



**MURRAY**  
CITY COUNCIL

**MURRAY CITY MUNICIPAL COUNCIL  
NEIGHBORHOOD MEETING  
District #2**

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The Murray City Municipal Council held a neighborhood meeting to share property tax information on Thursday, June 21, 2018 at Viewmont Elementary School, 745 West 5720 South, Murray, Utah.

The meeting was conducted by Dale Cox.

Council Members Present:

Dave Nicponski, Council District 1  
Dale Cox, Council District 2  
Jim Brass, Council District 3  
Brett Hales, Council District 5  
Diane Turner, Council District 4

City Staff Present:

Jennifer Heaps, Communications and Public Relations Director  
Jan Lopez, Council Director  
Pattie Johnson, Council Office  
Craig Burnett, Police Chief  
Jon Harris, Fire Chief  
Danyce Steck, Finance Director  
Brenda Moore, Controller  
Kim Sorensen, Parks and Recreation Director  
Isaac Zenger, IT  
Danny Astill, Public Works Director

Other's in Attendance

Citizens

Introduction and Welcome

Mr. Cox thanked residents for attending, introduced city council members, the city finance director, and recognized Traci Black of the Library Board. He said Mayor Camp and Mr. Hill would be unable to attend and Mr. Nicponski would be slightly delayed.

He said neighborhood meetings were important and thought citizens should know why the increase was necessary, particularly since property taxes had not been raised since 2006. He

explained the budget process, which began in January 2018 and said citizens would better understand the property tax increase after the presentation.

**Presentation** – Provided by Denise Steck. (See Attachment #1)

**Citizens Comments and Questions** – Comments were limited to 3 minutes unless otherwise approved by the Council.

Donnetta Mitchell – Murray City, Utah

Ms. Mitchell wondered how Salt Lake County utilized the 23% portion of itemized property taxes, how could Truth in Taxation be changed, and if so, what would be the unintended consequence.

Ms. Steck could not speak specifically for Salt Lake County, but knew their portion was stretched throughout the county for various services.

Ms. Steck explained legislation would need to change, in order for Truth in Taxation to change. Challenges regarding Truth in Taxation began for cities from the start because entities wanted a way to adjust property taxes yearly, by utilizing an inflationary factor based on the consumer price index without holding public hearings every year. The notion was rejected by legislators, therefore, Truth in Taxation meant cities must first notify citizens and provide a Truth in Taxation hearing for every increase.

Many cities go through the Truth in Taxation process every year to raise property taxes. Since Murray had not imposed an increase in many years, the council scheduled the Neighborhood Meetings to inform citizens. The Truth in Taxation Public Hearing would be on August 14, as required by state code.

Peter Klingo

Mr. Klingo asked if the 6% increase included the Library's increased portion, or would there be a separate increase. Ms. Steck explained the total increase would be as much as 7.5% that included 6% for the city, and 1.5% for the library. Although, because she considered increased property values in her calculations, estimations in her presentation were made by using an 8% increase for every \$100,000 of home values.

Mr. Klingo was concerned about the impact Intermountain Medical Center (IMC) had on tax payers, since IMC was tax exempt. He wondered how the city could diversify the base to get beyond the burden of having residents pay for exemptions.

Ms. Steck said because IMC and other large tax exempt properties and businesses account for some of the largest users of Murray's power, water, and storm water, a transfer of \$4 million from utilities occurred every year to the General Fund. Whether the city covered those losses in taxes, or the utility fund transfer occurred, the difference had to be made up- in lieu of receiving property taxes from tax exempt entities. In summary, the transfer was considered a contribution to the General Fund from tax exempt users for using the city's resources, and the majority of the \$4 million transfer was theoretically coming from tax exempt entities.

Claus Ranglach – Murray City, Utah

Mr. Ranglach asked since the city was operating in a deficit, how could purchasing land along 4800 South and State Street be affordable, and was purchasing land something the city should be doing. He asked how the city would pay for a new city hall, and why was it necessary.

Ms. Steck said land purchases in the downtown area were attained with a bond purchased through the Redevelopment Agency (RDA), which is a separate organization from the city. Therefore, funding comes from businesses in RDA areas, whose property taxes are contributed for development in each specific area.

