



**Mayor D. Blair Camp
Budget Address
April 20, 2021**

Good evening city council, city staff, and members of the public. Tonight, I present to the city council for your consideration, a tentative budget for Murray City for FY 2021-2022.

As stated in Utah Code: “A major responsibility of local elected officials, especially town or city council members, is to appropriate funds” – in other words, to adopt and maintain a budget.

The definition of “Budget” in the state code is a plan for financial operations for a fiscal period, embodying estimates for proposed expenditures for given purposes, and the means of financing the expenditures.

It is the mayor’s responsibility to submit a balanced budget to the city council by the first Tuesday in May. Unlike the Federal government, a city’s expenses must equal revenue, except in enterprise funds where a profit or a loss is allowed.

A city must set aside a minimum of 8% of budgeted funds for emergencies or other unexpected contingencies, more commonly referred to as the “fund balance” or “reserves.” However, a city’s fund balance cannot exceed 25% of projected revenue.

Murray City’s budget is made up of four funds:

1. General Fund
2. Enterprise Funds
3. Special Revenue Funds
4. Internal Services Funds

The total amount of these funds adds up to \$147,782,290 million and allows the city to provide essential municipal services the residents have come to expect.

I will now go into greater detail about the funds that make up the city’s annual budget.

First, every city maintains a General Fund.

In this proposed budget, the General Fund revenues are projected at approximately \$50 million dollars, or 38% of the city's overall budget. The General Fund is the most scrutinized category of the annual budget because its revenues come primarily from sales tax, property tax, fees, and enterprise fund transfers.

Murray is fortunate to have a strong and vibrant business community that contributes over 46% in sales tax to the General Fund revenues. This allows for lower fees and property taxes to be collected from businesses and residents.

One of the challenges facing Murray City is that over 30% of its properties are owned by governments or non-profit organizations that are tax-exempt. To help make up for this lost revenue, the city transfers a dividend from some of its Enterprise Funds to the General Fund. If the city did not do this, property taxes would have to increase, or services would have to be reduced.

Regarding property tax, property owners in Murray should note that only 18-20% of their annual tax assessment, depending on which school district the property resides, goes to Murray City. Most of the property taxes paid by Murray property owners go to the school districts, Salt Lake County government, or other special districts.

State law does not allow property tax revenue to increase to the city unless it comes from new development or growth. However, property owners typically experience changes in the amount they pay for property tax each year based on the assessed valuation of the property. Assessed valuation can go up or down but city-wide, the money collected stays the same as the previous year.

Also, as properties are purchased by governmental agencies or non-profit organizations, the lost property tax revenue is divided among all other taxable properties in order to maintain the current tax revenue for the city.

General Fund revenue is spent on the following:

1. Personnel
2. City Operations
3. Debt Service
4. Capital Projects

The employees who provide our city services make up the largest expense of the General Fund at 64%. Attracting, training, and retaining employees remains a high priority in this budget. At my request, department heads have kept operational costs unchanged with some line item amounts restored to pre-pandemic levels.

The Capital Projects Committee recommended one-time expenditures that make up 11% of the General Fund expenses.

Public safety remains a high priority in this budget with 55% of the departmental expenses going to the police and fire departments. Residents and visitors to Murray also benefit from the excellent parks and recreation facilities and programs along with public works infrastructure investment and maintenance. It is forecasted that development will continue to increase the workload for city staff to review applications and issue permits.

Moving on from the General Fund, I will now summarize the city's Enterprise Funds.

Enterprise Funds are services or utilities which charge a fee and are handled like a business organization. Murray City has seven (7) Enterprise Funds:

1. Water Fund
2. Wastewater (or sewer) Fund
3. Power Fund
4. Murray Parkway Golf Course Fund
5. Telecom Fund
6. Solid Waste (or garbage collection) Fund
7. Storm Water Fund

Murray provides reasonably priced and reliable utilities and recreation services to the public. Like the General Fund, it is imperative that Enterprise Funds have reserves to operate in the event of an emergency or other unforeseen event. It is also vital that these services have sufficient funds and adequate investments in infrastructure.

Nobody wants to be without water or electricity, and everyone wants to be able to flush without worrying where the waste is going. Because these funds are maintained by fees, it is also important that rates are evaluated and adjusted regularly to keep up with the cost of providing services.

Last of all, but no less important, are six other funds that are central to our citizens or employees. These funds are used to account for special or specific revenue sources that are restricted for specific purposes.

1. Central Garage Fund
2. Retained Risk Fund
3. Library Fund
4. Redevelopment Agency
5. Cemetery Perpetual Care Fund
6. Municipal Building Authority

Noteworthy initiatives for these funds include saving money for a new library, using bond proceeds to construct a new city hall, and negotiating tax increment financing for improvements in redevelopment areas of the city, as well as affordable housing throughout the city.

Some highlights of this proposed budget are:

- There is no property tax increase proposed in this budget
- Thanks to higher than expected sales tax and COVID-19 stimulus funds last year, the General Fund reserves, or fund balance, is projected to end the fiscal year at approximately \$12 million or 26.1% of revenue.
- Revenue for transportation projects will increase by \$1 million as a result of new legislation
- This budget includes a 3% Cost of Living Adjustment for all city employees. Last year there was no COLA included in the budget.
- The employee step program is fully funded
- Health insurance premiums will increase by 6.1% and dental premiums by .5%. The city will continue to pay 85% of the premium cost, with the employees paying 15%
- The budget includes three new full-time employees to assist with increased development occurring within the city, and with emerging trends in law enforcement. These positions are a civil engineer, a senior planner, and an additional position in police administration
- One-time, capital project expenditures are approximately \$7.8 million

A few noteworthy capital projects included in the mayor's budget and approved by the Capital Projects Committee include:

- A new fire engine
- (12) police vehicles
- A new playground at Murray Park
- Resurfacing of the tennis courts at Southwood Park
- Park Center fitness equipment
- Saving toward Murray Theater renovation
- Murray Mansion renovation and conversion to the Murray Museum
- (2) ten-wheel dump trucks
- Bobtail dump truck
- Traffic signal upgrade at 6600 South Union Park Ave

- Replacement and addition of Radar speed signs
- Road & sidewalk improvements
- Construction of the new city hall
- Water pipeline improvements
- Rehabilitation of water reservoir #4
- Central Valley Wastewater treatment plant improvements
- Sewer line improvements
- Park impact fee study
- Storm water infrastructure on Vine Street from Rodeo Lane to Little Cottonwood Creek
- Replacing existing power meters with smart meters
- Several vehicle replacements for various departments throughout the city

In conclusion, I wish to recognize and thank our Finance Director Brenda Moore for the many hours of meetings with department directors and the mayor's office and putting together the budget document you will receive this evening.

I also express appreciation to our department directors and their staffs for submitting responsible budgets.

After the many hours of work on this budget document, we place it in the hands of the city council for your careful and thoughtful study. Our staff is available as a resource throughout the budget process. The budget document will be available on the city website beginning tomorrow for review by the public.

Jeff Merkley, U.S. Senator from Oregon, is quoted as saying, "Budgets are nothing if not statements of priorities." I believe this budget reflects careful prioritization and the values of our city.

Thank you.