



MURRAY CITY MUNICIPAL COUNCIL

BUDGET AND FINANCE COMMITTEE

FISCAL YEAR 2020-2021

NOTICE OF MEETING

Electronic Meeting Only

Monday, May 15, 2020

The Murray City Municipal Council met as the Budget and Finance Committee Tuesday, May 15, 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.

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	Brenda Moore	Finance Director
Pattie Johnson	Council Office	Jennifer Heaps	Mayor's CCO
G.L. Critchfield	City Attorney	Bill Francis	Imagination Company

Call to Order: 1:00 p.m. Ms. Turner welcomed all with the following statement: The public may view the meeting via live stream at www.murraycitylive.com or <https://www.facebook.com/MurrayCityUtah/>. No physical meeting location would be available. All Council Members are present; this is the third budget meeting meant to reconcile the budget. Ultimately it is the job of the Council to protect and ensure the wellbeing of Murray citizens, and provide services while dealing with the reality of a pandemic and economic repercussions that are yet to be known.

Ms. Turner expressed appreciation to the City Council, all department directors, and Council Director, Jan Lopez for her assistance; she hoped the Council would reconcile all information received the past week.

Discussion Items:

Report on Revised Estimate Fiscal Year 2019–2020 GF (General Fund) Ending Fund Balance; and Use of Reserves - Ms. Moore reviewed the original Mayor's tentative budget. (Attachment #1)

In FY 19, with no crisis and normal operations, City departments saved 13% of their operating budgets; or, \$1.3 million. Ms. Moore said some may think budgets are set too high to begin with; but as a reminder she explained she sets the revenue, and staff does their best to keep expenses down to match the set amount. Budgets are set conservatively, because her goal is to see revenue higher than what she initially budgeted. Within reason, revenue budgets are increased in a normal year. Most years, department heads are instructed to leave budgets flat, knowing increases occur only for necessary items like contracts. She explained why departments save money, and why budgets are not fully spent; staff is aware that by the end of the fiscal year unspent money will either go towards rebuilding the City's reserves, or, rolled forward into capital projects for things like buying equipment, purchasing vehicles, and fixing roads. She said a consequence of the Mayor's philosophy of continuous improvement is that department heads are always looking for ways to provide better services at a lower cost and find ways to save money to keep the same services. The practice is well engrained into all department directors.

Ms. Moore recapped the tentative budget first presented reflected a final amount of 12.1% of revenue for reserves, (the *Estimated Actual* was 20.2%, a worst-case scenario). According to what the Council requested, the total savings reported by department heads was combined with adjusted payroll savings, to estimate the City would save \$2.3 million. This would bring the reserves balance up to 24.7% - use of \$954,000 in reserves to get through the immediate economic downturn. Extra calculations were made with the possibility that the Park Center and outdoor pool would open in June. Ms. Moore included part-time wage adjustments and reviewed new FY 20-21 savings, summarized as follows:

- Unspent Funds = \$2.3 million.
- Travel and Training = \$57,017.
- Operation Cuts of 4% = \$272,587.
- Overtime = \$69,043.
- Non-departmental = \$30,000.

By considering no possible growth in property tax revenue, Ms. Moore did not budget for that revenue; the amount would not be realized on the day the budget was approved. Last year property tax revenue for growth was \$92,000. Her estimate was slightly below that at \$80,000. In conclusion, with all adjustments discussed, the FY 20-21 ending fund balance (or reserves) would now be 17.9%. She felt this was much better than 12.1% and hoped it would have been closer to 25%. She said compared to other cities, Murray did well over many years to stay close 25%.

FY 2020 Savings by Department GF Operations: The list was observed. (Attachment #2)

FY 2020-2021 4% Budget Adjustments: (Attachment #3)

Ms. Moore discussed police funding of \$1,300 for the DARE program; and fire funding of \$5,500 for cancer testing and mental health programs. She asked if the Council planned to leave items funded.

- Ms. Turner favored funding cancer and mental health programs.
- Ms. Dominguez agreed. She noted the budget cut to DARE was because schools were not in session, and it was uncertain if they would re-open in the fall.
- Ms. Moore said funding for the DARE program was for supplies only, like t-shirts; if school did not re-open, money would remain unspent.
- Mayor Camp clarified the budget cut would not eliminate the DARE program; it would still carry on without supplies whether funded or not.
- Mr. Cox supported funding cancer testing and mental health programs.
- Mr. Hales agreed with funding health programs for firefighters.

- Ms. Turner thought the DARE program would be fine without \$1,300.
- Ms. Moore would remove DARE funding and reinstate fire fighter health programs funding.

Ms. Moore noted Public Services - *Seasonal Part-time Wages* in the Streets division. She expressed concern about increased summer construction and favored hiring part time help to avoid full time staff accruing overtime. Comments followed:

- Mr. Hales asked if the budget cut affected all seasonal part-time help.
- Ms. Moore recanted, recalculated; after the cut, the remaining budget would provide \$25,000 in part-time wages, which was adequate and included social security benefits.
- The budget cut would be implemented.

