



MURRAY CITY MUNICIPAL COUNCIL

BUDGET AND FINANCE COMMITTEE

FISCAL YEAR 2020-2021

NOTICE OF MEETING

Electronic Meeting Only

Monday, May 12, 2020

The Murray City Municipal Council met as the Budget and Finance Committee Tuesday, May 12, 2020, to hold its Budget and Finance Committee meeting electronically in accordance with Executive Order 2020-5 Suspending the Enforcement of Provisions of Utah Code 52-4-202 and 52-4-207 due to Infectious Disease COVID-19 Novel Coronavirus issued by Governor Herbert on March 18, 2020 and Murray City Council Resolution #R20-13 adopted on March 17, 2020.

The public may view the meeting via the live stream at www.murraycitylive.com or <https://www.facebook.com/MurrayCityUtah/>. No physical meeting location was available.

Members in Attendance:

Diane Turner	Budget Chair - Council District 4
Kat Martinez	Budget Vice-Chair - Council District 1
Dale Cox	Committee Member - Council District 2
Rosalba Dominguez	Committee Member - Council District 3
Brett Hales	Committee Member - Council District 5

Others in Attendance:

Blair Camp	Mayor	Jan Lopez	Council Director
Doug Hill	Mayor's CAO	Bill Francis	Imagination Company
Pattie Johnson	Council Office	G.L. Critchfield	City Attorney
Brenda Moore	Finance Director	Jennifer Heaps	Mayor's CCO
Craig Burnett	Police Chief	Jackie Sadler	MECA
Bruce Turner	Power / Operations Manager	Greg Bellon	Power/Asst. General Manager
Blaine Haacke	Power /General Manager	Jon Harris	Fire Chief
Melinda Greenwood	Comm. /Econ. Dev. Director	Robyn Colton	HR Director

Budget Chair Turner called the Budget and Finance Committee Meeting to order at 12:30 p.m. and made the following statement:

Welcome to the Murray City Budget & Finance Committee Meeting for Fiscal Year 2021. Because of the current health pandemic, and in order to comply with the Governor's Directive to "Stay Safe, Stay Home," and the Public Health Order issued by the County Health Department and County Mayor, we have determined that an in person meeting, including attendance by the public and the

Council is not practical or prudent. Therefore, this meeting will be held remotely through electronic means.

Each person is participating from a separate location. We are totally dependent upon the internet and technology to broadcast this meeting and to ensure that the public has an opportunity to view the proceedings, however, there could be a malfunction that is totally out of our control. We do not expect any issues but want you to be aware of that possibility.

All Council Members are present.

Today the City Council is reviewing the Mayor's Tentative Budget for Fiscal Year 2021 with department directors. If you would like to follow along, the complete budget can be found on the City website at www.murray.utah.gov

I want to sincerely thank the Mayor's Office, the Budget Officer, and all department directors for the extensive hours of work and planning that has gone into the budget thus far. Because the state of the economy is unprecedented and future revenues unknown and difficult to estimate, the Council has asked each department to take further reductions in their budgets. We will be discussing those items today. The City Council had an opportunity to study the Mayor's Budget and has several concerns: Revenue projections; General Fund Reserve usage, and staffing.

We have researched historic Murray City sales tax revenue from the Recession of December 2007 to see how that period affected the City. We found that the first full year was relatively mild, however, by year two, the City lost 12.5% in sales tax revenue. And Murray did not reach its pre-recession year sales tax revenue until 2015, eight years later.

General Fund reserves are intended to compensate with emergency funding when unexpected downturns occur. In this situation, we do not know how long the current downturn may last and want to protect our reserves as much as possible. (Or to get us through this emergency.)

The Council recognizes that Murray City employees provide outstanding service to both residents and businesses in our community. The Council acknowledges the experience, knowledge and expertise of City employees, and their dedication to excellence. The Council realizes the investment the City has in its personnel and the importance of retaining skilled, trained, and dedicated employees in the increasingly competitive governmental sector. It is our desire that no city employee lose their job due to the coronavirus pandemic, although, we will discuss whether we can in good conscience provide compensation increases when the future is unknown. We prefer to avoid future layoffs, furloughs, and reduction in benefits by maintaining the current compensation levels. We plan to review all decisions and look at revenues and expenses at Mid-Year Budget in January 2021.

Ms. Turner explained, due to COVID-19 department directors were notified ahead of time, with the request to prepare, include, and discuss the following seven items for their budget reviews:

1. FY 2020 – Review the March 2020 Financial Report. What amounts do department directors feel will be unspent at the end of this fiscal year? Please be specific.
2. CARES Act – How many employees are out, whether family sick leave or childcare gaps? Are those departments short staffed?
3. How much travel and training budget is critical to maintain required certifications and license renewals?
4. What would you cut if asked to decrease operations by 4%? Four percent should be figured on the total operations before the Administrative Allocation that decreases the overall budget.

This applies to General Fund departments and enterprise funds.

5. Analyze overtime to determine if this line item can be decreased. Be prepared to discuss and provide an estimate of amount.
6. Discuss CIP projects.
7. Discuss any other concerns directors may have.

(Hold harmless on 4% decrease in budget: Library, RDA, Central Garage, Retained Risk and Utility Billing.)

Power Department – Mr. Haacke noted senior management in attendance. He presented a balanced budget in the amount of \$40 million. The budget includes all *Capital* expenses for the next year; the *Transfers Out* of 8% to the GF (General Fund); all transfers for *Charges of Services* for other GF (General Fund) City departments; *Labor*; all *Operating and Maintenance* expenses; and the *Power Resource* budget, which is \$21 million. Mr. Haacke briefly discussed the overall Power Fund budget (pages 109-117), prior to addressing the seven items requested by the Council:

- Staff = 49 total employees.
- Capital Projects = \$1.6 million, which includes:
 - Replace old 1978 bucket truck, and three other vehicles.
 - Central substation engineering design.
 - Natural gas turbine rebuilds.
 - Penstock repair.
- Revenue = \$37 million. Mr. Haacke noted approximately 85% of revenue comes from customers metered sales.
 - *Large Commercial* = \$17.8 million. Mr. Haacke said although only 4% of all meters belong to large commercial businesses, these sources provide close to half of the revenue.
 - *Small Commercial* = \$5 million
 - *Residential* service = \$11 million

Mr. Haacke noted other sources of revenue from impact fees, re-sale of power to UAMPS members, and connection fees. Metered sales projections are monitored from year to year, but the outcome is always dependent on weather, which greatly affects buying and selling energy.

- Expenses = \$37 million. Slight increases and nothing concerning.
 - Administration - Operations - *Building and Grounds Maintenance* ↑124%. New fencing.
 - Engineering - Operations - *Hydro Maintenance* ↑400%. Generator repair.
 - Distribution Operations:
 - *Travel and Training* ↑ 108%
 - *Materials -Overhead* = \$800,000
 - *Materials -Underground* = \$150,000
 - *Traffic Signal Maintenance* = \$600,000
 - Power – Dispatch – *Software Maintenance* ↑ 180%
 - Purchase Power = \$21 million (or \$1.8 million per month to meet the City's need).

