \$200,000, bringing the total to \$3.7 million. Last year's budget provided \$3.5 million.

Other significant increases in the General Fund revenue budget were noted, for instance, an increase to the 1% sales tax revenue, was \$416,000, and an increase of \$475,000 for ambulance billing, due to better collection procedures.

The city has seen a decrease of \$240,000 to \$260,000 in justice court revenue the past two years. Mr. Zollinger felt the negative swing was a challenge to address in the budget and was due to a change in philosophy.

Mr. Camp asked if the decrease was due to the overall decrease in citations or just traffic citations. Mr. Zollinger replied it was due to fewer traffic citations, however, he would confirm with Mr. Williams. Mr. Zollinger noted historically, the justice court fines revenue fell between \$1.7 million and \$1.8 million, however, this year the budget was \$1.3 million.

Health Insurance rates increased by 2.7%, which was considered substantially low. In comparison, VECC health insurance rates increased by 22%. Ms. Steck stated she had never seen an increase as low as 2.7% and had typically seen increases between 9% and 15%.

Mr. Hales felt the city's insurance rebate to employees was of great significance. Mr. Zollinger agreed and noted for two years in a row, thank you letters were sent along with rebate checks to employees for being careful with insurance. Mayor Eyre noted 85% of the money would logically be returned to the city since the city paid 85% of premiums. He hoped employees were aware of the city's generosity to employees. Mr. Zollinger liked the choices the city made to incentivize saving.

Employee holiday bonuses of \$100 would remain in the budget, as well as, employee appreciation days off.

The term floating holidays was changed to employ appreciation days. Employee holiday time off would need further policy decisions, due to holidays that fell on Saturdays.

Ms. Turner noted the difference between the number of employee appreciation days given for police and non-fire personnel, versus firefighters. Mr. Zollinger explained police and non-fire personnel work eight-hour days, or 40 hours per week and receive 24 floating hours off per year. Since fire fighters work two, 24-hours shifts, with three days off, the 36 hours allowance makes it equivalent to police and non-fire personnel.

The budget for Class C Road money was \$1.6 million, with an additional \$300,000 allocated towards roads. Road projects noted were Topowa and Bullion. Mr. Camp noted Bullion Street was completed. Mr. Nicponski said the project on Bullion was intended for curb and gutter installation, due to new home construction by Ivory Homes. Mr. Camp wondered why Ivory Homes would not install curb and gutters. Mr. Nicponski explained, Ivory would install curb and gutter in the subdivision, however, the intended location was not in the subdivision but located at the west end of Bullion.

Mr. Hales wondered why Golden Chain Street was cut from the project list when originally scheduled for

this year. Unhappy constituents contacted Mr. Hales with concern when the project was not completed last year. He inquired what could be done to move the project back to top priority. Mr. Brass felt the issue would be better discussed during the Public Works budget review.

A budget of \$360,000 was noted for police vehicle replacements. A savings of \$45,000 was achieved this year by refurbishing an ambulance. Therefore, \$190,000 would be budgeted to refurbish another ambulance. The cost of a new ambulance is \$230,000, which would provide \$40,000 in savings.

Water projects totaling \$1.5 million would be allocated from reserves. Projects related to waste water total \$500,000, and projects related to power total \$1.1 million.

Mr. Zollinger said details related to future projects would be provided by department heads further into the budget meeting.

The Waste Water Fund and the Storm Water Fund would use reserves for capital projects. Approximately \$285,000 of one million dollars in the Storm Water Fund reserves would be utilized to purchase a street sweeper. Mr. Zollinger recommended street sweepers be scheduled on a replacement cycle. Currently the city has three sweepers and by replacing one, every three years, high replacement costs would be avoided.

Mr. Zollinger recommended the council raise reserves from 16.5% to 18.5%. Council policy authorizes the city finance director to move General Fund reserves to the Capital Projects Fund if the General Fund's reserves are in excess of the 18.5 percent.

The overall budget outlook was stable and he was able to balance all operating budget cost increases with conservative revenue budgets. The city continues to benefit from a growing Utah economy, due to the Fashion Place Mall expansion. Mr. Zollinger budgeted for increased sales tax growth.

The Library Fund ended with only \$14,000 for capital projects, consequently, if remodeling or repairs are needed, there would be little flexibility in the budget. Once \$14,000 was depleted, severe cuts are inevitable, affecting personnel and things such as book purchases unless revenue increased.

The Storm Water Fund was tight this year, however, a rate increase was helpful. Mr. Brass said the most significant challenge on the east side of the city related to the Storm Water Fund. East of 900 East was the only bill citizens received from the city and without true curb and gutters in neighborhoods, it remains difficult to explain how a charge of \$3.55 per month is equally applied. He felt the city should balance improvements and include the area on occasion, by installing curb and gutters.

Mr. Zollinger explained in 2007, the area was annexed into the city, and no water, power or waste water services actually exist.

Mr. Zollinger said, due to numerous projects at Central Valley Water Reclamation (CVWR), the Waste Water Fund, would need to utilize reserves, if not for a rate increase. The practice of using reserves for such expenses is not a favorable option.

Years ago, the Golf Course Fund had revenue of approximately \$950,000 from green fees. Mr. Zollinger

has projected reduced revenue of \$740,000 this year. It was hard to conclude whether the decrease in revenue was due to recent irrigation construction projects, or, lack of public interest. The irrigation project when completed was slightly higher in cost than expected, therefore, funds of \$34,000 were redirected from the Cemetery Fund to the Golf Course Fund in order to balance the budget.

Mr. Brass pointed out reduced revenue could have resulted from a normal Utah winter with a long wet season in February and March which cut into player rounds.

