



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2016-2017**

The Murray City Municipal Council met as the Budget and Finance Committee on Thursday, May 19, 2016 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

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| Dave Nicponski | Budget Chairman - Council District 1 - Conducting |
| Brett Hales | Budget Vice-Chairman - Council District 5 |
| Blair Camp | Committee Member - Council District 2 |
| Jim Brass | Committee Member - Council District 3 |
| Diane Turner | Committee Member - Council District 4 |

Others in Attendance:

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| Ted Eyre | Mayor | Janet Towers | Exec. Asst. to the Mayor |
| Jan Wells | Chief Admin. Officer | Jan Lopez | Council Administrator |
| Pattie Johnson | Council Office | Frank Nakamura | City Attorney |
| Tim Tingey | ADS – Director | Beatriz Mayorga | Attorney’s Office |
| Doug Hill | Public Service Director | | |
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Mr. Nicponski called the Budget and Finance Committee Meeting to order and added this was the Budget Reconciliation for items placed on contingency at the previous budget meeting held on May 18, 2016. He welcomed those in attendance.

Item #1 - Boys and Girls Club

Mr. Nicponski called for discussion and decisions related to \$75,000 in funding for the club. Mr. Camp and Mr. Zollinger confirmed \$75,000 was already in the budget and after the following discussions, it was the consensus to fund that amount.

Item #2 - Cottonwood High School

Ms. Turner addressed funding the Murray Youth Chamber of Commerce and Cottonwood High School banners. She inquired if perhaps \$5,000 could be transferred from the Murray Boys and Girls Club, or from another account, to fund both high school requests. Mr. Hales agreed and reported the idea to use additional available funds from another resource had been considered previously. Having good purpose in funding was important.

Mr. Zollinger confirmed extra funds were available in the *retiree insurance account*, which had already been cut back due to continued reductions each year and could provide a \$5,000 transfer if the council approved. Ms. Turner believed matching up to \$2,500 for the Murray Youth Chamber would be ideal, as well as, matching \$2,500 for Cottonwood High School; both groups would continue with their own fund raising programs to raise remaining costs for their projects.

Ms. Lopez noted a meeting with Cottonwood High School had taken place. Ms. Turner confirmed that a constituent in her district, with children attending Cottonwood High School, presented the desire to display banners along 1300 East, promoting the school, events or activities. Murray City has never been involved in supporting Cottonwood High School and she believed it was important to support the school.

The approximate cost for poles, brackets and one banner for each pole is estimated at \$4,500. The Cottonwood High School Community Group also inquired whether Murray City Power Department could conduct the installation of poles, brackets and banners utilizing a city bucket truck, as well as, change them out when necessary. Interests from the power department were favorable, however, time, manpower, cost and frequency of changing banners would need to be addressed in more detail. The cost for installation, parts and maintaining could be expensive.

Ms. Turner asked Mr. Hill if the city could provide certain brackets not used by the city, however, he reported the brackets mentioned were found to be out of date, rusted and not in good condition, therefore, new brackets would definitely need to be purchased.

Mr. Brass added it could be costly as Rocky Mountain Power (RMP), comparatively, could charge over \$260 per hour to send out a crew and line truck on just one occasion. Ms. Turner stated maintenance would not occur more than twice a year to change banners. Mr. Hill confirmed twice a year would be the limit for changing banners.

Ms. Lopez noted current code would not allow for banners in that location, however, Mr. Tingey would consider modifying code in an effort to accommodate the banners and a final proposal would be presented to the council. There were many moving parts to the Cottonwood project and Mr. Hill would be meeting with RMP to discuss whether their existing poles could be utilized for mounting brackets and banners. Ms. Turner confirmed discussions would continue and be necessary with RMP, as she believed it would be good for the east side of Murray City's community and good support for Cottonwood High School. Similar projects have been done with RMP approval for other schools, in other areas without any problems.

Mr. Zollinger reaffirmed Murray Youth Chamber and Cottonwood High School were two separate entities that could be funded separately.

Mr. Nakamura noted that *in kind services*, recorded as value in the budget, would need to be added and a public hearing would need to take place. He inquired whether the total cost listed, included not only parts but labor costs and would the city be donating this to the community, as *in kind labor*. Ms. Turner believed \$2,500 included the cost of the banners and brackets only.

Mr. Zollinger pointed out, since the labor was for a school, it would not be included on the addendum, because it was *not for profit*. Mr. Nakamura stated it could be handled as an Interlocal Agreement. Mr. Nicponski called for consensus that \$2,500 would be given to Cottonwood High school plus labor. Ms. Turner confirmed \$2,500 matching funds would be budgeted. Mr. Zollinger added the cost of truck use could be included. A consensus was achieved.

Mr. Camp said in terms of the consensus, he would like to see a condition added to the agreement, requiring schools raise their matching portion for the project first, with everything in place before funds were provided from the city. That way if the project did not move forward, funds would remain in the account until used for those purposes. Mr. Brass agreed and said an agreement from RMP would also be required to assure Murray City attains privileges to work on RMP power poles. Mr. Hill reported after recent discussions with RMP, the application process had already been reviewed; the agreement, a request for working on RMP poles, proof of insurance, by providing a certificate of insurance, would all be included in the application process. RMP would not allow the attachment of any object to their poles without the municipality taking full responsibility.

The consensus was that Murray City would provide the labor.

Mr. Camp agreed and clarified funds would not be taken from the Boys and Girls Club budget allocation. Their amount had already been reduced substantially from previous years.