Mr. Haacke hoped the budget next year would allow them to continue with the Navajo Reservation Service Project in the spring; celebrate Arbor Days, Fun Days, and set up holiday lighting. A handout was provided to address information requested by the Council. (See Attachment #1)

1. Estimated Unspent funds = \$832,540. There was no discussion on the following details.
 - A. Administration = \$95,400.
 - B. Engineering = \$31,100.
 - C. Distribution = \$566,378.
 - D. Dispatch = (\$39,300) – overspent.
 - E. Arborists = \$153,900.
 - F. Metering = \$17,600.
 - G. NERC/Compliance = \$7,500.
2. CARES Act: To be discussed by HR Director, Ms. Colton.
3. Travel and Training = \$14,000.
 - A. Two apprentice linemen = \$2,000 for required training.
 - B. NERC (North American Electric Reliability Corporation) certifications = \$10,000 annually.
 - C. Arborists = \$2,000 for training and certification.
4. Operation Deductions of 4% = \$278,000. The total includes:
 - A. Administration ↓ \$20,000 (by cancelling Public Power Week).
 - B. Engineering – *Professional Services* ↓ \$13,000. (A planned rate study, and customer rate survey would be canceled.)
 - C. Operations – *Traffic Signal Maintenance*, and *Di-electric Testing* ↓ \$220,000.
Mr. Bruce Turner explained traffic signal maintenance was reduced from \$600,000 to \$400,000; and di-electric testing on boom trucks must be conducted each year. A discount was offered reducing the expense from \$40,000 to \$20,000.
 - D. Dispatch – *software maintenance* ↓ \$25,000. (A contract will no longer be needed.)
5. Overtime = \$285,000 per year. The Murray Power Department is operating 24 hours a day, seven days a week. Employees are continually working to call back power, and address power outages that cannot wait until 8:00 in the morning. Many employees are on standby to address urgent matters. Standby employees required to carry pagers must respond, which include: one lineman, a substation-tech, an arborist, and one warehouse person. Mr. Haacke said the goal is to prevent Murray citizens from having four and five hour power outages, so overtime comes with a cost. Several power employees are also on call for emergency Blue Stakes, and other daily activity. Call outs, for bad storms, and heavy snow removal, all require overtime.
6. CIP: (See above) Mr. Haacke noted and discussed capital projects during his overall budget review.
7. Other Concerns: Mr. Haacke noted 12 employees participate in the step-plan; he expressed concerns about not funding pay increases. He agreed with Mr. Hill, enterprise funds are not the same as the General Fund. He said the power enterprise fund, is well prepared financially to pay for all power employees wage increases. He favored funding the step-plan.

Mr. Hill affirmed his comments from the previous budget meeting on May 11, 2020 about not reducing enterprise fund budgets, which includes the Power Fund. He reiterated cutting any enterprise budget does not help the General Fund. He clarified enterprise money does not come from sales tax revenue, or property taxes; it comes from rates. He said the administration does not believe revenue rates will go down, due to COVID-19 impact on the economy. He said citizens are still going to pay for power, water, and garbage services, and stressed cutting enterprise budgets have no effect on the GF revenue. He noted, as Ms. Moore specified in the previous budget meeting, the only thing that can be anticipated is that residents might not pay utility bills on time.

He agreed it was the Council's prerogative to cut enterprise funds by 4%; reduce travel and training, and take away overtime; however, from the administration's perspective it did not make sense from an economy prospective. Mr. Hill thought it was important for new Council Members, Ms. Dominguez, and Ms. Martinez to understand that enterprise funds are separate from general funds. He asked them to keep in mind when contemplating reductions, which for example, money cut from traffic signal maintenance, would only remain in Power Fund reserves, as unspent dollars. Mr. Hill said to be clear, revenues would still come in, and what the City would have at the end of the year, would be projects not getting done, and money intended for projects staying in reserves for future use.

Ms. Dominguez shared her biggest concern that no one can predict what is going to happen; predictions cannot be made about rates, or what the economy will do. She said what we do know is that the economy is already in a slump. Whether the Council authorizes 4% cuts from each enterprise fund, or not, she believed money would not be coming into the enterprise funds as usual, as Mr. Hill predicted. She wanted to look at all enterprise funds anyway and see what would happen to better prepare. She stated whether new Council Members, or not, the Council should still look at the revenue for citizens and for each other.

Ms. Turner placed the enterprise funds discussion on contingency to be addressed on May 15, 2020. She confirmed she was aware of how enterprise funds function.

Mr. Haacke addressed Ms. Dominguez, to explain reserves are held in enterprise funds to serve as a buffer with the rate, if rates go high, or low. For example, in 2001-2002 Power Fund reserves were \$16 million, when unexpected circumstances occurred with Enron that affected energy pricing on the Western grid. As a result, to meet astronomical power prices, the City spent \$3 to \$4 million more per month than usual because of the manipulation going on. The City dipped into reserves to help preserve the rate, until staff could recalculate and provide the Council with a rate modification proposal. He agreed with Mr. Hill, there is great value in having reserves in the bank to fall back on because when urgent matters arise, fast reaction is required that later requires a policy change.

Mr. Haacke confirmed by canceling Public Power Week, other celebrations, and reducing staff for basic repairs; instead of cutting into overtime, the 4% request was met. He did not want to stop having employees on call, which would affect reliability; because Murray City Power always wants to be to 99.9% reliable.

Ms. Turner requested the Power Fund transfer discussion be placed on contingency.

Ms. Martinez appreciated understanding the breakdown of overtime. She clarified she did not intend to cut all overtime. Unlike other jobs and departments, she ensured services that operate 24x7 like power, police and fire have valid reasons for generating overtime. She said her goal was to look strategically at overtime to see where reductions were possible. She noted sadly, it was interesting that events like Public Power Week, Fun Days, and Arbor Day celebrations would be eliminated naturally, as part of the state of emergency. Mr. Haacke agreed.

CED (Community and Economic Development) – Prior to addressing the seven issues, Ms. Greenwood briefly discussed overall budgets of three divisions that make up her department. (Pages 36-40) She discussed the following:

CED Division: The CED is the parent of the entire department. Compared to last year, only minor changes occurred this year in *Salary, Supplies and Travel*.

- Staff: 2.
- Operations:
 - *Contributions to Chamber of Commerce*. The line-item was moved to Non-Departmental.
 - *Cell Phone Allowance* = \$1,560. To provide for CED Specialist, Mr. Baughman.

Building Division: The building division produces income for the City. Last year approximately 1,000 building permits were issued, providing \$2 million in revenue. Money is intended to cover all associated costs for providing this service, like salaries and expenses.

- Staff: A development services manager position was eliminated; it was proposed to eliminate the part-time plans examiner position also.
- Operations:
 - *Car Allowance*: No longer needed, due to eliminating the service manager position.
 - *Books and Subscriptions* = \$2,400.
 - *Travel and Training* = \$7,000.
 - *Small Equipment* ↑ 68%. A request was made for a new copy machine, including annual maintenance costs. The machine will also be utilized by the planning division.
 - *Professional Services* = \$70,000. Due to vacancies in staff, an increase was noted for bringing in consultants and building inspectors.

Planning and Licensing Division: The planning and licensing division also generates revenue for Murray. Last year 4,000 business licenses were issued, providing \$750,000.

- Staff: 5
- Operations:
 - *Uniform Allowance* = \$250. For Code Enforcement officers.
 - *Car Allowance* = \$1,800. Coverage for one employee.
 - *Small Equipment* ↑ 60% for new copy machine.
 - *Weed control* ↑ 44%. The budget went from \$4,500 to \$6,500, due to a change in the contracted provider.
 - *Chamber of Commerce*: Moved to non-departmental.
 - *EDCU* (Economic Development Corporation of Utah): Moved to CED budget.

Ms. Turner asked about EDCU functions. Ms. Greenwood confirmed EDCU is a public/private partnership that works with state and local government to provide services, in return for the annual membership fee. For example, to save money last year, EDCU designed, created and provided material she dispersed at a Las Vegas development conference.

Ms. Dominguez asked if building and planning divisions revenue was combined in the GF. Ms. Moore confirmed all GF revenue is itemized, and the total was recorded under *Fees for Services*, which was money from issuing building permits and collecting planning fees. She would provide an updated list after closing out the budget in April. Ms. Dominguez asked if Ms. Greenwood had seen revenue increases. Ms. Greenwood explained over the last few years the trend was continuous with annual increases of 4% to 5%. Due to COVID-19 budget impact this year, she did not anticipate any increase in either division. She noted planning and zoning applications produce approximately \$20,000 annually.

Ms. Moore noted a subtotal of \$1.6 million for - *Licenses and Permits* (page 14), in GF revenue reflecting a 4% reduction; where she applied decreases to several budgets in CED. She said because things are very unpredictable, she would not rely on past income totals, which is why she made several reductions.

Mr. Cox agreed it was a wise decision because Murray is running out of property quickly, as well as, having to deal with the impact of COVID-19. Ms. Moore said that was the general thought since 2011, but building permits consistently increased since that time; she agreed property would eventually run out. Ms. Greenwood added, building permit revenue included tenant improvements, and commercial remodels, which would always continue, however, an expected downward trend was obvious since COVID-19.