Mr. Cox addressed cuts of \$8,000 to *SWAT supplies*; he said when SWAT is utilized, it is for the worst of situations and hated to see officers be short of even one necessary supply. He thought the budget should remain funded. Ms. Moore confirmed the amount and asked for additional input. Council Members commented:

- Mr. Hales agreed SWAT supplies should remain fully funded.
- Ms. Turner said Chief Burnett reported the department would be fine without the \$8,000 for SWAT supplies.
- Mr. Cox felt the Chief was merely trying to reach his 4% budget cut request. Mr. Cox said SWAT supplies should remain funded in case of emergency; and if money was not utilized funds would be unspent; he preferred they not come up short.
- Ms. Dominguez recalled police budget cuts were slightly over 4%; she asked the total amount.
- Mayor Camp responded the overall cut 4.3%.
- Ms. Moore said if SWAT funding remained, the overall reduction would be slightly less than 4%.
- Ms. Dominguez agreed SWAT supplies should be funded.
- Ms. Moore would reinstate SWAT supplies and the overall cut would be reduced.

Ms. Martinez requested \$5,000 be reinstated in Non-departmental for the Boys and Girls Club. Feedback was noted:

- Ms. Moore noted the donation was usually \$100,000; she reported when revising the budget, an additional savings of \$30,000 was found, which could help fund the \$5,000 Boys and Girls Club contribution. Savings of \$10,000 was located in miscellaneous, used for emergencies; and due to the CARES Act, \$20,000 from reduced unemployment benefits.
- Ms. Dominguez agreed; and suggested leaving contributions of \$1,000 for the Chamber of Commerce; and \$2,200 for the Youth Chamber, as well. She hated to see struggling non-profits, continue to struggle.
- Mr. Cox approved of all the suggestions.
- Mr. Hales agreed funding non-profits was important.
- Ms. Moore was comfortable to reinstate \$5,000, as well as, other non-profits, as initially budgeted.

Mr. Cox analyzed the \$29,000 cut to the *utilities* budget for Parks. He understood the cost was for watering City parks; he thought by letting park lawns go, a greater expense would result later to bring grass back over the following years. The conversation was noted:

- Ms. Moore explained City water bills run through the City's billing system, like power expenses. She confirmed if money was not spent on watering lawns, the funds remain unspent in reserves.
- Mr. Cox said he did want to see City parks suffer; and understood if utility funding was removed, money would still available to address the need when necessary. He reiterated parks should be maintained through the pandemic.

- Ms. Moore noted the original budget for Parks - *utilities* was \$425,000, which if decreased by \$29,000, adequate funding remained. She explained watering is dependent on weather, and with a dryer April this year, watering started earlier; she confirmed if the cut was made, a close watch would determine when an adjustment was needed.
- She would plan the budget cut, assured the Parks division would pay close attention; and said they are very careful with their water budget.

Mr. Hales left the meeting shortly, due to technical issues.

Ms. Dominguez said IT made budget cuts above 4% also. Ms. Moore agreed the computer replacement program was cancelled for one year, in addition to the 4% request. Computers are rotated every five years, so the City would utilize older technology longer, which was not problematic.

Ms. Moore noted the updated total of the 4% budget adjustments amounted to reductions of \$250,000.

Proposed budget adjustments were reviewed:

Category savings were discussed:

- *Travel and Training* = \$ 57,017. It was agreed that all cuts were sufficient.
 - Ms. Dominguez affirmed police training budget cuts were appropriate.
 - Ms. Turner quoted Chief Burnett as saying he was careful in considering his cuts, which would still provide training; she trusted his decisions.

Mr. Hales returned to the meeting.

- *Overtime* = \$69,043.
 - Ms. Moore noted some overtime funding would remain in the Parks Department, Cemetery and other small budgets.
 - Mr. Cox appreciated department heads carefully analyzing overtime. However, he thought flexibility should remain to provide overtime for employees who plow snow on Christmas Eve; work weekends to restore power and resolve urgent problems like broken water lines. He said employees must be compensated accordingly; and if overtime budgets run out, it should be made clear to departments heads they can approach the Council, who would consider additional overtime needs.
 - Ms. Moore noted GIS with a \$4,000 overtime budget. She said it is all hands-on deck when it comes to plowing snow in Murray; two GIS employees who worked in Streets previously, still assist with snow removal.
 - Mr. Hales supported flexible overtime. He appreciated Murray typically being first to have streets cleared of snow.
 - There was a consensus that overtime budget cuts were sufficient.

Report on Fiscal Year 2020-2021 General Fund Expenditures with the department reductions applied; Ending Fund Balance; and Use of Reserves. Ms. Moore calculated changes; the summary sheet now reflected 17.9% of revenue for reserves. Discussion followed:

- Ms. Dominguez asked what the percentage goal was initially.
- Ms. Turner desired to see 20%, which she felt would make the City strong. She said usually in the past reserves were as high as 25%. But without knowing the future, she thought having as much money in reserves would be helpful to the City for the long run.

- Ms. Moore said 17.9% was lower than the goal; and described one way to achieve the 20% goal. By withholding some of the .2% optional sales tax transfer from the CIP Fund. (\$500,000) (Attachment #1 page 2, and page 5) This would create a CIP budget in FY 2023 with \$500,000 less.
- Mr. Hales felt if sales tax revenue was uncertain and reserve levels were concerning six months from now, a transfer from the CIP could occur at any time - if funding was needed. Therefore, he requested the funds be left in the CIP.
- Ms. Moore agreed the transfer was possible at any time, however, budgeted reserves would still remain at 17.9%.
- Ms. Turner felt with more options to consider, they could revisit that idea afterward the review.