She explained the necessity of building up and improving blight properties. Redevelopment invites new businesses to move in, which increases future property tax revenue; thus, lessening the burden from tax payers.

Mr. Ranglach said Murray residents were technically paying for land purchases, and wondered how transactions are balanced out afterwards. He thought redevelopment in the downtown area was for new businesses only, not a new city hall facility.

Ms. Steck clarified a new city hall would be constructed in the downtown area. Prime property along State Street would be sold and those funds would replenish tax dollars and be contributed back to pay the RDA bond.

Mr. Ranglach was not satisfied with answers and still unclear about RDA land purchases and bonding who pays for bonds.

Mr. Brass explained how the RDA operates on increments of tax revenue once an area is considered RDA property. For example, a vacant lot worth \$50,000 contributes property tax on that value; however, if the lot is developed with a large building – the property tax value doubles to \$100,000. The difference in the property tax is the increment which goes into the RDA for the period of the RDA project area – which is typically 20 years. Accumulated increments are collected from a variety of RDA projects in the city. For example, Costco and IMC contribute significant sums of money for future development.

Mr. Brass addressed Mr. Ranglach's question regarding what the city was doing to help change its dependence on residential taxpayers. He explained the downtown area was underutilized, lacking in good business, and for many years consisted of pawn shops. Therefore, the hope to revitalize the area with commercial businesses, restaurants, and office space would increase not only commercial property tax revenue, and revive the city, it would take the burden from residents. Zoning adjustments were also made along the freeway near 300 and 400 West to promote office parks, in order to increase commercial property tax revenue.

In addition, city hall, once an elementary school constructed in the 1930s', is no longer safe, nor earthquake proof. The building with continual costly repairs, houses public safety officers, which could be a detrimental situation in the event of an earthquake. He explained after city hall's relocation to the downtown area, which is not prime commercial property, the sale of the State Street land would provide funds to help pay off the sales tax revenue bond.

He acknowledged the need to revitalize the downtown area was not the primary reason for the property tax increase. He stressed, the increase would help to secure the employment of excellent firefighters, paramedics and police officers, because Murray's police department is losing well-trained people. He said losing people in an overall competitive market, where 600 public safety jobs are going unfilled statewide, was a more significant reason.

As a result, a substantial decrease in tenure was occurring in the Murray Police and Fire Departments, where the average length of experience on Murray's patrol force was just five years, where tenure had been 15 years in the past. Mr. Brass valued individuals with 12 to 15 years' experience in the field, rather than having all officers straight from training academy.

He mentioned new developments, such as, a new office building on 4800 South, where the old fish food factory was located, and a new office building for Educators Mutual Insurance Association on Vine Street and Commerce that would add to future commercial property tax revenue to offset future increases for residents.

#### Lezlie Huggard

Ms. Huggard asked if AISU was in the Murray School District, and if the new fire station bond was included in the percentage of the property tax increase. She thought small increases might have been more acceptable rather than waiting to implement one large increase.

Mr. Brass said the property tax increase percentage included the fire station bond, and said AISU received property tax revenue as a public school.

Ms. Steck said AISU was a public charter school located in Murray, and shared a chart depicting charter school tax rates, which are set by the state.

Ms. Huggard did not favor sending a Murray resource officer to a school that was not in the Murray City School District.

Police Chief Burnett confirmed the city receives partial reimbursement from AISU, Granite and Murray City School Districts, to offset the cost for providing school resource officers. Ms. Steck confirmed the amount received was probably one third of the cost for having officers at those schools.

#### John Koeny

Mr. Koeny commented Chicago and other cities hold certain events to bring in revenue for funding projects, which were events that Murray did not hold. He also asked why police officers were leaving Murray City.

Ms. Steck said the city invested in its own amphitheater, which offered various events to provide revenue for the city. In addition, she noted Murray Fun Days, which was important for bringing the community together.