Ms. Greenwood reviewed her requested budget information. The following was detailed:

(See Attachment #2)

1. Estimated Unspent funds:
 - A. CED = \$20,000. Includes \$4,200 in non-personnel expenses, and one unfilled position.
 - B. Building = \$77,000. Vacant positions, and \$2,100 in operating expenses.
 - C. Planning = \$63,088. One retirement, one unfilled position, and \$14,000 in operating costs.
2. CARES Act: None.
3. Travel and Training:
 - A. CED = \$2,000. No required certifications or licensing.
 - B. Building = \$7,000. Most critical, due to required and on-going licensing and certifications.
 - C. Planning = \$9,500. Only one employee requires job description certification, which amounts to \$1,200. Ms. Greenwood confirmed, due to COVID-19, more than half of the budget could be cut from this division, because national training opportunities for other positions are limited.
4. Operation Deductions of 4%:
 - A. CED = \$800. Spending cuts were noted in *Dues and Memberships, Travel and Training, Supplies;* and *Miscellaneous* line-items.
 - B. Building = \$4,700. Reductions include expenses in *Supplies,* and *Travel and Training.*
 - C. Planning = \$3,389. Includes *Travel and Training, Professional Services, Supplies,* and *Miscellaneous* spending.
5. Overtime:
 - A. CED: No required overtime.
 - B. Building = \$4,000. Due to lack of staffing and a vacant position. Overtime is critical.
 - C. Planning = \$4,000. Very little overtime is required, so the budget could be cut.
6. CIP projects:
 - A. CED: None
 - B. Building: None
 - C. Planning: None
7. Other Concerns: Ms. Greenwood expressed concern about training budget cuts. She said lack of training would create problems overall, as well as, dissatisfaction among employees. She noted the importance of all required training and learning, whether to learn about new materials or have interactions with colleague, which keep motivation high during hard times. In the Building Division, there are three building inspector positions; two certified plans examiners; and one employee who requires certification. Therefore, training is critical to compliance with State law. She noted a struggle with workloads if positions go unfilled, and challenges without overtime, due to limited hiring options, frozen salaries, and vacant positions.

Ms. Turner said she is a very strong proponent for travel and training for all City staff. In a world that is crazy with unclear vision about how long the pandemic would last, it was important to be cautious. She agreed it was not an easy time and appreciated Ms. Greenwood's work to help analyze budget challenges that would help maintain jobs and ensure services important to the City.

Mr. Cox agreed with Ms. Greenwood and other department heads; he expressed support for funding the step-plan, and thought the problem was in finding a way to fund it. He reviewed during his first year of service, the Mayor's proposed budget addressed wage increases, which at the time required property tax increases- the Council approved; there would also be additional small tax increases a second and third year. He noted this is the third year into the step-plan, which requires a property tax increase; he said in no way could that be implemented at this time; and he did not foresee property tax increases next year.

As a result of COVID-19, and the noted significant decrease in sale tax revenue, he expressed concern about future sales tax generation. However, he was adamant in finding a way to fund the step-plan. He hoped by the end of all budget meetings this week, the Mayor and Ms. Moore could find the funds needed. He confirmed by the end of this FY 2020-2021 budget year, the City would have spent three quarters of the City's reserves, with an uncertain future. He thought the matter was urgent, and suggested funding the step plan in such a way that was fiscally responsible to avoid other, more drastic changes over the next two years. He affirmed it was not that the Council did not want to give pay raises; he favored funding the step plan.

Mr. Hales expressed concern about delayed building inspections, and filling vacant inspector positions. He supported training and finding ways to address limited staff. Ms. Greenwood thought the slowing of issuing building permits and conducting inspections would continue; however, limited staff was able to keep up with a steady demand so far. She said hiring a commercial inspector was critical, as well as, filling other necessary positions.

Redevelopment Agency – Melinda Greenwood. Ms. Turner noted the budget discussion would be delayed until the upcoming RDA meeting.

Fire Department – Chief Harris mentioned Executive Assistant, Ms. Lloyd and Assistant Fire Chiefs, Pascua, and Mittelman that were in attendance. Prior to reviewing the seven budget items, overall increases were noted, and general comments were made, as follows: (Pages 45-47)

- Personnel – Chief Harris said personnel expenses amount to 85% of his total budget, which means 15% remains to evaluate limiting spending.
- Travel and Training: Chief Harris thought line-items *Travel and Training*, were misleading titles, because there was no intention to travel next year. He suggested a more accurate title would be training and recertification, due to the predominant number of State certifications required in fire and medical fields. Since COVID-19, unused travel and training money provided a savings; however, because recertification classes were extended, funding would be needed next year for all who had to delay recertification; and those who require recertification next year.
- Operations – Suppression:
 - *Building and Grounds Maintenance* ↑ 8%. Chief Harris noted the new fire station is larger in size so there was an increase of about \$5,000.

- *Physicals* ↑ 30%. The budget went from \$13,000 to \$17,000 because all firefighters are now required to have annual checkups.
 - *Contract Services – VECC* ↑ 12%. The budget went from \$161,000 to \$181,000 for the assessment of call volume.
 - *Utilities - Station 81* ↑ 22%. The larger facility requires more infrastructure, and higher usage.
1. Estimated Unspent funds = \$17,000.
 - A. Operations - Suppression:
 1. *Travel and Training*: \$4,000 total. Due to cancelled training.
 2. *Supplies* = \$2,000. Operations - *Medical supplies* ↓ 24%. Due to reduced call volume.
 3. *Fuel* = \$2,000. The overall cost for gas was less expensive this year.
 4. *Equipment Maintenance* = \$3,000.
 - B. Operations - Paramedic:
 1. *Travel and Training* = \$2,000. Due to cancelled training.
 2. *Fuel* = \$1,000. The overall cost for gas was less expensive this year.
 3. *Vehicle Maintenance* = \$1,000.
 4. *Professional Services* = \$2,000.
 2. CARES Act: No employees.
 3. Travel and Training: Normal budget = \$46,000. Almost all training is required certification for: Administration, Suppression and Paramedic divisions; division budgets were reduced as follows:
 - A. Operations - Suppression ↓ \$3,000.
 - B. Operations - Paramedic ↓ \$5,000.
 4. Operation Deductions of 4% = \$58,000. (Approximately)
 - A. *Travel and Training* total = \$8,000.
 - B. Operations – Suppression: *Professional Services* = \$5,500. The cut would eliminate mental health tests, and predominant cancer testing that provide early warning signs, for first responders.
 - C. Operations – Administration: *Part-time Wages* = \$5,000. Some part-time hours would be eliminated that affect fire sprinkler tagging and testing, maintaining Knox boxes, and community outreach. Chief Harris noted the budget for part-time wages increased, in order to save them from hiring full-time personnel.
 - D. *Overtime* = \$40,000. (An additional savings of \$5,000 to \$6,000 was possible since Murray Fun Days would most likely be cancelled, which requires overtime.)
 5. Overtime: The budget is \$425,000. Chief Harris could reduce it to \$385,000 but he was not comfortable lowering it any further. He explained \$176,000 of the \$385,000 is overtime pay used for Firefighters FLSA (Fair Labor Standards Act). The allocation is not optional, as FLSA mandates firefighters be paid overtime for hours worked in excess of 56 hours per week, based on a 40 hour per week. He explained Murray firefighters work 56 hours instead of 40 hours per week; so, every two weeks they get an extra 10 hours of pay, and this amount cannot be cut from the budget. As a result, \$209,000 is what he would have left to work with for meeting overtime needs.
 6. CIP projects:
 - A. Refurbish one ambulance = \$200,000.
 - B. Air fill station = \$45,000.
 7. Other Concerns: Chief Harris discussed an old fire truck engine that needs replacing. The engine has over 150,000 miles; this year repair costs were \$43,000, so he would like to see it funded within the next two years. In addition, he favors funding the step-plan. Chief Harris said he was instrumental

in working to adjust pay scales related to implementing the plan. He shared concerns about freezing pay for existing employees, who might become disgruntled when in a couple of years, new hires come on board and receive higher pay, due to a more current wage. He thought fixing that problem would seem more of a bad situation than the one they just resolved by adjusted pay scales. He said after all the research that was conducted during the study, to compare Murray wages with other cities, he found salary and vacation time are the most valuable to employees. Therefore, when it comes to cutting budgets, he thought funding the step-plan was more important, than funding health care increases.