Mr. Zollinger recommended making the transfer of funds this year. Golf rounds have been down the last two years and was a common trend in the sport nationwide. Approximately 125 golf courses closed in the United States last year and only four were added. Indicators and patterns would reveal there are less golfers nationwide.

Mayor Eyre said Mr. Pearson reported the Murray golf course was busier than ever.

Mr. Zollinger reported all capital had been cut from the Golf Course Fund. With a fee increase last year, he felt it was not a favorable option to do another one.

Mayor Eyre considered the salt budget of \$70,000 and noted past normal winters when costs varied. He wondered the actual cost for salt this year. Mr. Zollinger said salt funding was in Class C Road Funds for a cost of \$52,465 this year; he questioned whether the city had been fully charged yet because the previous fiscal year the cost was \$84,000. The new practice of pretreating roads was noted, which could have contributed to a reduction in salt costs.

In summary, Mr. Zollinger said the council, mayor and city staff provided a balanced and sustainable budget for citizen consideration.

Attorney's Office – Frank Nakamura and Beatriz Mayorga

Mr. Nakamura said the overall budget was status quo. He noted the Retained Risk Fund and *professional services account*, which was utilized for situations requiring special expertise and dealing with developers. It was the city's philosophy to hire outside counsel instead of hiring additional staff in those cases.

Temporary assistance was needed to cover maternity leave for Ms. Mayorga due to current staff size. Mr. Nakamura noted a budget of \$8,956 in the Retained Risk Fund to cover her leave of absence.

Mr. Nakamura would be retiring the end of 2017. A retirement payout was estimated for \$30,000 and would include vacation and sick time.

Mr. Zollinger explained according to employment laws \$10,000 was budgeted in the Retained Risk Fund for new employee training and outside individual consulting. Mr. Nakamura added, regarding employment laws, training would be useful in what was considered the most difficult cases, such as, sexual harassment. He believed and stressed the overall workforce needs to be sensitized to issues related to harassment which included workplace violence.

Mr. Brass asked Mr. Nakamura if adequate funding was available in the *training* budget to maintain

continuing education units (CEU) for his staff. Mr. Nakamura replied yes and appreciated the provisions. He would like all the attorneys to remain involved in the statewide City Attorneys Association and felt attending sessions, as well as, networking with colleagues was of great value. Mr. Critchfield and Mr. Farnsworth participate in the Municipals Attorneys Association and all attorneys belong to the Utah Prosecutors Association where prosecution training is provided.

Mr. Nakamura voiced appreciation to the council for the ability to use outside counsel when needed. He valued the council's understanding of how outside sources provide favorable results in a reliable and quick manner. Two sources typically used in the past are: Jody Burnett, a land use expert, and the Jones Waldo Law Firm for litigation expertise.

Mr. Hales felt it was a positive attribute that Mr. Nakamura was willing to seek outside expertise.

Mr. Nakamura was grateful to the council for approving the development of the new Retained Risk program, which was a significant part of the department now and became more extensive than anticipated. The program was positive for the city and kept Mr. Knight extremely busy. Claims are resolved more efficiently and understanding is greater than ever before.

Mr. Nakamura expressed sadness about Mr. Zollinger leaving the position as finance director of the city. He said Mr. Zollinger was one of the finest finance directors he had the pleasure of working with during his 30-year career as city attorney; not only because of fine skills, but because Mr. Zollinger's desire to work as a team.

Mr. Zollinger felt the experience was wonderful and much was accomplished by working together.

Administrative & Development Services – Tim Tingey

Overall, the department kept a lean and stable budget regarding operations, however, various cuts were made to offset expected increases for costs related to approaching elections. There was reorganization in Community and Economic Development and Building Division, as well as, a reduction in funding amounts. Modifications were highlighted by division as follows:

Administration

There was significant change in the *regular employee* line item due to allocations implemented by Mr. Zollinger.

Based on state law, and due to the challenges of providing general fund dollars for Economic Development projects, it was proposed to zero out \$30,000 from the *Economic and Development Incentive* account. The focus instead would be on Redevelopment Agency dollars going towards incentives.

Minor increases occurred in *professional services* and *cell phone equipment*. *Equipment maintenance* would see increases for Xerox, as well as, ITRON equipment, which was used for meter reading.

Recorder

The *elections* account was noted as having a place holder of \$40,000 for elections. Cost estimates of

\$110,000 received from the county were budgeted even though considered high-end. Mr. Tingey said the actual cost would be less.

Mr. Zollinger said additional cost increases to the *elections* account could occur due to postage expenses for mailing ballots. Mr. Tingey agreed, however, costs would still remain lower than previous years.

The *professional services* account increased from \$5,000 to \$7,000, due the continuation of updating and changing city code books in the attorney's office.

IT

There was significant increase to the *small equipment* account for Tough Books, which are mobile laptop computers used by the police and fire departments.

Mr. Tingey noted a budget of \$75,000 in the *equipment* account and explained it was based on capital improvement project (CIP) allocations.

Mr. Zollinger explained, generally capital improvements are made for the entire city, and not just one department, therefore, when new servers were purchased, \$75,000 was placed in the *equipment* account until further allocated. He felt each department should contribute to the cost of new servers.

The IT budget was fairly level, however, it is always changing. Preparations were noted for an expected state government audit, related to changes in the police and fire records information system. Ramifications of the cost are not known at this time, but would affect the next budget year and resources were available to address those issues.

GIS

There was a minor increase from \$500 to \$1,250 in the *maintenance equipment* account for the city plotter maintenance agreement, which was considered a prudent decision.

The *software maintenance* account increased by \$5,000 for the City Works contract.