She explained most police departments have a career plan, or a step program for compensating officers, until after about 10 years when they are promoted to lieutenants or sergeants. Therefore, Murray officers have been accepting positions elsewhere to be paid for years of

service. She said by providing a step pay program, and recognizing credit for years of service, the hope was to retain existing public safety officials, who could better anticipate future pay allowing them to budget with confidence for their families.

Mr. Koeny asked where money generated from parks and recreation activities was applied.

Mr. Sorensen stated all funding was allocated to the General Plan.

Mr. Koeny affirmed when officers leave, the department is left in a bind to cover security at its best throughout city.

Ms. Steck confirmed a tremendous deficit was left with the loss of any public safety official because all value and invested training was lost as well.

#### George Wheaton

Mr. Wheaton lived in Murray for 30 years and commended Murray officials for struggling so well over the years, however, he thought the city look should look for ways to save money rather than resolve issues by passing a property tax increase. He asked if the time had come for Murray to consider switching to the county, for services like, police and firefighters, a library, or recreation center, in order to find cost savings.

Ms. Steck explained by eliminating our own municipal police and fire services, and joining the Unified Fire Authority (UFA) and Unified Police Department (UPD), the ability for managing the level of service provided to our community would be lost. Which was why Herriman, Riverton, and Millcreek, are cities that plan to stop using unified services because they found they were not getting the quality of services required for their communities. Additionally, by joining these entities, a city hands over all taxing authority to these organizations that ultimately impose the property tax rate. In summary, should the city look to the county for public safety, property taxes would be just as high as those cities she noted on the chart that were substantially higher.

A chart was shared to reflect cities: Herriman, Riverton, Millcreek, Midvale, Taylorsville and Cottonwood Heights, as cities paying well over the amount Murray residents pay, some due to having UFA and UPD. She said even with the proposed tax rate increase, Murray residents still end up paying much less in property taxes comparatively.

Related to turning Murray's library over to the county, Ms. Steck said a higher cost would incur because the county would impose a higher tax rate, which could be three times more. She explained the same would be true by turning over recreation and senior centers to the county, because the city would lose control of implementing tax rates.

Mr. Cox agreed and confirmed personal friends who pay much higher property taxes than Murray residents due to UFA and UPD services and noted the comparative chart. He commended Murray for providing services to residents that included public safety, paramedics, road work, parks and recreation, and a senior center – all independently - and for a much less cost compared to other cities. He noted all services were budgeted from 13 cents from every tax dollar received in property tax funding. He favored the idea of Murray having local control, in order to provide

excellent fire and police, quick responding police officers and firefighters, who are familiar with our city and provide quality care for residents.

Mr. Cox said the cost would be great if the city switched to UFA and UPD and the council considered all possible options prior to proposing the tax increase. He thought it was important to keep Murray, as Murray, and it was just as important to keep all the wonderful services the city offers as affordable as possible.

Linda Evans

Ms. Evans owns commercial property in the city and said her property taxes increased 62% in the last three years, which was an increase from approximately \$6,000 to \$10,000. She said she could not raise her rents high enough to pay the taxes and thought - enough was enough.

Ms. Steck noted more than half of property tax dollars are allocated to school districts. She explained when Ms. Evan's commercial property taxes increased, it had nothing to do with Murray City increasing taxes; it was due to other agencies imposing increases. She explained Murray had no control over the school district or Salt Lake County imposing increases during that time period, because Murray City had not raised taxes in many years.

Ms. Evans stated she had no use for the schools in Murray or Salt Lake County and thought it unfair that she contribute. Another resident voiced his opinion against Ms. Evans and said she was very short sighted because everyone should contribute to the investment of future generations. A brief confrontation erupted and Mr. Cox reminded residents to stand, wait their turns to make public comments.

Connie Peterson

Ms. Peterson made a request to have signs placed in Murray Park requiring dogs to be kept on leashes, and expressed thankfulness to Murray City police officers for their hard work.

Wade Miller

Mr. Miller asked who owned vacant property where the old Hillcrest Junior High School building once stood. He wondered why the city couldn't build a multi-level library on the vacant lot, and use the existing library facility for a new police station.

Ms. Steck explained the school district owns both properties and neither lot was for sale at this time. She said the police station would relocate to the new city hall facility.