Mr. Cox and Mr. Hales commented in unison that cancer testing should not be cut from the budget. Chief Harris appreciated their support.

Ms. Dominguez asked if part-time staff had opportunity to become full-time firefighters. Chief Harris explained their approach to filling part-time positions, meant utilizing retired firefighters who often suffer from depression, suicide, and mental health challenges after leaving the force. These individuals are valued, and depending on their area of interest, they help with things like fire inspections, community services, and other outreach programs. Instead of using part-time positions as opportunities to instruct new people, positions are offered to a standing knowledge base who retired from the field. He said he is proud of the great program, by using a higher age bracket in areas that require a few hours each day.

Chief Harris led lengthy discussion to explain that over the last couple of years overtime runs out by the 3Q of the budget year; at this point he lowers his minimum staff by one person to stay within budget, which deems impossible to manage. Even with his earlier request to raise his overtime budget to \$425,000, the situation is still trying. This year, due to COVID-19, the Chief devised a new plan, which is to operate one person short the entire year. Instead of running 3 people on one engine, and 2 people on an ambulance, enabling them to work together or separately, he would put 2 employees on each vehicle.

He said the decision was painful because it means the two responding vehicles would no longer operate together because an engine cannot run with only two firefighters. As a result, this puts a fire station out of service, and any calls at this point go to the next closest fire station. By operating with one less responder, the City is basically one station short, which would be a common occurrence. He confirmed this move would cause delay in services, but it would maintain the \$358,000 overtime budget.

Mr. Hales expressed concern and did not want to see emergency services suffer. Chief Harris shared those concerns but understood tough decisions the Council was facing in relationship to every department cutting their budgets. He noted sickness and injuries with lengthy absences, also cause overtime.

Ms. Dominguez understood the topic of reducing overtime was difficult to address; she recalled his request to increase the overtime budget; and his efforts to resolve overtime challenges during the mid-year budget review. She thought if the new strategy works best, she would support Chief Harris in his decisions; however, she suggested keeping the overhead to provide adequate service. She commended the Chief for good effort to meet the 4% budget cut request, and for devising a new plan.

Chief Harris said he would continue to monitor call volume as the year goes on to determine appropriate staff and overtime. He agreed during his mid-year budget analysis, he thought there was a point in which it made more sense to hire more personnel, than continue to pay overtime. He noted the \$400,000

overtime budget was close in comparison to hiring three more people, which is one person more, per shift. For now, the department would operate in the most cost-effective way possible.

Mr. Hales commended Chief Harris for speaking frankly about the step-plan at this time. He said it was best knowing what department heads think about it now, rather than later, before possible mistakes are made. He thanked the Chief for being bold and willing to share his thoughts about funding the step-plan, and noted it was a huge issue discussed by other directors.

Mr. Cox advised Chief Harris to not cut funding from budget items related to mental health and safety for firefighters; or services for the people of Murray. He said the men and women who serve in this manner are very important to him and the City, and their funding should not be put in the backseat. Chief Harris expressed appreciation.

Ms. Dominguez noted the past recession and asked how wages, and overtime compared to the current situation. Chief Harris reiterated his thoughts about freezing the step plan, which ends up reducing pay 1% or 2% behind everyone else; then soon 5%-10% behind, then up to 10% to 15% below others in the field. He said this was why the City implemented a huge property tax increase to bring pay back up to where it should be, comparatively.

Also, with the past recession tremendous compression problems hurt the ranks, which would occur again. He said when pay was frozen, the amount was too low to attract new hires, and so more money was offered to get people interested, which was more than what current employees were earning. A three-year firefighter was making less than brand new employees. The ranking lasted four or five years, which affected morale, and long-term retainment. Another method to get back on budget, was an early retirement incentive; six months' pay was given upfront to retire early. The positions were not refilled, which saved the City a great deal of money.

Ms. Dominguez appreciated knowing failures and understanding what did work. Chief Harris explained after the last recession they avoided meeting with citizens about property tax increases to get back on track. Because all employee salaries were so varied, and to realize a fair pay scale, he had to research hire dates, promotions and pay histories for 60 employees, as if there was a step- plan to resolve the matter. In doing so, he discovered pay was very unfair across the board, where some employees were getting 3% raises and others received 20%. He said once the pay scale is frozen morale is never the same once hiring begins again, because indifference is was caused their biggest challenge. Therefore, he supported the step plan because it resolved many issues; it is much easier, and wages are no longer a problem to address. The step-plan keeps employees moving through the system, so that when people are hired, they are easily placed in the appropriate spot, which helps all department heads a great deal with determining pay.

Ms. Turner thanked Chief Harris for doing a great job, and said funding pay increases would be a hard decision; they did not want to lay anyone off, due to the impact of COVID-19, and would do their best to consider all aspects of the budget.

Police Department – Prior to addressing the seven budget issues, Chief Burnett reported an overall flat budget, with only one increase. (Pages 41-44) He noted funds are utilized for exactly what is needed, and highlighted the following:

- Operations – Administration – *Professional Services* ↑ 7%. The annual contract with Lexipol was \$1,000 more this year. The company provides public safety policy and procedural manuals for law enforcement, fire and rescue, and corrections.

Ms. Turner noted *Risk Assessment* at 115%. Chief Burnett said there was no control over risk or fleet assessments and referred her to Ms. Moore. Ms. Moore said the increase was due to artificial deflation calculations last year, as noted in the May 11, 2020 budget meeting. The increase also included recalculations of more accurate liability and insurance premiums. Chief Burnett confirmed, and added the contract for animal control expired this year, so increases were anticipated for animal services also; the issue would be discussed later during the Committee of the whole meeting. Ms. Moore confirmed rent for the animal control facility would offset the 31% increase.

1. Estimated Unspent funds = \$69,989. (See Attachment #3 for complete details.)
Chief Burnett outlined a lengthy spreadsheet to discuss unspent funds. Budgets affected include:
 - *Staff*
 - *Supplies*
 - *Travel and Training*
 - *Equipment*
 - *Crossing Guard Supplies*
 - *Cadets' Program*
 - *SWAT Supplies*
 - *Buy Money*
 - *DARE Program*
 - *Crime Prevention*
2. CARES Act: Two victim advocates employees required daycare funding. Ms. Colton would discuss.
3. Travel and Training: Officers are required to have a minimum of 40 hours of training to maintain State certification. Several specialty officers require additional training, i.e., SWAT, crime scene and lab; victim advocates; and motorcycle. Courses are taught by outside instructors, certified employees, and some training takes place out of state. Each year courses are evaluated to determine what is necessary. Much of the training is not optional; therefore, certifications can be lost if not completed. Travel is kept to a minimum, and often grants provide for those expenses. Chief Burnett said the training budget is very critical to the force, which ensures well-trained, certified officers. This keeps the City out of litigation, by keeping up on current policies and laws. He said call volume dropped slightly, and most calls over the last 3-4 months are those in crisis, and more odd than usual. He said times have definitely changed and needs are more unusual; people are struggling, and officers are usually the first to help people find resources. He stressed this is important to continue training to keep officers safe and keep communities safe. Simple complaint calls are rare, many calls are now welfare checks, mental health calls, shootings, and stabbings. He said the times are strange for everybody, which includes the types of things officers must handle on a daily basis.
4. Operation Deductions of 4% = 97,281 (4.3%) (See Attachment #4 for complete details.)
Chief Burnett said the budget was streamlined to where they had not asked for budget increases in several years. Most line-items were standard for the last ten years; therefore, careful consideration was applied to meet reductions requests. A lengthy spreadsheet was discussed to review possible reductions and savings. The 4% budget cut would affect the following categories:

- Operations – Administration: Staff/one *part-time employee, cadets*, the number of new hires would be reduced; *Overtime, Travel and Training; Supplies, Criminal Record Services, and Miscellaneous.*
 - Operations – Patrol: *Radar Gun Replacement, and Equipment Maintenance.*
 - Operations – Investigations: *Small Equipment.*
 - Operations – Community Service: *Crossing Guard Supplies, Cadet Supplies/Uniforms, SWAT Supplies, Small Equipment, DARE Program, and Crime Prevention.*
5. Overtime = \$173,000. Chief Burnett said by comparing what was spent last year, it was possible to cut \$13,000 from the overtime budget. He said like other departments, overtime is critical to the safe operation of the department. Overtime is needed to backfill patrol shifts when vacation, sick leave or training occurs. It is necessary for covering detective, crime scene and SWAT call outs, and complex investigations; all of which are not predicable, therefore, it is difficult to determine where cuts can and cannot be made. There is no automatic overtime.
6. CIP projects: Police vehicle replacement = four cars purchased in 2013 and 2014. Chief Burnett said the fewer cars purchased, the more money spent on vehicle maintenance; six and seven-year-old cars need continual upkeep.
7. Other Concerns: Chief Burnett echoed other department directors stating that employees are of primary importance. He said the fight was hard to achieve current pay scales; and he was pleased that the police department was at full staff for two years now, and officers had not quit to go to other agencies. Murray officers love working for Murray; therefore, maintaining a happy staff helps the department overall, especially by keeping overtime down.

Ms. Dominguez asked if any of the cancelled travel and training was for required recertification. Chief Burnett reported all officers are up to date on their required State training at this time; however, next year required conferences and classes are essential.

Mr. Hales favored the DARE program and did not want to see it go unfunded. He thought the program was very important for upcoming future generations, and kids should continue to receive t-shirts, and educational and promotional items that promote the DARE vision. Chief Burnett took note and expressed the same feeling but thought that reduction would not be as drastic as others. He noted other supply reductions, due to COVID-19 that included educational, and crime prevention materials for health and safety fairs, and the Fun Days parade.

Mr. Cox appreciated all Chief Burnett did to cut his budget, but he advised not to cut anything that puts officers at risk. He said funding for SWAT equipment and supplies; training, or anything that keeps the men and women safe, should be kept in his budget.

Mayor's Office – Ms. Heaps reported a flat budget the last year, noted the following line-items as significant; afterwards, she addressed the seven budget requests. (See Attachment #4 for details.)

- Operations:
 - *Mayor's Special Projects* = \$35,000. The budget pays for the annual legislative breakfast, the boards and commission dinner, employee ice cream day; and the Mayor's scholarship donations. Each year two graduating high school seniors are selected from both Murray High, and Cottonwood High School to receive scholarships.

- *Professional Services* = \$90,000. Two lobbyists are paid to attend the Utah legislative session, as Murray City representatives.
- 1. Estimated Unspent funds = \$36,218
- 2. CARES Act: No employees are using CARES leave.
- 3. Travel and Training: None.
- 4. Operation Deductions of 4%:
 - A. Mayor's Office – *Part-time Wages* = \$3,700. A position will remain unfilled.
 - B. Non-Departmental = \$18,300. Proposed cuts would affect:
 - 1) *Supplies*.
 - 2) *Utah League of Cities and Towns*. (Still maintaining membership.)
 - 3) *Boys and Girls Club*.
 - 4) *Chamber of Commerce*.
 - 5) *Youth Chamber*.
- 5. Overtime: None.
- 6. CIP projects: None.
- 7. Other Concerns: None.

Mayor Camp explained as budget cuts were analyzed, he determined that cash donations should also be reduced. Since his time of service as a Murray Council Member, the donation to the Boys and Girls Club fluctuated from year to year between \$75,000 and \$150,000; so, the current donation would be reduced by \$5,000.

Ms. Martinez noted the increase to the *Miss Murray Stipend*. She asked what the \$6,200 total was for, since there would be no Fun Days parade, or associated events, due to COVID-19. Mayor Camp confirmed the increase occurred six months prior to COVID-19, when a pageant representative approached the City because the Murray High School building was no longer available for future use; the cost was \$700. The reason funding was not completely cut from the budget was because it is still unknown whether the pageant will be held this year. If cancelled, funds would remain in the budget. He noted the total budget for the event is \$6,200, and without total financial support, the event would not be held.

Ms. Dominguez asked what the *City Newsletter* budget was for. Mayor Camp confirmed funding paid for publishing monthly letters written by Murray elected officials to citizens, noted inside the Murray Journal.

Ms. Martinez inquired about alternative ways of recognizing *Boards and Commissions'* volunteers, since the annual dinner may not be possible. Ms. Heaps said it was too early to tell because the dinner is held as late as February. Currently, they are determining whether to hold *Ice Cream Day* for employees, normally held in July. If both events are cancelled, a savings would result. Mayor Camp confirmed he would still recognize boards and commission members, which may not be with the traditional dinner. He would show great appreciation in some way for those who go unpaid and put in a lot of time and work for the City.

Ms. Turner asked about the *Car Allowance* budget of \$16,500; she thought it was high and asked for a breakdown. Ms. Moore confirmed car allowance was paid to three employees; Mayor Camp, Mr. Hill, and Ms. Heaps. It was noted that department heads receive \$4,200 per year, or \$350 per month. Ms. Turner questioned if the allocation was correct, which did not add up to the similar pay. Ms. Moore would re-

evaluate and adjust if necessary.

City Council Office – Ms. Lopez noted the small budget, highlighted the following line-item, and addressed the seven budget requests.

- *Professional Services* = \$42,700. This budget is used for live video streaming of council meetings, and the annual financial audit.
1. Estimated Unspent funds = \$17,400
 - A. *Travel and Training* = \$9,700
 - B. *Meals* = \$4,000
 - C. *Supplies* = \$200
 - D. *Miscellaneous* = \$3,500
 2. CARES Act: None.
 3. Travel and Training: ↓ 66% or \$21,800. Ms. Lopez explained the council travel budget was decreased earlier in the year by Mayor Camp, and Ms. Moore. Therefore, travel for the APPA (American Public Power Association) was cancelled. Since then, Ms. Lopez decreased travel by another \$21,800, but local conferences and events for ULCT would remain available if held.
 4. Operation Deductions of 4% = \$7,290
 - A. *Meals* ↓ \$3,300.
 - B. *Supplies* ↓ \$600.
 - C. *Miscellaneous* ↓ \$3,390.
 5. Overtime: None.
 6. CIP projects = \$30,000. Ms. Lopez confirmed money would be allocated for clean energy vehicles. The fund would build so other departments could pull from it when upgrading to clean energy. Ms. Moore commented the allocation was not included in the budget, because the City was not purchasing any vehicles this year, other than four police cars. She said \$28,000 would roll forward from last year.
 7. Other Concerns: None.

Mr. Hales requested the council *Travel* budget, and other council benefits be placed on contingency. He hoped the Council would review their own car allowances in a similar manner, as the Mayor's office was expected. He asked about cutting the food budget for council meeting dinners. Ms. Lopez noted some funding was left in place for dinner meals going forward, which would not be provided for several months, depending on COVID-19 restrictions. Mr. Hales requested the *Meals* budget be placed on contingency.

Ms. Dominguez noted a 6% decrease in the *Admin Allocation – Wages* line-item. Ms. Lopez said it was a reduction based on the finance director's computations. Ms. Moore further added, in general the admin allocation is based on work that city departments do on behalf of the enterprise funds. For example, the attorney's office works on contracts, and the City Council approves budgets.

Human Resources – Ms. Colton said the budget was status quo from year to year. She noted two operational increases and addressed the seven budget questions.

- *Software Maintenance* ↑ \$800. A system used for employee performance evaluations.
- *Exams and Testing* ↑ \$500.

Ms. Colton said although the budget went up \$1,300, it was kept neutral by making the following budget decreases:

- *Overtime* ↓ \$500.
- *Travel and Training* ↓ \$1,000.

Ms. Moore noted a 36% increase to the *Admin Allocation – O&M* line item, because a wellness program that benefits all employees was moved from non-departmental to the HR budget. A brief conversation occurred about how wellness program, creates challenges for employees to increase wellness and engagement. Mr. Hales said it was a successful program, which benefited the City greatly.

