



MURRAY
CITY COUNCIL

**MURRAY CITY MUNICIPAL COUNCIL
NEIGHBORHOOD MEETING
District #4**

The Murray City Municipal Council held a neighborhood meeting to share property tax information at 7:00 p.m. on Thursday, July 19, 2018 at the Murray City Library, 166 East 5300 South, Murray, Utah.

The meeting was conducted by Diane Turner, District 4

Council Members Present:

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

City Staff Present:

Doug Hill, Chief Administrative Officer
Jennifer Heaps, Communications & Public Relations Director
Danyce Steck, Finance Director
Jan Lopez, Council Director
Pattie Johnson, Council Office
Craig Burnett, Police Chief
Mike Dykman, Assistant Fire Chief
Danny Astill, Public Works Director
Kim Fong, Library Director
Steve Ellefsen, Firefighter
Steve Roberson, Firefighter

Other's in Attendance

Citizens

Introduction and Welcome – Diane Turner

Ms. Turner welcomed and thanked citizens for attending the neighborhood meeting. She introduced city council members, council staff, Doug Hill, Jennifer Heaps, Danyce Steck, Brent Gardner, Library Board, Kim Fong, and Danny Astill.

Ms. Turner said the council invited everyone to explain some of the challenges faced as the budget was prepared for the year, which would describe why a property tax increase was proposed for both the City and the Library. She commented that it was not a solution that came easily, however, the goal is to continue to provide the services citizens expect, deserve and enjoy. As the budget process began back in January, the council met with city administration to discuss their challenges and needs. During that meeting, priorities were set for the budget, balancing both department needs and essentials in the community. The council's priority is to ensure that the needs of the community are being met.

Ms. Turner explained that she would allow Danyce Steck, Finance Director, about 20 minutes for the property tax presentation. Following that she would like to listen to citizens' thoughts and answer questions. It was expected that the meeting would last until about 8:30 p.m.

Presentation – Danyce Steck, Finance Director (See Attachment #1)

Citizen Comments – Diane Turner

Ms. Steck explained that citizen comments would be taken at this time. She expressed how impressed she had been with the participation of the community at the neighborhood meetings. She noted that a booklet entitled "2019 Citizens Guide to the Budget" had been prepared and could be picked up on the way out.

Speakers would have three minutes to speak, and a citizen comment form would need to be filled out. Ms. Turner invited people to step to the microphone and state their name and address.

Reynold Willie

Mr. Willie stated that the increase the city had planned was not that difficult, although, he is retired and on a fixed income. He said any increase really impacts. He did mention, as an educator, the increase for education and said that none of the last increase went to teachers or students. He wondered where that money would go.

David Cline

Mr. Cline said his question has to do with the transfers from utilities to the General Fund (GF). He said it was described as a benefit to the city. Additionally, he noted the increase to the water rate and wondered if the transfers would continue. He pointed out that not everyone in the city has Murray utilities and for those that do, he asked if that is a subsidy to everyone when money gets transferred to the General Fund.

Ms. Steck said that all cities with utilities transfer money to the GF. Typically it is because that is the only way to subsidize the GF with money from tax exempt entities to help provide services. Government, churches and schools would be in that category. Murray is pretty conservative and transfers 8%, where many cities transfer up to 10%. This allows Murray to keep property taxes lower. About 20% of citizens are not on Murray utilities, so that may be a subsidy, however, they also do not receive the benefit of Murray utilities, which are less expensive than others. The city has been unable to provide utilities in those other areas, because they are already serviced by other entities. The water rate increase is to replace infrastructure with further investment in

wells that need replacing and upsizing water pipes.

Krystal Walker

Ms. Walker said that she has been a resident of Murray for 16 years and her husband is a Murray Firefighter. She said that in 2009 her household income was cut in half, as she quit her part time job to return to school and the city discontinued paying overtime for fire service. She noted that police and firefighters don't just work their jobs, they are their jobs and she is in favor of the property tax increase to help keep them here. She said the residents stay in their homes for up to 60 years and don't they want police and firefighters to stay in Murray their entire careers. It is about keeping that experience here in Murray.

Jerry Miller

Mr. Miller said he was over 90 years old and had learned that two things never change – death and taxes.

Chris Steffensen

Mr. Steffensen said they annexed into Murray, although, they have never gotten Murray power or water and don't know how that could happen. His comments have to do with the 8% tax increase. He related medical expenses and housing value increases on a fixed income. He agreed that the services were necessary, however, all the increases were devastating. He did not agree that this was the right way to finance the needs.

Ms. Steck responded that the county and school district would not be raising taxes this year. As far as power, Rocky Mountain owns the power in that part of the city, and it would cost in excess of \$40 million to acquire the utility, if it were for sale. We have no ability to provide the utilities in the area. Assessed value is something that the county assessor controls and every year, the home owner has the right to appeal if it is high. As a whole, Murray City assessments increased 8%. Those people on fixed incomes can apply for tax relief programs through the county.

Michael Robbins

He observed that he did not disagree with the need for the increase, however, he had a business and it would have been difficult to increase revenues by 47% per year. He noted that taxes had not been increased since 2006 and he would prefer see small escalations rather than a line item increase of 47% in one year, particularly for those on fixed incomes.

Ms. Steck said that she understood, although, this is a difficult process for elected officials to go through. She said she had recommended small increases to match the consumer price index - about 2.5% per year that grows as time goes by. This is a comment to be made to elected officials. It is a philosophy. Ms. Turner said they had heard that comment and possibly would consider another in five years, but it would not be an increase in 12 -13 years.