Building Inspection

Mr. Tingey noted the most important concern here was capacity. He carefully monitors how fast permits are issued, as well as, how quickly inspections are completed. The timing of plan reviews was also most concerning. Reorganizing the division was helpful. Although, the budget could change after plans are reviewed by structural engineers, a reassessment of the budget at mid-year was suggested.

Mayor Eyre inquired about Mr. Tingey's concerns related to plan reviews and wondered if it was because developers were turning plans out too quickly, or was the process too slow. Mr. Tingey explained, with a staff member absent for some time, plans fell behind, therefore, reviews were taking 15 to 20 days, which was not as quick as in the past. A part-time person was hired to assist with the reviews, in order to help catch up. In addition, a new building official, Steve Reed, was hired from within, who contributed great ideas for inspection reviews. Mr. Tingey expressed his concern about the process because if the city is not getting them out, calls are coming in. An inspector was hired as well, who was exceptional. It was noted that Mr. McNulty would continue with administrative items, focus on building

permits and plan reviews, and building official duties.

Community and Economic Development

Mayor Eyre and Mr. Tingey recommended a significant reduction in funds from \$12,600 to \$5,000 for Economic Development Corporation Utah (EDCU). It was noted the county and other organizations proposed cuts as well. Although the EDCU is important to the state, Murray City is not rendering justifiably and budget cuts to the organization have been made in the past.

Mr. Brass felt Murray City did not get the attention other cities received from the EDCU, simply due to a lack of open ground and he questioned the benefit EDCU could bring to Murray.

Mr. Tingey explained new leadership at the EDCU was expected, which might determine a positive change, therefore, the reduction could be reversed at a later time.

Mr. Zollinger noted the number of employees retiring this year and said funds were provided in the budget to cover new hires. Mr. Tingey confirmed seven employees would retire this year. Opportunities to restructure would be evaluated, as some employees held key positions. Creating a new city facilities manager position was noted as a possibility, as well as, hiring additional staff under the facilities manager.

Redevelopment Agency Fund (RDA)

Central Business District

Several modifications were made to RDA budget line items due to a shift in focus from property acquisitions to redevelopment and incentives. Mr. Tingey noted important changes.

Acquiring land continues, therefore, with the completion of significant land acquisition, the *land* account in the Central Business District reflected a significant reduction of over \$8 million.

Buildings and Infrastructure line items were modified and zeroed out due to a new stage in the city's redevelopment plan.

Mr. Zollinger affirmed general RDA funding was reduced due to significant land acquisition from RDA reserves. Although reserves were available in the *low income housing* account, and in order to purchase additional property and ensure future projects, further spending would be delayed until reserves were restored.

Fireclay

Three redevelopment agreements are in place with developers at Fireclay; Parleys Partners, Hamlett Homes, and Fireclay Investment Group.

Over the last three years, collected funds were reimbursed to only two of the three developers because one developer did not meet development agreement requirements. Mr. Tingey said most requirements are currently met, however, the lack of a commercial component remains the biggest issue. An attorney hired by the developer is prepared to take the city to court because the developer claims to have

documentation of a lease for a commercial tenant.

Further discussions are expected during an upcoming RDA meeting in order to get agreement requirement issues resolved. Once confirmed to be accurate, a three-year reimbursement calculation of approximately \$700,000 would be dispersed.

The *low income housing* account in Fireclay reflected a budget of \$221,289, which included a 20% requirement by the city, as well as, carry over from previous years of Neighborworks funds. Therefore, based on those allocations, the 2018 budget was reduced to \$127,076.

Mr. Zollinger stated, the question should be asked why the city was paying 20% on money that Murray City School District opted out from, as they continue to receive \$600,000 from the RDA. He questioned, why the city would budget low income housing on money, the city was not keeping. Therefore, the decision was made to reduce the budget providing a more accurate situation.

Mr. Zollinger added, low income housing money from this budget year could be utilized to fund the \$700,000 reimbursement.

Mr. Brass felt it was important to verify all requirements of the development agreement in detail, prior to budgeting \$700,000.

Mr. Tingey explained six memos were sent to the developer, addressing unmet requirements, over two years' time; he received no response until just recently. Further discussion on the matter was expected.

Smelter Site

The *low income housing* account is the partnership with Neighborworks and is primarily located at the Smelter Site.

The *Murray School District* account was noted as part of the modifications, which were adopted last year by the RDA board. The RDA expires in 2023.

Mr. Brass noted it was modified to expand the collection area in the Central Business District.

Mr. Nicponski addressed a high budget of \$60,000 in the Cherry Street *professional services* account. Mr. Tingey and Mr. Zollinger analyzed the line item and agreed it was a typing error. Therefore, the council agreed \$54,000 would be reallocated to the Smelter account where it should have been allocated.

Murray Library – Kim Fong

Mr. Fong reported a flat, although very tight budget. The board decided against a tax increase this year, due to the possibility of the library moving to the Murray City Center District (MCCD), however, next year the increase is inevitable. Having funds in place will insure new operations and building costs are covered all at once.

Mr. Brass asked when the last tax increase was. Ms. Fong said 2006.

Because a property tax increase had not occurred in 12 years, it was noted as the primary reason library funding was low. Exhaustive efforts to keep the library budget balanced has been a struggle for some time. Mr. Zollinger explained the library was funded 100% by property tax, therefore, without new growth and by state statute, property taxes do not increase unless the city initiates a Truth in Taxation hearing.

Mr. Brass agreed there was no creative, better way to fund the library. In comparison, city parks are a valuable resource and he believed most citizens felt the same about the library.

Mr. Zollinger reminded the council, the library's tax rate is essentially half as much as other entities. Ms. Fong agreed and confirmed even with a proposed tax increase, to build a new facility, rates would remain significantly lower than other city and county rates.