1. Estimated Unspent funds = \$41,700. Ms. Colton accumulated savings from *travel and training*, *professional services*, and one part-time employee who was not working, due to the crisis.
2. CARES Act: Ms. Colton is the person who collects CARES forms and applications from all City departments; a City-wide report was noted reflecting a total of five employees applied for COVID FMLA (Family Medical Leave Act) leave to care for children as follows:
 - One employee: Full-time leave.
 - Two employees: Working part-time and using the leave intermittently.
 - Two employees: Telecommuting part-time and using leave intermittently.
 - Seven employees: Applied for emergency pay sick leave.
3. Travel and Training = \$4,000. The budget was cut by 2/3, which would still allow Ms. Colton to attain certification that requires professional development credits. However, her staff would not be able to earn professional credits.
4. Operation Deductions of 4% = \$4,400.
Professional Services ↓ \$4,400. Ms. Colton explained the line-item usually requires a budget of \$30,000; she proposed cutting it by \$4,400. HR would no longer offer as many employee trainings, which was part of a new program that began this year.
5. Overtime = \$500. The \$1,000 budget was cut in half; the reduction would mean employees would accumulate comp time instead.
6. CIP projects: None.
7. Other Concerns: Suspending the step-plan was concerning to her. She expressed appreciation for allowing full-time employees to continue in their work; she stressed the step plan is great for all Murray City employees. She was employed with Murray City during the 2008 downturn, which was not pleasant for Murray to be a training ground in many departments, by recruiting good employees, only to lose them to other cities, and private sectors, who offered slightly more pay. She thought it would be sad to fall behind again, when the newly implemented step plan has been a great asset to the City in just two years.

Ms. Martinez asked for an explanation of the *Employee Assistance* budget. Ms. Colton explained the program offers free anonymous counseling services for mental health, financial advice, and other wellness programs, free to all employees; the line-item used to be allocated in non-departmental.

Mr. Hill asked Ms. Colton to discuss in detail the impact of suspending the step-plan, until mid-year. Ms. Colton noted since the step-plan is new, the employee step-date occurs on hire dates, or a day of promotion. Employee raises do not occur in unison in July. She explained after hearing the Council might consider tabling the step plan until January of 2021, she thought it was important for Council Members to

understand the ramifications. She confirmed 192 employees have step dates that occur between July 1 and December 31; and 77 employees have step-dates between January 1 and June 1. By nature of the step plan, it cannot be partially funded, because it would not be fair to move 77 employees up on their step date –at the six month mark. Increases would have to be applied retroactively to the 192 employees who were due for an increase in the prior six months.

Ms. Turner asked if suspending increases for one year would solve the matter. Ms. Colton confirmed the plan would need to be funded for the entire full year, or not at all; it is not a six month program.

Ms. Dominguez asked how many employees would be affected. Ms. Colton reported 269 full-time employees.

Mr. Cox commended Ms. Colton for carefully considering her budget cuts; he thought it was important to keep a minimum of overtime in place for emergencies. He asked if health care options were ever put out to bid, and when did that process occur. Ms. Colton confirmed her staff manages the process in house; at one time she considered attaining a brokerage service, however, the cost was significant. She reported heavy hit areas when large claims occurred over past years, which was not conducive for taking healthcare costs out to bid. In hopes of showing three good solid years of trending downward, another significant spike occurred. She monitors the situation frequently, so taking benefits out to bid again was not out of the question. Most recently, she ran a survey with other neighboring cities, where she found Murray's rates are right in line with other cities; and medical and dental rate increases are right on trend, as well. Mr. Cox was appreciative.

Ms. Dominguez asked what type of pay scale system was in place prior to the step-plan; and, after the recession of 2008. Ms. Colton explained it was a grade system where each year employees, depending on where merit increases were set for the year, would receive a raise accordingly. Once the recession hit, no COLA (Cost of Living Adjustment), or merit increases were given; employees remained at the percentage pay, and all ultimately sank to the bottom of their range over time and stayed at those levels for several more years.

Ms. Dominguez asked worst case scenario, what would occur if step-plan increases were frozen for one year. Ms. Colton thought the biggest result would be poor moral that could push employees to leave jobs again, once they understand there is a pay freeze. The worry would be knowing wages could remain stagnant for multiple years like before. In addition, new hires would have to be placed with caution into the step-plan, not to cause compression issues that occurred in the past.

Ms. Dominguez expressed concern about current employees on the step plan, eventually having ill feelings towards new hires making the same amount in pay. Ms. Colton confirmed a freeze would affect levels of seniority, which would tend to cause ill feelings when new hires make the equivalent of a seasoned employee- who had pay frozen. Ms. Colton noted not only were compression issues concerning, but pay scales would have to be reevaluated all over again to match the current levels of pay elsewhere, once the freeze was lifted. As a result, a greater pay increase overall would occur to restore existing employees to accurate pay levels, had pay freezes not be implemented.

Ms. Martinez appreciated concerns about the long-term impact of COVID-19, related to freezing the step-plan, and hiring new employees. What concerned her most was that the virus was not linear, like the 2008

recession. Another surge in the virus could occur in two weeks, then again in the fall; and surge again with flu rates in the winter. The potential back and forth made her nervous, noting the cost to fund the step-plan was \$311,087. Therefore, another item she suggested suspending, or freezing was the *payout for Sick Leave* budget, noted as \$204,783. From an HR standpoint, she wondered what implications Ms. Colton saw in freezing that expense, instead of defunding the step-plan. She hated considering cuts to any benefits for City employees; however, she was nervous about making sure reserves could last as many years as possible, if the COVID situation did not improve quickly. Ms. Moore said the benefit of receiving 24 hours of sick pay at the end of the year, could possibly be paid out later in the year, which would affect every employee with over 200 hours of earned sick time. Ms. Colton agreed, however, the benefit was made mandatory, as part of the Utah State Retirement systems, which was calculated as part of retirement benefits.

Mr. Cox asked if the City was contractually bound with the Utah State Retirement system to provide the payout accordingly. Ms. Colton was unsure if payouts could be delayed, since it was a mandatory benefit, but would look into it.

Ms. Turner thought it would be beneficial in knowing if sick leave payouts could be suspended, and asked Ms. Colton to look into the possibilities; the item was placed on contingency.

MCEA (Murray City Employees Association) – Ms. Sadler appreciated open lines of communication between the Council, the Administration; and City employees, which was helpful during unprecedented times. With respect, President, Sadler read a letter from MCEA, to the Council. (See Attachment #5)

Ms. Sadler concluded and thanked the Council for facing hard decisions during difficult times. She agreed with Ms. Moore that maintaining the City's workforce was the highest priority, as well as, keeping City services going strong. Recognizing hard times, MCEA was grateful there have been no layoffs so far, and job attached employees would be able to return to work, as specific facilities eventually re-open.

Council Members thanked Ms. Sadler for the thoughtful letter. Ms. Sadler noted upcoming MCEA events were cancelled and she would keep everyone informed as things progress.

Ms. Moore would summarize all unspent dollars reported by all department heads. She pointed out the overall *Estimated Actual* in the Council budget binder was a worst-case scenario because each department head reported more savings than she anticipated. In addition, this year, there would be savings related to salaries estimated at \$1.7 million, due to lengthy vacant positions; PEHP rebates, and Worker's Compensation dividends that still need to be allocated. She would get back to the Council with the savings list, and summary of more accurate payroll expenses at the next budget meeting. She thought it was possible that year end reserves could be as much as 24%; a definite total would not be realized until August of this year.

Ms. Moore continued at length noting vital reasons for funding the step-plan. She said with so many great unknowns next year, it would be a shame not fund the step-plan for one year, because if the budget balances out, the problem to reinstate the step-plan would be a greater problem. She advised it would be a better idea to utilize reserves to fund the step-plan the first year and continue to monitor whether the step plan should be funded next year. The impact of COVID-19 on the budget would be better understood next year, rather than reacting in panic now, because of the current two months. This would allow an

entire year to prepare for what COVID- 19 would do to the future budget.