Bryan Romney

Mr. Romney asked what type of "bleeder" or negative obligations the city had, for example, UTOPIA, which was not a positive revenue source for the city, and what was being done to resolve those issues.

Ms. Steck explained government services critical to any community are not provided by private sector companies. For example, a private organization would not charge to enter a park, or try to operate a police department - for profit. Therefore, the city must make up for expenses incurred from these essential services.

She stated Murray was very responsible with every tax dollar, and affirmed the city maintains services by subsidizing. For example, court fines alone do not provide enough funding to pay for court services, yet having a community court is important to the city.

She admitted UTOPIA was a service the city decided on and bought into long ago. Murray's portion of UTOPIA's total debt service is 1.7 million dollars per year, with a 2% inflationary interest rate, which the city is required to pay and cannot escape. There have been no return on investments, as of yet, and the contract expires in 2030.

Robert Westenskow

Mr. Westenskow wondered about the Supreme Court's recent decision requiring internet companies to charge sales tax, and asked how that revenue would impact Murray.

Ms. Steck said the decision would open another door for the city to receive sales tax revenue because retailers would be required to apply sales tax to online purchases bought or delivered in the city, although, Amazon and some other on-line retailers are already paying sales tax, which makes up for big box retailers whose sales are decreasing. Currently, the city receives about 35% of its sales tax revenue from auto sales, which makes the city vulnerable if and when a recession occurs. Ms. Steck took into account sales tax revenue when preparing the budget and proposed a small amount of increase based on on-line sales because we have no history to know how that will affect the city.

Peter Klingo

Mr. Klingo wondered what the trend was regarding population growth in Murray and what the projection was for potential new households paying into property tax revenue.

Ms. Steck responded that Murray is already built out, for the most part, with little room for population growth. Being landlocked also prevents a large number of people moving into the city to grow the property tax base. However, she projected a one percent increase in property tax growth for the year accounting for new businesses, which pay taxes on the full amount of assessment, and new residential properties.

Kasey Neals

Mr. Neals wondered when his area, which was annexed into Murray City years ago, would finally be switched over to Murray City Power.

Mr. Brass explained Murray City had to annex the area into the city, due to forced legislation at the time, which was how the area became part of the city. The area utilized, and still utilizes Rocky Mountain Power (RMP), who has no intention of selling their power equipment or authority to the Murray City Power Department. He said the city was never offered the chance to attain the opportunity to switch resources, and RMP is actively pursuing purchases at other public power agencies throughout the state, such as, Eagle Mountain.

He understood residents frustration and stressed the city's hands were tied. Should RMP decide to give up the area, the process would cost the city approximately \$40 million because all power utilities would have to be rebuilt, including the construction of a substation, which would be located in one of the resident's backyard.

Heidi Bryan

Ms. Bryan thought she was getting taxed twice for libraries, because her taxes reflected contributions to Murray City Library and Salt Lake County.

Ms. Steck explained the Salt Lake County line item on her tax bill was not allocated for the county library system because it was a separate tax, and would read Salt Lake County Library.

Ms. Bryan was frustrated and resented supporting the Murray library via property taxes and explained she only utilized county libraries with her four children instead, because she could never find what she needed at the Murray library. She thought libraries were bigger and better when they are all connected because they have more buying power.

Ms. Steck explained all the libraries are connected, but the difference was, Ms. Bryan did not have to pay the higher county library tax, only Murray City Library taxes, even though all Murray library cards provide free access to all Salt Lake County libraries.

Ms. Bryan favored supporting a tax increase and the step pay program for public safety officers and thought it was a positive solution for helping officers anticipate a better budget for supporting their families. However, she was nervous the actual increase on most homes would end up being 15% instead of 8% due to inflationary values increasing on most Utah homes.

Ms. Steck explained projections were calculated on an 8% increase, due the variety of home values in Murray, and agreed the outcome would be different for everyone.

**Adjournment:** There being no additional citizen comments Mr. Cox closed the meeting at 7:58 p.m.

Pattie Johnson  
City Council Administrative Assistant  
Murray City Council

Minutes Approved August 14, 2018