The library currently does not reside on city owned property, therefore, with property already purchased a new facility would be located on city property. The plan to create a building fund, utilize some property taxes and only budget for current operational costs was noted. The library has 24 employees, half of which are part time.

Mr. Zollinger said in order to keep operations functioning extreme cuts occurred and noted *capital funds* decreased from \$45,737 to \$14,870. The *library* fund is no longer able to afford building improvements, therefore, the facility is declining fast and concerns are pressing. He believed cutting book purchases, circulation and employee positions was not how the library should operate.

Ms. Fong confirmed the library board would ask for a tax increase next year in support of a new facility.

Ms. Lopez noted a significant decrease in library fines. Ms. Fong explained DVD fines were reduced to fifty cents. Mr. Zollinger explained there was a period of time when outstanding fines were brought current and collected all at once, which provided the one-time increase.

Mayor Eyre inquired if any employees would retire this year. Ms. Fong reported the possibility of one next year.

Mr. Nicponski asked if federal grants were possible for library funding. Ms. Fong said a recent request was denied.

Fire Department – Gil Rodriguez

Chief Rodriguez mentioned an increase to *Medicare State Assessment* which provided growth in the budget. He explained, reimbursements from Medicaid typically totaled less than \$200 for ambulance transports. However, a new method of paying an assessment fee for individual transport calls, provided pooled funds, which were collected and reimbursed back providing the increase. Chief Rodriguez said the collection rate was now approximately 50% which was a great benefit.

An increase of \$3,100 for *administrative travel* was noted. The budget would provide for an increase in required chief meetings and overall training. The department staff travel to North Carolina, San Antonio and St. George for various training.

Mr. Zollinger noted a 590% increase to the *miscellaneous* account. These funds of \$6,900 would provide

for in-the-line-of-duty death benefits for fallen officers.

Mr. Nicponski noted an increase of \$10,691 to the *small equipment* account. Ms. Lloyd explained funds would be utilized to purchase an enclosed trailer for transporting equipment.

The chief said there was great effort to keep a flat budget, considering how busy the department remains and a slowdown was not anticipated.

Costs to the *VECC* budget amplified. *VECC* planned to steer away from V-Tron systems, due to increased call volume, therefore, a new CADD system was needed.

In addition, as a result of escalated call volume, an increase to the *supplies* account was noted for ambulance and paramedic needs.

An increase occurred to the *billing contract services* account due to better collection practices and the efficiency of Gold Cross billing.

An increase was noted to *fleet assessment*, in order to refurbish a third ambulance, which was found successful in the past. The allocation is based on the number of ambulances in the fleet.

A budget of \$6 million was noted for the new fire station. Due to a fluctuating construction market, the exact estimated cost is not certain at this time. It was mentioned that Salt Lake City and Lehi would construct new fire stations, and West Valley City would construct three new fire stations. In addition, Taylorsville, spent \$6.2 million on a new 6-bay fire station, which was similar to Murray design plans. Cost analysis comparisons would continue as planning moves forward.

Mayor Eyre inquired the savings of refurbishing an ambulance. Chief Rodriguez stated it was \$45,000.

Mayor Eyre asked the difference between dispatch calls and transport calls related to 50% reimbursement rate. The Chief explained not all dispatch calls are transport calls, therefore, when 50% of rates are collected, money was only collected from half of transported patients.

Mr. Zollinger said compared to past trends, 50% was a great improvement. The Chief confirmed South Salt Lake City has an approximate 30% collection rate.

Council Office – Janet M. Lopez

Changes were made in specific allocations, related to separating council expense line items, from council meal expenses. A yearly allowance of \$15,000 was noted for council expenses, or \$250 per month, per council member. An increase would be considered next year.

A request was made to increase the *meal* account to \$7,500. It was noted some funding would be transferred from *miscellaneous* funds. Therefore, there was a \$1,000 decrease in the *miscellaneous* line, as well as, a \$500 decrease to the *supplies* account to create the increase for meal expenses.

An oath of office ceremony was expected this year, as well as, a need for funding the expenses for new council members, therefore, a transfer from the *non-departmental* account would occur to cover costs.

Mr. Nicponski noted a significant decrease to the *regular employee* account. The reason was due to an allocation to *enterprise funds*, which contributes to all internal service providers, such as, utility billing, attorneys, human resources, GIS, finance and IT. Mr. Zollinger explained the transfer was made to allocate payments from various funds and not just from the General Fund.

Ms. Lopez said *professional services* paid for live video streaming of council meetings.

Cell phone allowance was noted as \$65 per month, per council member.

Due to an error, Mr. Zollinger asked the council to approve the transfer of \$7,500 from *non-departmental* to the *meals* line item. All were in favor.

Finance Department – Justin Zollinger

There was no significant change to the budget and Mr. Zollinger noted the following:

Contractual services was noted for the city auditor and reflected a budget of \$32,000 since there had not been a single audit for the last few years. The cost of an audit was generally \$29,000, therefore, Mr. Zollinger felt more than sufficient funds were available.

Adequate funds were noted in the *small equipment* account, which would be utilized to purchase a new computer for the new finance director.

The budget was tightened slightly in *non-departmental* due to the number of retirees remaining on health insurance. A few people coming off health insurance would switch to Medicare after reaching 64 years of age.

The *debt service & transfers* budget reflected a substantial decrease in debt service payments. The low balance of \$2,015,645 reflected what remained of a 2009 bond and the UTOPIA bond payments.

The city paid off its 2007 sales tax revenue bonds in the amount of \$2,845,000 during fiscal year 2017. A decrease in the budget would benefit the financing and construction of a new city hall.