Other Possible Budget Revisions – Another possible way to save money in the future was discussed:

- Ms. Moore explained money could be saved next year, and the next by paying off a callable bond early this year. She said if three principal payments were made from reserves on July 1, 2020, (totaling \$295,000), the City could save up to \$35,000 in interest payments over two years.
- Ms. Turner disapproved of dropping reserves any further.
- Ms. Moore stressed payments must be made anyway, and this would reduce owed interest.
- Ms. Dominguez clarified the City would save on interest and asked the interest rate.
- Ms. Moore confirmed and explained the coupon rate was 4.4%, which would only drop the percentage of reserves by one point.
- Ms. Turner did not favor using reserves, with so much uncertainty, and felt the City did not have the money to spend.
- Mr. Hales discussed benefits of saving interest, as one would experience with a personal loan. He disagreed; the City had the money; Ms. Turner did not want to spend the money. He noted payments were required anyway; and spending money to save money was a valuable means. He thought saving the City \$30,000 was significant, if possible.
- Mr. Cox said it depends on what was decided with the possible \$500,000 allocation from the CIP transfer.
- Ms. Moore assured paying off the bond early was only a possible idea; she asked the Council to think about it and noted if the optional sales tax transfer of \$500,000 did not occur the reserves would remain at 17.9%. The budget analysis continued.

Streets Division – Professional Services: \$100,000.

Ms. Moore noted a memo from Public Works Director, Mr. Astill dated May 11, 2020, to explain the needed expense, which included updated software, and the pavement management program. She asked if Council Members came to a decision about funding. Comments and a lengthy conversation ensued:

- Ms. Turner asked if the program was necessary this year.
- Ms. Moore said any time old software can be updated, it should be; especially when the program held significant value to the engineering of the City's roadways and sidewalks; it would provide survey software to address all sidewalk and road projects in the City. In addition, there is currently only one person who is trained to operate the outdated program.
- Mr. Hill said in the past, the city received lawsuits from those who tripped or fell over damaged sidewalks or had accidents because of road maintenance issues. In all cases, the plan was used to show an active repair plan was in place to address issues; the plan is considered an important risk management tool used by city attorneys to defend the city against those incidents.
- Ms. Martinez asked if there was a way to phase-in implementation of the plan, or was the \$100,000 cost a package deal for both roads and sidewalks.
- Mr. Hill confirmed sidewalk and road projects could be done separately, or at the same time. However, an active plan should be updated for both. He said there is no statutory requirement to

repair sidewalks, or roads, but the plan was a valuable tool conveying the City is working to fix issues. For example, the ADA (Americans with Disabilities Act) requires constant improvements must be made to ramps. If a city cannot show in a court of law that there is an improvement plan in place, and if it cannot prove progress is taking place, a city is penalized in a greater way, than if the city had a plan to display.

- Ms. Turner asked if the City currently had a plan.
- Mr. Hill said the current plan was ten years old, which is why the program needs updating. All work is complete, but there is no plan going forward.
- Mr. Critchfield confirmed the significance of having a plan because when a call comes in, the City must legally address the problem. However, if the cost is not afforded all at once to repair raised sidewalks immediately, the plan assures the matter will be resolved in a timely manner. But the plan must be current.
- Ms. Turner asked if the plan could be delayed until next year.
- Mr. Critchfield said from his perspective he would defer to expert engineers in the Public Works/Streets division. If staff thinks an updated plan is needed, he would defer to that.
- Mr. Cox understood the cost for new software would update and develop a needed plan, in a more user-friendly way. He thought it was important to make work accessible to more than one person.
- Mr. Hill confirmed the way data is compiled, technology provides photos and graphic images in the software, which helps to prioritize projects by providing a score to each need; it also determines the cost of the project, and determines which ones are of poorest condition.
- Mr. Hales asked if it was a required guideline. He expressed concern about only one person held more liable to the current program.
- Ms. Turner affirmed there was a plan in place, it was just an old plan.
- Mr. Hill explained the current software is no longer supporting the old plan. An updated software package would work better than what is currently used.
- Ms. Dominguez asked if projects and repairs were regulated by the State.
- Mr. Critchfield confirmed sidewalk trip and fall issues are resolved in court; a civil type of case. From years of experience, experts stay on top of it. He said clearly things can change over a debate, but from his perspective, updated information was better so they can defend the City in these issues.
- Ms. Turner polled the Council for a decision:
 - Mr. Hales said, due to outdated software, and only one knowledgeable person using the current program, he supported funding the item. He asked if sidewalk projects took priority, due to the trip and fall legal issues.
 - Ms. Martinez asked about cutting the cost in half; by funding sidewalk projects one year, and roads the following year.
 - Ms. Moore said a split was possible; however, with other cities pulling out of these projects, Murray is receiving a discount on the software.
 - Mayor Camp confirmed the cost for street projects was \$45k; and \$55k for sidewalks. He noted Mr. Astill preferred critical road projects be done first this year.
 - Ms. Turner called for a vote to either fund the program: fully, partially, or not at all.
 - Ms. Martinez: Partially.
 - Mr. Cox: Fully; he thought it was best to move forward with all projects, he trusted and supported the City's experts who felt the upgrade was needed.
 - Ms. Dominguez: Partially; she agreed with Ms. Martinez road and sidewalk projects should be funded separately.
 - Mr. Hales: Fully. He expressed favor in support of Mr. Astill.
 - Ms. Turner: Partially. Ms. Turner confirmed partial funding won, which would be \$45,000.
 - Ms. Moore confirmed and noted the adjustment.