She believed there was a way to find \$377,000 in the General Fund to pay for the step-plan. She noted it was possible that savings achieved this year, and with use of reserves the step-plan could be funded one more year. Additional reductions could be reanalyzed next year and implement hard budget cuts if necessary, including the step plan; she said there were other options available, such as; re-shopping insurance companies, and adjusting benefit ratios, to mention a few. She said it would be a shame to ruin the almost three years of good employee morale achieved, which would start all over again should wage increases be suspended. She realized the Council would make the decisions they wanted, they could cut budgets and the step plan, as they desired and she would write the budget accordingly. She affirmed the Council had ideas, and she would include a new report reflecting the total savings, as part of the contingency to be reviewed on May 15, 2020. She hoped final decisions would be made carefully to reevaluate all budget cuts; she appreciated the Council considering her thoughts. She noted a great deal of savings already occurred the moment Mayor Camp requested that spending be reduced by department. She would send all updated information in an email once she recalculated all that had been considered.

Mr. Cox appreciated Ms. Moore's analysis and hard work and looked forward to reviewing the new savings total.

Ms. Turner said none of the Council wanted to suspend the step plan and now realized how important it is to maintain; if they could avoid using reserves, they would be happiest.

Ms. Dominguez said she is obligated to Murray citizens that elected her to have hard conversations and make these decisions. She said it was easy to tell her constituents the City would be fine, however, it is for citizens that the Council must look into the budget on a deeper level, and understand concerns of City staff. She appreciated the work everyone had done, and hoped to find a short term solution for now. She agreed having those updated numbers would be helpful in her decision.

Ms. Moore realized one immediate option to solve the matter quickly. She noted the .2% option sales tax revenue, which is transferred to the Capital Projects Fund; she could decrease the transfer by \$377,000 and transfer that amount to the General Fund, which would fund the step-plan for one more year. This would slightly lessen the allocation to be used for future capital projects, but at this point most projects are unknown, or on hold, and would not be determined until next year- or until the impact of COVID-19 could be realized. She noted the virus could definitely spike again, according to science reports she was reading; however, she was doubtful that cities and economies would be shutting down again. She said the reduction would not happen every year; it would not hurt the current capital funds project list, and she could do it immediately.

Ms. Turner approved and asked Ms. Moore to crunch those numbers and include exact calculations in her next report on May 15, 2020.

Mr. Hales agreed reducing the .2% sales tax revenue dollar transfer was a good idea, and helpful in funding the step-plan. He thanked all department heads for their diligence and thought the exercise was good for him to see what department heads are able, and willing to cut; he asked for Mayor Camp's thoughts.

Mayor Camp expressed appreciation to all department heads who worked very hard on the requests. He said looking at the exercise, he thought analyzing numbers would have been easier than getting deep into the weeds of the discussion. He said the exercise served its purpose, and Mr. Hill would forward the report. He thought many great points were made, and agreed the City is up against an unknown, and it is a different situation than the past recession. He thanked the Council as well, for putting in the work with a tough budget. As a former Council Member he understood and identified with hard budget decisions they would be making. He agreed there should be a way to save the step plan and looked forward to the discussion on Friday. He welcomed Council Members to contact him or Ms. Moore with any further questions they might have before the next budget meeting.

Ms. Martinez thanked all department heads for their time, and participation; she thought it was important to get into the weeds of things, and due process was important to make sure the Council did everything possible to protect employees, and City services. It was important for her to feel confident in telling residents and the community that the Council did everything they could with the information they have today. As everyone had said, times are uncertain, and she appreciated patience as they work through the process. She wanted department heads to know they are trusted, and the Council values all employees. She noted family and friends who do not work for cities or the State who lost their jobs. Therefore, her intent was not to take anything for granted, but to be diligent, and careful while analyzing all the information, while valuing Murray City employees.

The contingency list was reviewed:

- City-wide step plan increases.
- Streets Division - *Professional Services*.
- Enterprise Funds 4% Decreases – Should budgets be reduced.
- Travel and Training – Review of all required training and certifications.
- Power Fund transfer to the GF – Discussion only.
- City Council – *Travel, benefits, and meals*.
- Citywide - *Sick Leave Payout*.
- Updated report from Ms. Moore – Totals on both 4% reductions, and travel reductions.

Ms. Turner appreciated all feedback and support, and reiterated the task to reduce spending was not easy; she appreciated everyone being patient as the Council carefully considered all budget options. The Council would return to discuss the contingency list on May 15, 2020.

Adjournment: 4:36 p.m.

Pattie Johnson
Council Office Administrator II

ATTACHMENT #1

Power Department Response

1- What amounts will be unspent in this budget?

amount projected to be unspent

Administration	\$95,400
Engineering	31,100
Distribution	566,378
Dispatch	(\$39,300) - overspent
Arborists	153,900
Metering	17,600
NERC/Compliance	7,500

TOTAL \$832,540

2- CARES Act

Robyn will handle this. We have no active COVID tested employees. We have two employees that have exercised the privilege to stay at home as needed to tend children.

3- Travel and certification requirements

We have two apprentice linemen that will continue their training. The requirement is about \$2,000.

We have NERC certification that needs to be active at about \$10,000 annual cost.

We have some arborist training and certification that is needed as well at \$2,000

This totals to \$14,000 in ongoing needs.

4- Four percent decrease in operation

Not counting our PILOT, power purchases and our capital expenses, the Power Fund operations has a \$6.955 million projection. Four percent of that total is \$278,000.

Proposed expenditure cut to reach the \$278,000 include:

Administration decrease of \$20,000 with the intent to cancel Public Power Week.

Engineering decrease of \$13,000 from professional services line item

Operation decrease of \$220,000 in traffic signal maintenance and di-electric testing needs

Dispatch decrease of \$25,000 in the software maintenance contract

5- Overtime decrease

Power department has four positions on continual standby - all year long. We have a Lineman, Sub Tech, Arborist and a Warehouse/Inventory person on call. We are also on call for emergency Blue Staking and other Department activities and call outs. Our present OT budget is \$285,000 annually. We can cut that by \$19,000 (to \$266,000) by suspending Public Power Night, some Arbor day activities and the Fun Days celebration.

6- CIP projects

Power Fund projects \$1.63 million in capital projects. Equipment is projected to cost \$430,000. Infrastructure expense will be \$1.1 million (hydro penstock and substation work). And \$100,000 is the projected expense in buildings.

ATTACHMENT #2



TO: Mayor Blair Camp
FROM: Melinda Greenwood, Community & Economic Development Director
DATE: May 11, 2020
RE: Response to City Council Budget Requests Dated May 4, 2020

On May 4, 2020, the City Council requested budget information from each department in response to impacts of COVID-19 on the current year's budget. The Council also asked for information on how to address impacts for the budget year starting July 1, 2020. My response to those questions is detailed below.

1. FY 2020 Unspent Funds

Estimated unexpended budget for each of my divisions is as follows:

a. 1301 (CED) – \$22,412.51

The bulk of this is salary savings from the Economic Development Specialist position which was budgeted July 1, 2019 but was not filled until December 2019.

b. 1306 (Building) – \$77,600.34

The majority of this is salary savings from vacant positions. We have a part time Plans Examiner position budgeted at \$34,190 annually which has not been filled. Additionally, we have had two vacancies with Building Inspectors, one who left in March and one who left in April. We have been unable to find a suitable candidate to hire replacements and are utilizing our contracted services with WC3 to bridge the gap.

c. 1307 (Planning) – \$63,087.77

The main portion of this is salary savings from an employee retirement from the Business License Specialist position at the end of February 2020. After an internal employee was promoted to fill that position, we have had a vacant Office Administrator II position which we have chosen not to fill based on budgetary concerns regarding COVID-19.

2. CARES Act

CED does not currently have any employees impacted by COVID-19.

3. Critical Training Budget

a. 10-1301-42125 – \$2,000 (CED)

No employees in this division have required certifications or licensing. If staff do not attend any training sessions or classes, the full \$2,000 could be unspent.

b. 10-1306-42125 – \$7,000 (Building)

The most critical certifications in CED are those of our building inspectors and plans examiners. These positions have mandated on-going training to maintain their licensing and certifications. The amount of training varies based on the certifications each employee holds but is estimated at 36 hours of training annually per employee and six positions in our division must hold certifications. Most required classes can be attended locally along the Wasatch Front though there have been annual conferences held in St. George.