The *transfer out* account increased due to budget savings from paying off the 2007 sales tax revenue bonds. The increase would be transferred to *Capital Projects* and *Murray Parkway golf* account for 2018.

Details related to the Budget Addendum for Fiscal Year 2018 are listed below.

- Cottonwood High School banners were removed due to the legal opinion that banners were not feasible. The cost would have been \$2500.
- Murray High School Arts Festival was discontinued. The cost was \$1,000 last year.
- Murray High School Music Specialist, previously \$40,000 was changed to \$30,000. Ms. Turner asked if funding was determined for Cottonwood High School's music department. Ms. Towers was not aware of funding other than \$30,000 for Murray schools overall. She felt funds could be divided accordingly and would further investigate.

- The Mayors scholarships were awarded in the amount of \$1,000 each (\$2,000) for two senior high students; one from Murray High and one from Cottonwood High.
- A donation of \$75,000 to the Boys and Girls Club would remain the same.

Justice Court – Michael Williams

The budget was the same as the previous year, which was less than years passed. A request was made to reduce the *supplies* account by \$5,000 and transfer funds to the *judge coverage* account. A need for more judges was noted, due to an increase in small claims.

Mr. Williams said the courts had done well this year. A clerk was replaced with a lower paid employee.

A Utah state grant was received to pay for half the cost of a new fingerprint machine. The total cost was \$18,900.

Since going paperless, a work station for the judges required a new computer. State funding of \$17,000 was received to help with the total cost of \$22,000.

A request was made for a new front door metal detector, called a magnetometer, because the current system is not functioning properly.

Funds are available to repaint common areas in the 13 year old facility, which is much needed.

The Murray courthouse was one of many large courts to successfully go paperless and to meet the cutoff date, of January 1, 2017. Training for judges and clerks was tedious, despite unanticipated bugs in the system. Paperless filing, however, is not yet mandatory, due to credit card processing problems and card limits of \$11,000, therefore, a challenge remains with *small claims*.

Mr. Camp addressed the increased workload in small claims and noted a decrease in *finer* revenue. He wondered if revenue was neutral in covering costs. Mr. Williams stated costs were covered, however, he mentioned a financial loss with each processed case, due to the \$18 cost of an interpreter, which was more than case filing fees. Mr. Williams was not sure when the cost for interpreters was set or why it was set at a higher amount.

Mr. Zollinger said traffic citations were down. Mr. Williams confirmed traffic citation were significantly lower due to a philosophical change. Citation revenue was as much as, \$15,000 and \$17,000 per year in the past, and had fallen to \$11,000 this year. However, criminal and misdemeanor cases remain the same every month at approximately \$1,300. Mr. Williams felt residents might view the courts as a revenue source, however, he noted courts do not write citations or set fines; total amounts were mandated by the state.

Mayor Eyre inquired about mold in the facility. Mr. Williams reported three major water problems over the last couple of years and a significant finding, which revealed a major leak. Mold and mildew were discovered, however, the source of the leak remains a mystery. Water stains were discovered after professional testing and all walls were noted as water infested by four feet. Carpet was removed and fans dried out affected areas, although black mold was not present. The leak could be coming from the dental office above or from vents leaking during significant rainfall. Repair costs are estimated from

\$10,000 to \$15,000 as efforts to locate the source continues.

Public Services – Doug Hill

The operating budget was relatively flat. With the exception of wages, very little change was noted in operation costs from last year to the current budget.

A slight increase occurred to the *cell phone* and *credit card* costs.

Mr. Brass inquired what concerns Mr. Hill had related to retiring employees or old facilities.

The biggest challenge was hiring and retaining seasonal employees. A recent survey relating to seasonal employees was conducted in the Salt Lake valley, where pay increase adjustments resulted for *seasonal employees*. There are 20 seasonal employees who would start park operations over the summer. The golf course and cemetery are currently hiring seasonal employees as well.

Another challenge, from year to year, is the city's aging and deteriorating infrastructure, which affects city and park facilities. Mr. Hill commended Mayor Eyre for a phenomenal job the last three budget years to ensure funding for *infrastructure*, however, keeping up with every need continues to be a challenge for funding.

Last year's high cost of \$75,000 for *road salt* was noted. Mr. Hill explained the cost was purely a function of weather, which changed during winter, from month to month and into early spring; therefore, cost estimates were based on averages which could often exceed or recede depending on snowfall and ice.

Mr. Zollinger asked if pretreating roads was beneficial to less salt use. Mr. Hill confirmed it was a great help. The department was able to implement a brine solution program prior to snowfall. The practice is the standard for most cities, as well as, for the Utah Department of Transportation. He felt Murray's first experience utilizing the solution was successful. Therefore, a cost of \$50,000 was noted in the budget for the purchase of a computerized brine maker, which would provide savings compared to road salt purchases.

Public Works

The operations budget was identical to last year, however, *utility assessments* and *Class C road* monies had a slight increase, due to an error made last year when funds were mistakenly withheld because of legislative results. The issue was corrected mid-year, therefore, full appropriations for Class C Roads was expected this year.

The *streets division* is included in the public works budget, as well as, *engineering* and *shop operations*. The old shop facility works well for the city, however, it is aging; upgrades, paint and roof repairs are needed.

As approved by the Mayor's 2018 Budget, a new engineer position was created for the future. The primary reason was due to major redevelopment in the city.

Parks and Recreation

Mr. Hill explained, with the exception of wages, the budgets were the same as last year in the parks, recreation, arts and history and the Park Center divisions. Overall costs were identical and few line item changes were noted.

Due to Ms. Kirk's retirement later this year, a new employee was added with the mayor's approval. Training has occurred during the last five months, therefore, two full-time positions were noted in the *arts and history budget*.