Mayor's Office – Car Allowance.

Ms. Turner compared car allowances of department heads (\$350 per month) with car allowance in the Mayor's office. Ms. Moore agreed department heads earn \$4,200 per year, and Mayor Camp, and CAO, Mr. Hill receive \$6,600 per year. She said it was decided as part of the FY 19 budget, when a comparison and comp study was conducted to discover what cities in the area pay for car allowances; it was found Murray staff reimbursements were not consistent. As a result, all car allowances were made uniform, and Mayor Camp, and Mr. Hill received adjustments of \$6,600. Input followed:

- Mayor Camp corrected Ms. Moore that car allowance for him and Mr. Hill was \$6,000 per year. Ms. Moore agreed, and noted the council director also received car allowance like department heads.
- Ms. Dominguez asked for a copy of the comp study to realize what other mayors in the area receive for car allowance.
- Ms. Moore would provide the information. She said it would make sense to conduct a new study, since results were implemented 2018-2019. She noted both the human resource director and finance director from that time are no longer employed with Murray; she was unaware of how allowances were determined.
- Mr. Cox stated the extensive compensation study of surrounding cities also provided the current step plan for all Murray employees.
- Ms. Turner was not aware of the study results; and asked Ms. Lopez if the Council received a copy.
- Ms. Lopez said the Council office did not receive a copy.
- Ms. Turner expressed concern about the Mayor's excessive car allowance. She recommended reducing all administration car allowances to \$350 per month- equal to department heads. She noted this would provide a possible savings of \$3,900. She proposed putting that amount towards the Boys and Girls Club, which was reduced, before Ms. Martinez reinstated it. Ms. Turner asked for input:
 - Ms. Dominguez thought the decrease would help increase the percentage of reserves.
 - Ms. Moore disagreed; it would not help at all.
- Mr. Hales asked if the Council reduced the Mayor's car allowance, could the Mayor opt to keep the set amount, and choose to cut funds elsewhere.
- Ms. Lopez said the Council is the budget authority of the City. She did not believe the administration could oppose the car allowance reduction if the Council specifically lowered it. She asked Mr. Critchfield to provide a ruling.
- Ms. Moore was unsure if shifting budget allocations was possible; she would research the issue.
- Mr. Critchfield stated he did not have a ruling and could not speak for the Mayor; he confirmed it is always possible to transfer funding within the same department.
- Mayor Camp addressed the issue, saying he was fine with cutting car allowances to \$350 per month.
- Ms. Turner noted since funds were reinstated to the Boys and Girls Club earlier by Ms. Martinez, savings would occur naturally affecting the bottom-line total.

City Council Office: Mr. Hales proposed the items for discussion and led the conversation:

- *Travel and Training:* Mr. Hales stressed that travel to Washington, D.C. should not occur next year. Ms. Lopez confirmed.
- *Meals:* Mr. Hales asked if all evening meals for the Council were cancelled. Ms. Lopez lowered the budget by half, so if physical meetings are reinstated meals could be offered again. It was up to the Council to cut the budget further.
 - Mr. Hales said to help save more money he favored all meals be cancelled; he requested input from others:

- Mr. Cox enjoyed visiting during meals with City staff before council meetings; however, he favored funding the Christmas luncheon more for all City employees, and agreed all other meals be cancelled - except that one – if it was affordable.
- Ms. Martinez noted \$1,500 would fund meals when it was safe to meet in person again.
- Ms. Turner said meals were initially designed to invite department heads who must stay into the evening waiting on council meetings and did not have time for dinner. Meals also helped staff feel comfortable and provided visits the Council otherwise did not have. She favored meals, and asked for feedback:
 - Ms. Dominguez suggested potluck meals in the future to help council staff and the budget. She thought in person visits were beneficial, however, in person meetings were cancelled indefinitely, due to COVID-19, so she was not comfortable sharing food in the near future. She agreed it was a good opportunity to cut the expense from the budget.
- Ms. Lopez confirmed \$1,200 would be adequate for a Christmas luncheon; she instructed Ms. Moore to cut another \$2,100 from the council meal budget.
- *Car Allowance*: Mr. Hales proposed all Council Members drop \$100 per month from their own car allowance to help provide more savings. The response was noted as follows:
 - Ms. Turner said no.
 - Ms. Dominguez felt indifferent either way.
 - Ms. Martinez recalled the workshop discussion to possible council pay increases, where it was affirmed that car allowances were part of their overall salary package. At that time Ms. Martinez suggested moving the car allowance into the regular pay to provide better transparency about council pay details; however, there was no support at the time. She reminded the Council their salary was only comparable to other cities with a car allowance. Therefore, she did not favor the decrease.
 - Mr. Cox was pleased with the existing budget cuts and did not favor the additional decrease.
 - Mr. Hales thanked the Council for their input; car allowances would remain the same.

Enterprise Funds Travel and Training; and 4% Expense Decreases – Hold Harmless.