If classes are attended locally, we could reasonably reduce our expenses by ~20% (\$1,400) for this line item.

c. 10-1307-42125 – \$9,500 (Planning)

We have one employee who is required to obtain their Utah Business License Association (UBLA) Business License Official certification within the next two years. To accomplish this, attendance at the annual UBLA conference will be required. It is questionable as to whether the training conference will even be held this year, but if it is, it typically costs about \$1,200 to attend.

If no other training sessions or classes are attended, line item expenses for Travel & Learning could be as low as \$1,200 with an estimated \$8,300 left unexpended.

4. 4% Operational Cuts

a. 1301 (CED) – \$807.00

The proposed FY2021 operating budget for this fund is \$20,160.00. To achieve a 4% reduction, ~\$807.00 would need to be eliminated from this fund. Feasibly, if minimal expenses occurred in the accounts below, a 4% savings could be realized.

Account	Item	Budgeted	Estimated Expenditure	Possible Savings
10-1301-42060	Car Allowance	4,200.00	\$ 4,200.00	\$ -
10-1301-42115	Dues & Memberships	1,500.00	\$ 1,300.00	\$ 200.00
10-1301-42125	Travel & Learning	2,000.00	\$ 1,800.00	\$ 200.00
10-1301-42140	Supplies	1,200.00	\$ 1,000.00	\$ 200.00
10-1301-42180	Miscellaneous	1,000.00	\$ 793.00	\$ 207.00
10-1302-43000	Professional Services	1,200.00	\$ 1,200.00	\$ -
10-1301-43202	Contribution - EDCU	7,500.00	\$ 7,500.00	\$ -
10-1301-44020	Cell Phone	1,560.00	\$ 1,560.00	\$ -
Total		20,160.00	\$ 19,353.00	\$ 807.00
				4%

b. 1306 (Building) – \$4,709.00

The proposed FY2021 operating budget for this fund is \$117,710.00. To achieve a 4% reduction, ~\$4,709.00 would need to be eliminated from this fund. With careful attention to expenses, a 4% reduction could be accomplished through minimizing expenses in the supplies and travel/training line items.

Community & Economic Development Department
Monthly Report: April 2020

Account	Item	Budgeted	Estimated Expenditure	Possible Savings
10-1306-42050	Uniform Allowance	\$ 1,000.00	\$ 1,000.00	\$ -
10-1306-42110	Books & Subscriptions	\$ 2,400.00	\$ 2,400.00	\$ -
10-1306-42125	Travel & Training	\$ 7,000.00	\$ 3,500.00	\$ 3,500.00
10-1306-42140	Supplies	\$ 9,500.00	\$ 8,000.00	\$ 1,500.00
10-1306-42160	Fuel	\$ 3,500.00	\$ 3,500.00	\$ -
10-1306-42170	Small Equipment	\$ 6,200.00	\$ 6,200.00	\$ -
10-1306-42520	Vehicle Maint	\$ 1,700.00	\$ 1,700.00	\$ -
10-1306-42535	Software Support	\$ 4,510.00	\$ 4,510.00	\$ -
10-1306-42730	Credit Card Fees	\$ 5,500.00	\$ 5,500.00	\$ -
10-1306-43000	Professional Services	\$ 70,000.00	\$ 70,000.00	\$ -
10-1306-44020	Cell Phone	\$ 6,400.00	\$ 6,400.00	\$ -
Total		\$ 117,710.00	\$ 112,710.00	\$ 5,000.00
				4%

Additionally, there is likely to be salary savings in the administrative allocation portion of the budget due to the vacancies and the difficulties to fill Inspector positions.

c. 1307 (Planning) – \$3,389.00

The proposed FY2021 budget for this fund is \$84,690.00. To achieve a 4% reduction, ~\$3,388.00 of expenses would need to be eliminated from this fund. The Planning Division has a few line items which could make up a substantial amount towards a 4% reduction. At this time, we do not have any planned projects for professional services but need to keep some balance as this line pays for assessments we must do when residential treatment facility applications are received. It is expected that travel and training will likely be limited to local classes which will result in savings.

10-1307-42120	Public Notices	\$ 2,000.00	\$ 2,000.00	\$ -
10-1307-42125	Travel & Learning	\$ 9,500.00	\$ 9,000.00	\$ 500.00
10-1307-42140	Supplies	\$ 5,300.00	\$ 5,300.00	\$ -
10-1307-42160	Fuel	\$ 1,600.00	\$ 1,600.00	\$ -
10-1307-42170	Small Equipment	\$ 6,400.00	\$ 6,400.00	\$ -
10-1307-42180	Miscellaneous	\$ 1,500.00	\$ 1,412.00	\$ 88.00
10-1307-42520	Vehicle Maintenance	\$ 1,500.00	\$ 1,500.00	\$ -
10-1307-42535	Software Support	\$ 10,780.00	\$ 10,780.00	\$ -
10-1307-42730	Credit Card Fees	\$ 7,000.00	\$ 7,000.00	\$ -
10-1307-43000	Professional Services	\$ 19,000.00	\$ 16,200.00	\$ 2,800.00
10-1307-43001	Transcription Service	\$ 500.00	\$ 500.00	\$ -
10-1307-43002	Planning Commission Pay	\$ 7,500.00	\$ 7,500.00	\$ -
10-1307-43101	Weed Control	\$ 6,500.00	\$ 6,500.00	\$ -
10-1307-44020	Cell Phone	\$ 1,560.00	\$ 1,560.00	\$ -
Total		\$ 84,690.00	\$ 81,302.00	\$ 3,388.00
				4%

In addition, we plan to hold off on hiring the vacant Office Administrator II position, which will allow for salary savings.

5. Overtime Expenses

a. 1301 (CED) – \$0

There is no overtime budget for this fund.

b. 10-1306-41115 (Building) – \$4,000

The overtime budget for Building Division will be difficult to gauge. We currently have two vacant Inspector III positions. Our remaining inspector has been allowed to accrue overtime to compensate for lack of staffing. Building Inspector positions are notoriously difficult to fill so overtime in this division may increase in FY2021 if we are unable to hire qualified building inspectors. However, this expenditure would be offset by salary savings from the two vacant positions.

c. 10-1307-41115 (Planning) – \$4,000

The Planning Division has very little need for overtime budget. With managing hours and flexing out excess hours, this line item could be kept to little or no expense.

6. CIP Projects

a. 1301 (CED)

There are no planned CIP projects for this fund.

b. 10-1306 (Building)

There are no planned CIP projects for this fund.

c. 10-1307-41115 (Planning)

There are no planned CIP projects for this fund.

7. Other Concerns

Training budgets are often the easiest area to realize cost savings and I believe conference and travel opportunities will be limited in the year to come due to social distancing requirements. I do hope however, that some budget could remain for staff to attend local sessions or web-based training if available. I have found these opportunities create motivation and can keep morale high especially in uncertain times.

It is difficult to predict the future as COVID-19 impacts continue to evolve. My primary concern would be the impact to our work capacity with positions left unfilled. Under previously normal circumstances, the CED department has been adequately staffed. If slower times continue and walk in traffic in Business Licensing is minimal, we will likely be okay with the unfilled Office Administrator II position as we are currently getting Planning staff cross-trained in processing business licensing to help counterbalance the vacancy. Should the workload in Planning or Business Licensing return to pre-COVID-19 levels or substantially increase from where it is at present, I fear we will struggle to keep up.

The workload of Building Division is even more challenging to predict. It is anticipated some slowing in building arena will take place but will lag a bit behind other industries. With two Inspector III vacancies, it is a challenge to keep up with commercial inspections. To offset the workload of the two vacancies we have allowed our remaining inspector to accrue overtime and have increased the use of our contracted inspection services. Unfortunately, contracted

inspection services typically come at a higher hourly rate than what we pay City employees. Even with the best of circumstances I believe we will need to fill at least one of our Inspector III vacancies and I have concerns about employee burnout with continual overtime demands.

If you have any questions or need further information, please contact me at 801-270-2428 or mgreenwood@murray.utah.gov.

CC: Brenda Moore, Finance Director
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