Mr. Nicponski inquired about the fish program for Willow pond and wondered if fish were provided by the state. Mr. Sorensen reported \$4,000 per year was supplemented by the city to the Division of Wildlife Recourses for fish stocking.

Due to staff changes in the *recreation* budget, responsibilities shifted, therefore, *employee* costs were transferred from *recreation* to the *Heritage Center*.

An adjustment was noted to the *golf fund*, which shifted funds from the *recreation* budget to the *Heritage Center*, as well. The change was not considered a cost increase, but rather a transfer from one budget to another.

The same transfer occurred in the *arts and history* budget, with the anticipation of Ms. Kirk's retirement. In addition, a change in line items to cover costs for the Murray Fun Days celebration would come from the *parks and recreation* division instead of *arts and history*.

There were no changes to the *outdoor pool* and *cemetery* budgets.

Ms. Turner noted an increase to *cell phone* expenses. Mr. Hill explained with cell phone costs ever increasing, centralizing accounts into one provider offered better pricing overall. The city utilizes AT&T, whereby, each division has a separate budget for cell phone costs, therefore, all divisions reflected an increase this year.

Water Fund

The February financial statement reflected \$3,700,000 in Water Fund reserves and the city is in great shape. *Reserves* are well above the required minimum of 25%, therefore, the city would utilize \$858,000 of reserves from the Water Fund next year for capital projects.

Although the water system operates well and reserves provided for projects, a rate increase has not occurred in five years. Therefore, in order to consider rate increase accuracy, a water rate study would be conducted this summer.

Due to recent large road projects, such as, 5900 South requiring water lines, the city postponed the task of replacing aging and deteriorating water lines throughout the city. The need for a very aggressive replacement program was indicated and the various projects will move forward this year. Constituents should understand water line repair costs are separate from road repair costs.

Mr. Zollinger considered a positive perspective, although the city would spend \$858,000 from reserves, the city was funding \$600,000 of capital from operations as projects occur.

The next large costly water line project was scheduled for 4500 South under the I-15 Freeway, which was funded by this year's budget and would carry over into 2018.

Waste Water Fund

Considering the upgrade at Central Valley Water Reclamation (CVWR), costs are increasing, due to construction expenses. Estimated costs of \$848,000 would be utilized from the Waste Water Fund reserves next year, which reflected a balance of \$4 million. Mr. Hill stressed, utilizing reserve funds was not a great concern, although, there was no immediate plan to replenish money at this time.

Mr. Zollinger confirmed, however, the city recently paid off a bond of \$1.7 million, therefore, reserves would stand at \$2.3 million. Consequently, he noted the use of \$848,000 in reserves, with a capital budget of only \$500,000 was not a favorable idea. Spending reserves to balance operation costs was typically frowned upon and considered non-sustainable. Based on budgeted costs, from CVWR, the only solution was a rate increase.

Mr. Hill agreed and stated a consultant hired by the city would conduct the waste water rate study and increases would be considered by the council in a few months.

Mr. Nicponski affirmed the city would face two rate increases; one for water and one for waste water. Mr. Hill confirmed there would be two increases.

Golf Course

The golf course budget experienced a significant decrease in revenue due to the construction and installation of a new sprinkling system at a cost of \$2.4 million. However, expenses are estimated as zero next year, even though a need for new maintenance equipment such as mowers remains. Another reason noted for the 10-year downward trend in revenue, was due to the decline in popularity of the sport. The negative trend is a nationwide concern.

Mr. Pearson agreed and explained the negative trend, where he learned while attending a player development seminar recently at Jeremy Ranch; the sport is in decline for many reasons, such as, injury, age, lack of time. Years ago, new golf courses were constructed throughout America at a rate of 150 per year. Only 15 new courses were constructed nationwide in the last five years and 33 courses closed. Trends are down, he said, however, after his research, fortunately for Murray City, the trend is not as bleak comparatively.

This is the first year the city would subsidize the golf course since opening in 1986. The mayor recommended a transfer of \$34,000 from the General Fund to the golf course fund. With construction completed, the hope is to see a usual level of play return in July, despite the nationwide downward trend. Golf fees are \$15 for nine holes and \$22 with a cart. Fees double for 18 holes.

Mr. Hill noted many line items were trimmed in the budget, for instance, golf marshal positions were removed. Had the city not subsidized golf course expenses, a full time employee would have been laid off, due to the tight budget.

Solid Waste Fund

The Solid Waste Fund is relatively stable and is a stable source of revenue for the city. *Reserves* were noted at \$400,000 with no significant change, however, the cost for *garbage removal* increased. A five-year contract with ACE Recycling and Disposal began January 1, 2016 and the cost was expected to increase upon renewal. In addition, the exact increase for Trans Jordan Landfill dumping and tipping fees was not clear, but expected due to ongoing yearly legislation regulations. Therefore, a slight increase occurred for next year's budget because recycling costs are higher than regular waste.

Storm Water Fund

The Storm Water Fund was hard to balance with capital projects. A new *fee* increase from \$4.05 to \$4.55, was approved and effective August 1, 2017. The fifty cent increase was anticipated five years ago, and was offset by a bond approval last year for three major storm water projects. Funds would be transferred into next year's budget as projects proceed.

Three projects include: the storm water project on Brahma hillside underway, the Utahna project would follow, and lastly Clover Meadow. As construction costs continue to rise, it was projected that very little funding would remain for future projects once all three are completed.

The purchase of a street sweeper next year is necessary to replace one of three 1996 models. The cost would be \$285,000.

In order to update the Master Plan and the Capital Projects Plan, a proposal was made to conduct a fee analysis study which may result in a future storm water fee increase.