Ms. Lopez reminded the Council that during the first two budget meetings there was concern about whether or not fees would be coming in- the way we expect during COVID-19. The Council requested department heads of enterprise funds go through the exercise of 4% cuts, as well. However, the way Ms. Moore increased bad debts, she covered any problems they may encounter. The discussion was to decide whether travel and training budgets for enterprise funds should be held harmless on proposed cuts presented on Monday, and Tuesday. Council Members shared opinions as such:

- Mr. Cox said enterprise funds should be held harmless; money would only go back into enterprise budgets, not helping the GF.
- Mr. Turner confirmed; and said the Library would also be held harmless.
- Ms. Dominguez agreed.
- Mr. Hales concurred.

Citywide Sick Leave Payout – Human Resource Report

Ms. Turner said the question was whether funding should be eliminated or remain. Feedback and comments were encouraged:

- Ms. Dominguez recalled finding out if the City was bound by the URS (Utah Retirement System) was a determining factor.
- Ms. Moore confirmed it was part of the arranged benefit.

- Ms. Martinez clarified she initially put the item on contingency, with possible thoughts of suspending the payout– to help fund the step-plan. However, after hearing Ms. Colton explain the employee benefit, she no longer supported suspending sick leave payouts.
- Mr. Hales supported funding the payout.
- Mr. Cox said even if funding was cut, it would need to be addressed later, due to the obligation.
- Ms. Turner agreed sick leave payout should not be eliminated.
- Ms. Dominguez concurred; if next year's budget looked challenging, it was important to be aware that they may need to look more deeply into this type of budget cut, and others in the future.
- Ms. Moore agreed if things continue as they are, employees may better understand if the benefit is cut next year. By then, one year's worth of data would support more significant budget cutting. By conducting more studies, other ways to save could be realized first, before cutting salaries. She said this was why the City's reserves are usually at 25% and not 12% in order to hold employees harmless in situations like this one; it was best to wait to see what happens next year.

General Fund Revenue Transfers In – Power Department

Ms. Lopez conducted research to compare various cities that are similar to Murray City Power. Currently, Murray City Power transfers 8% in four of six enterprise funds. Changes would mean ordinance updates.

Ms. Turner read the findings:

- Bountiful: FY 2021 10% transfer from power \$2.5 million.
- Provo: FY 2021 11% transfer from all enterprise funds – Power, \$7.4 million; Water, \$1.7 million; Wastewater, \$2.3 million; Sanitation, \$700,000; Storm Drain, \$600,000; Debt Service and other, \$450,000.
- Logan: FY 2021 transfers 11% from all enterprise funds – Total \$5.7 million; Water, \$1 million; Sewer, \$500,000; Power, \$2.8; Environmental, \$1.2 million.

She thought the information was helpful when looking at possible increases to Murray enterprise fund transfers; she noted Murray transfers the least amount comparatively. If the Power Fund transfer was increased by 1% it would provide an additional \$374,030 that would adequately fund the step-plan.

Comments followed:

- Mr. Hales considered the comparisons.
- Ms. Moore gave a history for newer Council Members; a few years ago, the Utah Taxpayers Association and the State Legislature proposed to eliminate the enterprise funds transfers. Thanks to the ULCT (Utah League of Cities and Towns) and good lobbyists, the City ended up keeping the transfers, and adding disclosure notices to citizens inside utility bills. Her biggest fear with adjusting transfer amounts was that by using enterprise funds in this manner, it could alert the Utah Taxpayers Association and legislators again to rethink eliminating transfers. She said if the transfer was eliminated a property tax of 42% would be necessary to make up for lost revenue provided by transfers. Therefore, even for the small amount of \$374,030 and a minor tick in the reserve balance - that transfer could send a message that is very tenuous with the Utah TaxPayers Association and State legislature. She discussed city comparisons and noted Murray is much smaller than Provo, which was why Murray does not transfer as much as other power companies. Murray likes having a low power rate; if the transfer amount was increased, rates could be affected. She reminded the Council that six months ago the concern was what level of reserves enterprise funds should have, which everyone established was right where they need to be; operations are running great as they are. She thought such a decision should be carefully considered next year, and they should not react quickly right now. She strongly

opposed increasing transfers at this time and was more comfortable changing the percentage going into the CIP instead to cover the step plan.