Judy Erickson

Ms. Erickson commented that apartments don't pay property taxes and she asked where the money comes from to cover the services that they use, such as fire and police.

Ms. Steck said that apartments add to the density of the community, however, they are business operations that pay property tax on the full amount of assessed value. The owner pays the property tax, which is then passed on to renters.

Ms. Erickson also mentioned that homeowner's don't take care of their homes and yards. She wondered if their assessed value was the same as others and how this can be addressed.

Mr. Hill said everybody pays taxes according to the assessed value, but he knew there was concern on condition of property. The city has a division called "Code Enforcement", which does respond to calls to enforce city code issues. Residents can call the city or fill out a form on-line to report issues and code enforcement would go out to make sure the ordinances of the city are followed. He confirmed that people do have property rights and the city does what it can, but there are some things the city cannot require.

Salt Lake County takes care of noxious weeds. The city can forward information to the county.

Pam Chaffin

Ms. Chaffin mentioned renters in her neighborhood who are a nuisance with car repairs and running a business in their yards and the city attorney not enforcing the laws. Chief Burnett said that he was aware of the situation and there are processes the city must go through. It takes time to go to court when necessary. She complained that this is a junk yard and her value is going down.

Ms. Chaffin also asked if the city could give a discount to senior citizens, as she feels Murray City is one of the wealthiest cities in Utah with Intermountain Medical Center (IMC), Costco and all the car dealerships paying property taxes.

Reynold Willie

Mr. Willie offered kudos to the police who helped with five residences in the neighborhood who had issues with failure to maintain their yards. All five had been cleaned up over a period of two years. He thanked the police for what they do.

David Willis

Mr. Willis said the property tax increase is 47% and he asked the increase to the total budget of Murray City. Also, he asked what the city council is doing to get money back from the sales tax redistribution of the state legislature.

Mr. Hill said if the property tax increase is approved by the city council the total increase to the budget is \$2.9 million, which is an 8% increase to the budget. He also noted that the city does not have control over many issues, there are other layers of government, county and state that control many tax policies and ordinances, for example the state passed a law allowing fireworks and the city cannot ban fireworks. The council and administration are at the legislature every year working with state representatives and senators; our political influence is known but we are a small entity in comparison to other growth cities who want part of our sales tax. Murray is one of a few cities that benefit from sales tax. Everyone wants a part of that. We will work to make sure they don't take more of it.

Mr. Brass said in 2006, the city went through that redistribution that cost about \$1.5 million. There are a dozen sales tax heavy cities of the 221 cities in the state. They all want part of it. Our city has a population of about 50,000 and during the daytime, our population is about 150,000 that we provide services to. IMC has about 700,000 patients over a year and although they are tax exempt, we do benefit from their spending in the city. We talk to our legislators, but when they come knocking on your door, talk to them. Further, the property tax was raised in 2006 and then in 2008 the recession occurred so there was no way the elected officials would raise taxes at that point in time. It took until 2015 for the city to recover the sales tax dollars lost during the recession. He expressed other citizen comments about smaller regular property tax increases and that will be something considered in the future.

Mr. Cox said the power with state legislators is here with the residents. City officials talk with them constantly, but if each person were to contact their representatives that would make a difference. This is an election year and they will listen to you. Know who your legislator is and call them with problems. Votes change when they get calls from the constituents.

David Cline

Mr. Cline asked about the tax changes at the federal level with exemptions of state and local taxes and if that will affect the local level. Ms. Steck said it will have no effect on the city.

He also stated his support of spending on things that really matter and he feels the things talked about here are valuable and important. His comment about how taxes get moved around is what he doesn't understand and he hopes it will be taken into consideration.

Carol Willis

Ms. Willis said the city portion of her taxes went up 15% last year and the school taxes increased 20% because of the increase in value, which she has fought against many times and won. Last year she said an appraiser told her the value had increased that much and that she would not be able to fight it. She just had to pay it. She hears the reasons and understands and agrees with public safety. She asked if the library tax would ever come back down once the new library was built and only maintenance would be necessary. She asked if others had also experienced the value increases. Also, she noted she did not understand the balance between value and tax rate and thought she was pretty smart and could understand if there were some place she could read it.

Ms. Steck said if her value went up, someone else's had to go down for the city to receive the same amount of tax revenue.

Mr. Brass expressed that the values are balanced county wide and when a large open pit business on the west side of the valley had a land slide, the value decreased. Likewise, some other values had to increase to compensate for that loss. A certain stadium in a city south of Murray got a \$50 million reduction in value, therefore, other values had to increase to keep the property taxes level in the county. This is when it is important to talk to your legislators.

Ms. Steck said that \$250,000 of the library tax increase goes toward operations and \$550,000 will go toward debt service for a new building over a 20 year period. So it will probably not go down for many years.

The question was asked why the city would build a library on property it did not own. Unfortunately, no one was around at that time so we really can't answer that question.

David Cline

Mr. Cline thanked the council for this opportunity to discuss city affairs and asked how the city was planning to pay for the new city center. Ms. Steck said that she had put together a five year projection and much of it has to do with sales tax growth and property tax growth that we expect to receive from new construction. She said this property tax increase should get the city through the five year period of time including building the new city hall, which the city would bond for and then make debt service payments. Finally, selling the current State Street property would help with the payments.

Ms. Turner thanked everyone for their attendance and reminded people to take the brochure "2019 Citizens Guide to the Budget."

She also announced that the property tax public hearing and vote would take place on August 14, 2018 at 6:30 p.m. in the Council Chambers at City Hall.

Janet M. Lopez
City Council Executive Director
Murray City Council