Mr. Nicponski noted the number of increases and wondered if it was wise to raise fees all at once or one fee at a time.

Mr. Brass noted when property tax increases occurred in the past, constituents felt three small fee increases were more favorable, as opposed to one large increase that could impact personal budgets more significantly. His main concern focused on unhappy eastside residents, who have no existing storm sewers, but would receive the increase to their bills, which was not justifiable because money spent on storm water did not affect their area. He continued, explaining how \$30 million to \$50 million would be spent for mitigating the cost to treat of storm water was imperative and would be difficult. Overall, informing the public that all residents should contribute to the treatment of water, whether sewer water or storm water was important, because the city could not treat its own water.

Mr. Hill mentioned an upcoming project on Vine Street, through to Van Winkle Blvd, which might be of encouragement to eastside residents. The project would provide storm drains, curb, gutters, bike lanes and sidewalks and would be constructed over the next four years. Water drainage from the area would be included and hopefully residents would see tangible improvements to their area.

Central Garbage

The operations budget was flat. All the departments in the city share in funding the Central Garage Fund. A baseline allocation is provided when work is completed and parts are paid for.

Capital Projects

Mr. Hill listed the projects within the following departments, which were divided into line items in the capital budget:

- Cemetery – replace 10-year old snow blower, \$3,000

- Arts – Murray Theater conceptual designs, \$20,000

- Parks
 - Purchase backhoe, \$110,000
 - Playground fall material, \$10,000
 - Tree grates at Willow Pond, \$22,000
 - Computerized irrigation control system, \$250,000
 - Weed sprayer, \$18,000
 - Utility vehicle, \$9,500
 - Pick-up truck, \$50,000
 - Tractor, \$60,000
 - 36" lawn mower, \$15,000
 - Resurface tennis courts at Hidden Village Park

- Park Center
 - Paint toy structure located in swimming pool
 - Replace bathroom countertops
 - Recoat indoor slides and stairs

- Heritage Center
 - Replace freezer
 - Replace kiln

 - Replace 40 year old stove
 - Purchase food prep table
 - Purchase steam table

- Engineering
 - Vine street design, federal money of \$4.3 million with matching dollars of \$290,000
 - Pedestrian improvements on Winchester Street and 1300 West
 - Signal and safety improvements on Winchester Street at UTA tracks
 - Radar speed signs - \$18,000
 - Purchase copy machine
 - Replace overhead doors

- Streets
 - Purchase traffic control truck
 - Purchase plows for 10-wheeler –dump trucks
 - Salt brine equipment
 - Purchase airless paint machine

- Class C Road Projects
 - Bullion Street near 1300 West
 - Overlay on 5300 South between State Street and Vine Street
 - River Point Circle
 - Topowa Drive
 - Potomac
 - Lori Way rebuild
 - Santee Circle
 - Rainbow Street between State Street and Brown
 - Auburn rebuild
 - Slurry for sidewalks and general street maintenance
 - Golden Chain rebuild

- Water Fund
 - Pipeline replacement projects, one million dollars
 - Service truck
 - Pump house work – replace well equipment and rehabilitation on wells
 - Reservoir #2 – conduct stability study on large storage tank located on 7200 South

- Waste Water Fund
 - CVWR improvements
 - Walden Glen lift station

- Golf Course
 - None

- Storm Water
 - Street sweeper

- Central Garage
 - Alignment machine

Power Department – Greg Bellon and Matt Young

Mr. Bellon described the budget as steady, very conservative and balanced, as well as, down approximately \$200,000, which would continue to provide stable revenue. *Wages* remain the same. *Operation* costs reflected an increase of approximately \$1.2 million. *Capital* decreased \$1.1 million, therefore, an adjustment was made.

Revenue included *Impact* fee increases of 166% reflecting a budget of \$200,000 which was noted below actual costs in 2016 of \$231,250.

A slight increase occurred in *Interest Income* and Mr. Bellon reiterated the practice of keeping a conservative budget.

An increase of \$400,000 was made to the *work orders* account, due to 2016's work orders totaling close

to one million dollars. Considering upcoming city growth, the increase was considered conservative.

The following expense line items were noted:

Energy education was mentioned for its value in educating 3rd, 5th and 8th grade school children in the Murray School District about energy conservation, therefore, an increase of \$5,400 occurred.

The *miscellaneous* account is utilized to fund work order expenses and had a revenue budget of \$400,000, to offset the expense.

The *equipment maintenance* account for the central substation reflected a 64% increase. Yearly maintenance costs are required due to the continued settling of the land, under which the substation is situated, as it was constructed on an old landfill site.

The *professional services* account was the same as the previous year, which was estimated to be more than adequate.

Materials and overhead reflected a significant increase from \$60,000 to \$795,000, due to reorganizing *backyard rebuilds* from capital projects.

Transformers are now considered *inventory* items, therefore, the account reflected a zero budget.

There was an 8.7% increase over last year's *Hunter II Plant* budget, and the *CRSP Plant* account increased by 2% as well.

The *pool and exchange* account, which is utilized for power sales and purchases, was reduced by 21% due to a significant reduction in purchasing needs. However, depending on rising prices, the budget could increase in the future again.

The *San Juan plant* would be closing in 2022.

The *Trans Jordan Landfill* continues to produce more energy than necessary, therefore, the budget was increased to \$2.5 million.

Due to construction delays at the warehouse, the *buildings* account was reduced 87%. Therefore, funds of \$2.8 million were transferred to various accounts, such as *backyard rebuilds*.

Mr. Bellon mentioned *equipment* needs, such as a vehicle, bucket truck, two service trucks and transformers.