- Mr. Dominguez asked if an ordinance amendment would be necessary to change the percent from 9% to 10%.
- Mr. Critchfield presented two questions; legally do you need to; and, practically should you. He reminded the Council notices already went out conveying to taxpayers exactly what the transfer would be, and what it is for, so it would be confusing if the transfer was changed with an increase. Regarding State Law, the biggest issue is transparency because certain organizations believe cities should be more transparent in terms of the cost of government. Prior to sending current notifications, citizens did not know about the transfers, and transfers occurred without a public hearing. Citizens now know how funds are used, when they are transferred, because enterprise fund transfers are still allowed. He believed the situation was similar to approving a budget; residents know exactly what the Council intends, therefore, the Council should stick to what they intend to do. He felt technically a change could be implemented without a public hearing; however, he thought it was an unwise decision because customers are expecting a specific amount and nothing more; it would be a challenge to change it without an ordinance.
- Ms. Dominguez noted this year notices were already sent to citizens in April.
- Ms. Moore confirmed notices must go out 10 days prior to the public hearing, typically in April. Then, a second notice is sent with the information after the final budget approval.
- Ms. Lopez clarified the first notice goes out based on the Mayor's tentative budget. Then, after the Council has a chance to consider or change the budget –the second notice is sent related to what was actually approved.
- Ms. Turner agreed the second notice would go out to convey what was actually transferred, and a public hearing is required regardless, whether transfers are increased or not.
- Mr. Critchfield confirmed.
- Ms. Dominguez noted a transfer and public hearing could occur in six months, if enterprise fund transfers were needed later, which Ms. Moore did not prefer. She confirmed utility rates would not be increased.
- Ms. Moore agreed but that could spark attention with the assumption that the City uses enterprises fund money whenever they want. She likes the fact that the 8% transfer was set in place, which was essentially taking money from rate payers, who are the same people the budget is balanced for. She agreed rates would not increase, but the City would basically be taking money from the Power Fund, a separate business/entity. It would not greatly affect the Power Fund, however, \$377,000 would be taken from power reserves to support the GF. She said all tools should be considered in next year's budget, but it was premature at this point; and her greatest concern was transferring money without a long deliberate process behind it.
- Ms. Turner argued these are unprecedented times, and the Council must consider all tools helpful to resolve current matters. She stressed that was the point – we don't know that the action would be premature; and the Council should still consider it an available tool.
- Ms. Dominguez asked how much the GF balance would increase with a 1% Power Fund transfer, and would the GF be fine without it.
- Ms. Moore noted reduced car allowances for the Mayor's office, and the council's increased reductions; as of now, this would be 18% of revenue fund balance, which included funding the step plan and not changing enterprise fund transfers. If the power transferred occurred the percent would increase to 18.9%, which was only .9%.
- Ms. Martinez asked the difference between the proposed 1% increase from the Power Fund, which was held harmless from 4% operation cuts; and when looking at reducing the percentage

transferred into the CIP fund – was it impacting more departments that were not held harmless; and did have budgets cut by 4%.

- Ms. Moore said reducing the CIP transfer would only impact the ability to purchase equipment, which is what the CIP is for. She did not consider the comparison as an either-or decision; she said the decrease would eliminate unnecessary equipment purchases this year. She was comfortable having an 18.8% GF balance, which was the envy of other cities. She understood concerns about next year, however, next year they would have a full year to plan better. She reiterated it was not worth the risk for \$374,000 to start revising the transfer, and next year good data would support a more deliberate increase.
- Ms. Turner did not see the increase as a risk, she persisted the Power Fund was a good tool. She inquired the Council for further comments; lengthy conversation occurred:
 - Mr. Cox said from his experience, Ms. Moore was spot on with what could happen. He recalled legislators and the Utah Taxpayers Association proposing to eliminate the transfers; it was his opinion that for the amount of money to fund the step plan, they would be playing with fire by changing enterprise fund transfers- which would backfire. In addition, he revisited the decision of only funding roads in Streets - *professional services*. He was nervous that without a plan in place, just one lawsuit, related to a trip and fall sidewalk incident could wipe out the City's savings. He felt by getting into the weeds of things, money was found by department heads, which he greatly appreciated - but next year, \$2 million might not be found. He noted projections for sales tax revenue was down 17%; and legislators are budgeting for over a billion dollars less than before. Therefore, Murray should be aware of those things moving forward.
 - Mr. Dominguez felt comfortable with the 1% Power Fund increase, despite hearing Mr. Critchfield speak. She suggested looking into it further to understand the history. She appreciated Mr. Cox and his experience with legislator; however, she wanted to go even further into the weeds. She agreed with Ms. Turner utilizing the enterprise funds as a tool should be an option if there was an opportunity to use them.
 - Ms. Turner agreed the decision to increase transfers could be discussed at mid-year, after more research.
 - Mr. Hales agreed it was wise to wait.
 - Ms. Martinez said enterprise funds could be useful tool; she did not have the legislative history of specific battles at the Capitol, but she agreed it would be crushing to lose the transfers completely. She favored looking at the possibilities in six months.
 - Mr. Turner confirmed the final result would be 18.8%. The situation should be watched closely each month, because she did not want to see it go any lower.
 - Ms. Moore favored delaying those decisions until next year and confirmed a \$500,000 transfer from .2% option sales tax revenue would be allocated to fund the step plan, after the revenue total was realized at the end of the fiscal year.

Citywide – Step Plan Increases. Ms. Turner noted the step plan would be funded for the next year and the item was reconciled.

City Council Decisions – Ms. Turner asked if Council Members were comfortable with all discussions and final decisions; she encouraged further comments:

- Mr. Hales said in nine years of processing the budget this one was most challenging. He appreciated the extensive exercise, respected and agreed with Ms. Martinez and Ms. Dominguez about Council car allowances being part of their pay. For the record, he expressed frankly, more communication is needed in the future from both sides of the City's governing bodies. He stressed the lack of

communication was more than he had seen in the past, and said it was not just a fault of the Council, or fault of the administration. He stated it was difficult trying to make decisions, when staff was not available to talk to the Council; he hoped others would agree the situation needed to improve. He appreciated hard work by the Council, Ms. Lopez; Mayor Camp and his team, and was satisfied with final decisions.

- Ms. Martinez thought great progress was made on savings. She said having everything on the table was uncomfortable and scary but appreciated all department heads for hard work in considering their cuts. She tediously reviewed the budget and grieved every line item that was cut from budgets. She hoped City staff would understand the idea of having to lay off even one employee in the next three years, kept her up at night –but the Council was taking it seriously. She agreed getting in the weeds was a productive muscle they must keep working on- to get through possibly a rough couple of years. She reviewed positive conversations with city employees and constituents. She thanked everyone for taking the time to analyze the budget, and trusted that every cut was made because the Council cares and is greatly concerned.
- Mr. Cox said a great deal was accomplished; savings were found and that was not easy; he apologized to employees that the Council was worried about the budget - because a great deal of time was spent finding money to fund the Mayor’s proposed budget. With success this year, they would work harder to be as fiscally responsible as possible; it was their priority to not lose any Murray City employees, at any time. He recalled his first year as Council Member when a property tax was implemented with team effort, and continued communication throughout the process. However, he agreed wholeheartedly with Mr. Hales, better communication is needed in the future between the two governing bodies, which was important to future budget decisions. He said the City requires men, women, talent, and machinery to service the City properly, which all comes with a cost; therefore, it was essential to pinch every dime the City had to achieve meeting those needs. He thanked all department heads, Council Members, Ms. Lopez, the Mayor’s office, and especially Ms. Moore for hard work, He was pleased that funding many items was possible this year; but tomorrow, the hard work begins to find money for next year’s budget.
- Ms. Dominguez echoed and thanked participants who worked hard to make departments better for City staff. She felt it was one of the hardest times to be a Council Member, and the week was challenging. She was pleased with the outcome and hoped to continue to hear from residents, as related to spending money. She was comforted in knowing that raising taxes was not an option and would hate for residents to feel agitated about their own finances in that manner. She thought the Council should support the well-being of its citizens and would continue to do so. She was not certain about communication in the past, but from her perspective it was off. She hoped for improvements in this area and wanted staff to know the Council was here to support them also. With the unknown future, budget cuts might necessary, so she hoped staff would be aware of that. She appreciated a great learning experience and noted her many questions and concerns were ultimately for her own understanding to best answer questions of her constituents.
- Ms. Turner resounded all previous comments; and appreciated the City Council; she thanked Ms. Martinez for being a supportive Vice Chair to the Budget and Finance Committee. She looked forward to completing the budget process, with a public hearing during the council meeting; as well as, meeting with Ms. Moore in the future.

Adjournment: 3:01 p.m.

**Pattie Johnson
Council Office Administrator II**

ATTACHMENT #1

GENERAL FUND SUMMARY **FY2020-2021**

Original Mayor's Tentative

	Prior Year Actual FY 18-19	Estimated Actual FY 19-20	Amended Budget FY 19-20	Tentative Budget FY 20-21
FUND BALANCE				
Beginning Fund Balance	10,336,986	11,452,715	11,452,715	8,575,622
Revenues	45,650,839	42,438,322	46,125,423	41,408,185
Expenditures	(41,530,809)	(45,216,988)	(45,625,636)	(44,842,604)
Transfers In	4,094,732	4,335,618	4,335,618	4,196,880
Transfers Out	(7,099,033)	(4,434,044)	(5,194,937)	(4,325,356)
Ending Fund Balance	<u>11,452,715</u>	<u>8,575,622</u>	<u>11,093,183</u>	<u>5,012,727</u>
% of Revenue	25.1%	20.2%	24.1%	12.1%
Change in fund balance Savings (Reserves Used)	1,115,729	(2,877,093)	(359,532)	(3,562,895)

Adjust Unspent FY2020 budget

	Prior Year Actual FY 18-19	Estimated Actual FY 19-20	Amended Budget FY 19-20	Tentative Budget FY 20-21
FUND BALANCE				
Beginning Fund Balance	10,336,986	11,452,715	11,452,715	10,498,187
Revenues	45,650,839	42,438,322	46,125,423	41,408,185
Expenditures	(41,530,809)	(45,625,636)	(45,625,636)	(44,842,604)
Estimated unspent budget		2,331,212		
Transfers In	4,094,732	4,335,618	4,335,618	4,196,880
Transfers Out	(7,099,033)	(4,434,044)	(5,194,937)	(4,325,356)
Ending Fund Balance	<u>11,452,715</u>	<u>10,498,187</u>	<u>11,093,183</u>	<u>6,935,292</u>
% of Revenue	25.1%	24.7%	24.1%	16.7%
Change in fund balance Savings (Reserves Used)	1,115,729	(954,528)	(359,532)	(3,562,895)

ATTACHMENT #2

FY2020 savings by department General fund
Operations

Department/division	Gross	after allocation	
101 Council	17,400.00	6,960.00	
201 Court	55,000.00	55,000.00	
301 Mayor	23,500.00	9,400.00	
401 Finance & Administrat	133,233.69	16,417.68	
501 Human Resources	41,700.00	16,680.00	
601 City Attorney	6,000.00	2,400.00	
602 Prosecution	7,100.00	7,100.00	
701 Police	69,989.00	69,989.00	
801 Fire	18,000.00	18,000.00	
1001 Streets	34,475.00	34,475.00	
1002 Engineering	18,850.00	18,850.00	
1101 Parks & Rec	459,700.00	459,700.00	
1301 Com dev	4,295.00	2,147.50	
1304 IT	24,550.00	9,820.00	
1305 GIS	18,450.00	12,915.00	
1306 planning & Zoning	2,108.00	2,108.00	
1307 Building division	14,250.00	14,250.00	
		<u>756,212.18</u>	6.8%
Payroll Savings		<u>1,575,000.00</u>	5%
Savings		<u>2,331,212.18</u>	