Mr. Zollinger pointed out the positive fact that the power department funds all of its capital expenses as they happen. Meaning, the department does not utilize reserves for expenses, nor was there a plan to utilize reserves for future needs. All capital, operations and wages are provided by rate fees and funded by operating revenue. Reserves total \$14.5 million in the power department.

Human Resources – Mike Terry

The small budget was recognized and increase requests to the following line items were mentioned.

Out of state *travel* for training was expected this year, therefore the *travel and training* budget would increase from \$4,000 to \$10,000, which would accommodate three employees for various conferences throughout the year.

A \$1,000 increase to the *software maintenance* budget was requested for the computer program, Performance Pro. The new software benefits the salary survey website, allows applicants to apply for jobs on-line and will eventually be utilized for employee evaluations.

An increase of \$2,000 was requested for *employee drug testing*. Drug tests are conducted on new hires, employees with CDL licenses, as well as, on certain employees in safety sensitive positions randomly throughout the year. A single drug test is approximately \$30 per person.

In order to conduct a comprehensive compensation study, a \$50,000 increase was noted to *professional services*. In the past, annual studies were conducted, however, 10 years have passed since the last one. The study determines whether rates are appropriate for job titles. Studies related to cost of living adjustments (COLA) and merit increases have occurred, but not one of this nature. The challenge of the salary study analyzes, pay rates, job comparisons, people, and geographical details related to appropriate salaries. The goal to attain information and ideas from various vendors, hire an outside source to perform the study would be of value. The high end request of \$50,000 would ensure a complete and thorough study, which could result in grade changes, job description changes or become similar to other fire and police departments. A modification altogether, to a step program might result. He explained, COLA studies keep businesses competitive, where a salary study determines whether specific areas of the workforce are in line with inflation.

Mayor's Office – Janet Towers

Ms. Towers reported a flat budget.

The *operations* budget decreased \$5,000 due to employee compensation. The *regular employee wages account* reflected a decrease, due to the retirement of an employee, as well as, employee's allocations made by Mr. Zollinger.

Mayor Eyre expressed his appreciation for Ms. Towers and her hard work over the last several months by taking on responsibilities of two employees. With the recent staff retirement, he offered a suggestion to Mr. Zollinger and said it might be helpful to set aside funds, specifically for employee retirements, which would ease the burden of waiting months to hire a replacement. He was hopeful Mr. Zollinger could address it in the future, once the city was in a position to do so. Mr. Zollinger said if informed in advance he would plan accordingly.

MCEA – Carisa Gale

Employees were satisfied with last year's increases. There was nothing negative to report on the budget.

A summer party would be held at the Heritage Center with a live band and bingo on June 9, 2017 at 6:30 p.m.

Police Department – Craig Burnett

The request was made to reinstate a lieutenant position in the department, which terminated three years ago. A promotion would occur to fill the position and financial costs would be absorbed within the department. Reasons for the request were noted as: regaining a position once held, providing upper mobility for sergeants, fulling a great need in administration duties that relate to new records management changes by VECC.

Pay adjustments were noted in *wages* for 10 Master Officers.

The *operations* budget would remain the same, however, an increase of \$7,000 was requested for *fire arms* bringing the budget total to \$12,000. Patrol rifles are 10 years old and need to be replaced. The cost for replacing them all at once was estimated as \$75,000 in the CIP, therefore, by increasing the *fire arms budget*, an annual rotation schedule would be implemented providing savings.

Mr. Brass felt safety items should not be funded by CIP. Chief Burnett stated fire arms were allocated the same way, on a rotation replacement schedule.

The department received 24 new vehicles four years ago, therefore, several aging cars would need to be replaced next year. The chief noted a number of unfortunate mishaps regarding *vehicle maintenance* due to unexpected accidents.

Mayor Eyre wondered by having a standardized fleet of Chrysler's if maintenance costs could be reduced. The chief reported just one Crown Vic was utilized and others would be driven as spares. As 10-year old unmarked cars are rotated out, the hope was to achieve a standardized fleet.

Mr. Zollinger noted a decrease of \$44,000 in UCAN under *contractual services*. Chief Burnett affirmed the department no longer had to pay an assessment due to new legislation. The cost per radio, per month, was \$22, therefore, savings would attribute to reinstating the Lieutenant position he requested.

Ms. Turner asked the wages of Murray cadets. Chief Burnett stated cadets are seasonal employees, considered part-time, and earn \$8 to \$10. Most cadets work for approximately 2 years.

Mr. Camp wondered the age and condition of the shooting range and asked if upgrades and improvements were expected. Chief Burnett said very little was needed, because the simulator was recently replaced. Carpet in the classroom would need replacing soon. The hope was to remodel the small firing range.

Ms. Turner asked about an increase to the *buy money* account funds. Chief Burnett explained that the previous year this line item had been decreased to provide money for VECC. The current budget gets it back to the former level.

Ms. Lopez asked about the *alcohol money* account. The chief explained funds derive from beer taxes, attained by the department mid-year in grant money, which could total \$80,000. Funds are utilized to purchase all body and in-car cameras for officers.

Mayor Eyre asked the cost of wages, should the city take over animal control. Chief Burnett explained the city pays West Jordan \$325,000 per year for the service, which was noted under *contractual services*

and includes wages. However, the city pays for supplies, building maintenance and animal food. He said the arrangement works well for West Jordan City and was feasible for Murray City. The contract was recently renewed for five years and would continue with slight incremental increases of 2.5% per year.

Mayor Eyre noted the value of the DARE program.

Adjournment

Mr. Brass adjourned the Budget and Finance Committee meeting at 5:00 p.m.

Pattie Johnson
Council Office Administrator II