ATTACHMENT #3

Murray City

FY 2020-2021 Proposed budget adjustments

Part of 4% adjustment

Travel & Training

				Original			
				Proposed	Necessary	Reduction	GF effect
10	0101	Council	42125	33,000	11,200	21,800	13,080
10	0201	Court	42125	11,000	11,000	-	-
10	0301	Mayor	42125	5,000	5,000	-	-
10	0401	Finance	42125	10,000	5,000	5,000	2,500
10	0403	Treasury	42125	2,500	1,500	1,000	50
10	0501	HR	42125	12,000	4,000	8,000	4,800
10	0601	Attorney	42125	7,600	7,600	-	-
10	0602	Procecutor	42125	5,092	5,000	92	37
10	0701	Police	42125	30,000	23,000	7,000	2,800
10	0801	Fire admin	42125	6,000	6,000	-	-
10	0802	Fire Supression	42125	23,000	18,000	5,000	5,000
10	0803	Fire Ambulance	42125	18,000	18,000	-	-
10	1001	Streets	42125	12,000	12,000	-	-
10	1002	Engineering	42125	4,000	2,500	1,500	1,500
10	1101	Parks	42125	8,000	4,000	4,000	4,000
10	1102	Park Center	42125	3,200	-	3,200	3,200
10	1103	Recreation	42125	3,700	-	3,700	3,700
10	1104	Arts	42125	500	-	500	500
10	1106	Sr Rec	42125	4,000	-	4,000	4,000
10	1107	Cemetery	42125	1,500	-	1,500	1,500
10	1301	CED	42125	2,000	-	2,000	1,000
10	1302	Utility Billing	42125	1,000	1,000	-	-
10	1303	Recorder	42125	10,000	4,000	6,000	3,600
10	1304	IT	42125	9,000	9,000	-	-
10	1305	GIS	42125	8,500	8,500	-	-
10	1306	Building	42125	7,000	5,500	1,500	1,500
10	1307	Planning	42125	9,500	9,000	500	500
10	1308	Facilities	42125	5,000	-	5,000	3,750
				252,092	170,800	81,292	57,017

Enterprise Funds & Internal Service Funds

23	2301		42125	7,000			
51	5101		42125	14,000	12,000	2,000	
51	5103		42125	1,500			
52	5202		42125	10,000	9,000	1,000	
53	5301		42125	40,000			
53	5302		42125	25,000			
53	5303		42125	25,000			
53	5304		42125	10,000			
53	5305		42125	15,000			
53	5307		42125	5,000			
53	5308		42125	5,000			
54	5401		42125	2,000	500	1,500	
54	5402		42125	3,200	2,400	800	
57	5702		42125	10,000		10,000	
61	6101		42125	5,000			
62	6201		42125	6,000			

Murray City
 FY 2020-2021
 Overtime Adjustment

Part of 4% adjustment

			Original Proposed	Department Amount needed	Department Proposed reduction	Taxes & Retirement	Total Reduction	General Fund Adjustment
10	0401	Finance	1,000	500	500	152	652	391
10	0501	Human Resources	500	500	-		-	-
10	0701	Police	173,000	160,000	13,000	995	13,995	13,995
10	0801	Fire	425,000	385,000	40,000	3,060	43,060	43,060
10	1001	Street	63,000	63,000	-		-	-
10	1002	Engineering	7,500	7,500			-	-
10	1101	Parks	35,000	35,000			-	-
10	1102	Park Center	2,000	1,000	1,000	303	1,303	1,303
10	1103	Recreation	3,000	1,500	1,500	454	1,954	1,954
10	1107	Cemetery	10,000	10,000	-		-	-
10	1302	Utility Billing	500	500	-		-	-
10	1303	Recorder	500	-	500	151	651	391
10	1304	IT	7,000	3,500	3,500	1,061	4,561	2,737
10	1305	GIS	4,000	4,000	-		-	-
10	1306	Building	4,000	4,000	-		-	-
10	1307	Planning	4,000	-	4,000	1,213	5,213	5,213
10	1308	Facilities	8,000	8,000	-		-	-
			748,000	684,000	64,000	7,389	71,389	69,043

Enterprise & Internal Service Funds

51	5101	Water	4,500	4,500				
51	5102	water operation	75,000	75,000				
51	5103	water meter readers	7,000	7,000				
52	5202	WasteWater	34,000	34,000				
53	5301	Power	15,000	15,000				
53	5302	Power	25,000	25,000				
53	5303	Power	120,000	111,000	9,000			
53	5304	Power	65,000	60,000	5,000			
53	5305	Power	50,000	45,000	5,000			
53	5307	Power	10,000	10,000				
56	5602	Solid Waste	7,000	7,000				
57	5702	Storm Water	21,630	21,630				
61	6101	Fleet	1,000	1,000				
62	6201	Risk	500	500				