Item #3 - Youth Chamber

The Murray Youth Chamber of Commerce initially requested \$5,000 for community projects. It was hoped that by funding the youth chamber with matching funds of \$2,500, many students from all Murray schools would benefit, including those attending the American International School of Utah (AISU), as well as, Cottonwood High School. Mr. Brass reported the city supported the Murray Youth Chamber in prior years but had since reduced funding. The youth chamber has a busy calendar year with many positive projects that could require city support; the club would be happy to receive any amount of support.

Mr. Zollinger reiterated contingency items, such as, funding the Murray Youth Chamber and Cottonwood High School had not been included in the city's budget, however, flexibility of allocating \$5,000 was possible, utilizing the Retiree Insurance account and could be divided between Murray Youth Chamber and Cottonwood High School. A consensus of council members agreed to fund the Murray Youth Chamber with \$2,500.

Mr. Brass asked if borrowing from the *retiree budget* would provide \$5,000 to be split between the two schools. Mr. Zollinger explained that the *retiree insurance* line had been decreasing year by year, which allowed him to keep savings in the account. Also, since insurance premiums did not increase, a savings had resulted; for this reason, allocating \$5,000 would not take from the *retiree insurance* allotment.

Item #4 – Canal Trail

Mr. Hill had communication with Salt Lake City about constructing a trail from Fontaine Bleu Drive to Wheeler Farm. A cost estimate of \$412,000 was made, which included \$150,000 for signal crossings located on 1300 East and Vine Street. Salt Lake City has currently been in transition and a new department head in the public utilities department, who oversees the canal has received the proposed agreement regarding the trail. Murray City is currently waiting to see if SLC will sign and approve the agreement. Murray City would be required to hold SLC harmless accepting all liability for the trial system. The overall challenges for Murray are related to dredging the canal every few years. In order to conduct dredging, heavy equipment would need to enter the canal and have a designated area where they would pile up the dredged material. Expected damage along the trail will require repairs and replacement and SLC does not want to be held responsible. They are adding language to the agreement, releasing them from any liability due to damage. Murray will need to decide about accepting the risk of damage and how often these repair costs would occur. Details of

the agreement remain unknown at this time. The canal runs from Van Winkle Expressway, through various neighborhoods into Wheeler Farm where it connects to farm trails. Consideration for residents who live along the canal would be important to ensure they are informed of the intentions, and to get their input. Two neighbors have expressed support because they believed it would deter transients living along the canal. Many backyards would be affected by construction of the trail, however, having a nice trail, versus a mud trail would be ideal. Ms. Turner added if maintained well, it would be such a nice amenity to the east area of the city.

Mayor Eyre added \$200,000 had been set aside for a trail system near AISU; there were remaining funds of \$180,000 that could contribute to the canal trail. The nice thing about the canal trail system was, it would be a complete trail all the way through the city, as opposed to the AISU proposed trail leading to the Jordan River. It would take a long time to connect at all points, due to purchasing right of ways. The canal trail, already established, could be completed fairly quickly, parking would not be an issue with provided space already existing at Wheeler Farm.

Mr. Zollinger explained another possible option would be utilizing part of the \$700,000 of CIP, which was initially intended for Hanauer Street. Since that road would not be constructed for a few years, \$240,000 could be combined now with the \$180,000 the Mayor mentioned and the project could begin immediately. Savings, at a slower pace, would still accumulate for Hanauer Street, replenishing the account over the next two to three years and the canal trail could be completed in full if council approved.

Mr. Camp asked Mr. Hill if and when an agreement was finalized with SLC, would it be feasible to consider constructing the trail in phases over a couple years' time since street crossing signals would cost \$150,000. Mr. Hill confirmed it could be done in phases. Mr. Camp stated this could be an option and also coordinate with the dredging schedules to have that done ahead of time.

Negotiations would continue with SLC and the council would need to approve the agreement. Mr. Hill stated there is a possibility that the Interlocal agreement would become such that we might not want to take on all the risks. However, a consensus was made to fund if a positive agreement is approved with SLC. If the agreement does not materialize, funds would remain as they are and the trail would not be constructed at this time.

Item #5 - Professional Services Lobbyist Fees & Managerial Duties

Discussion was raised as to whether this service should be included in the council, mayor or non-departmental budgets and how much would be funded. Mr. Camp and Mr. Zollinger confirmed \$40,000 was available. Ms. Turner expressed concern that \$40,000 allocated to the city council's budget should belong in the mayor's office budget and not for Ms. Lopez, in the council office, to supervise. Mr. Nicponski believed, relative to both lobbyists and the intern, it should be the mayors' decision as to utilizing funds. He felt Mr. Holdaway was doing a great job for the city. The mayor's office would assume responsibility for renewing contracts each year with lobbyists. Mr. Zollinger confirmed the council would approve moving \$40,000 from the council's budget to the mayor's budget.

Mr. Brass wondered if a portion of the \$40,000 should be utilized for the VECC expense. Mr. Zollinger reported Chief Burnett contacted him recently and graciously offered funds in the amount of \$7,000 that were not utilized in one line item. Mr. Zollinger was very appreciative of the offer and, therefore, the need to fund VECC with a portion of the \$40,000 would not be necessary.

Ms. Wells added \$40,000 seemed to be a significant amount of money and explained with three,

lobbyist came three important roles. The intern's primary role was to keep track of day to day information, with Cory Holdaway assisting him. Mr. Stewart, primarily hired by the council to gain revenue for transportation had been very successful attaining over three million dollars since the time he was hired; this was a very good return on investment. She stated the council had graciously allowed Mr. Stewart to assist the mayor's office, utilizing his power to communicate with more legislators who might not have normally made contact with the city. Managing lobbyists was not a challenge with the way their responsibility had been set up and she agreed the transfer was a good idea with city council's approval. Mr. Zollinger reported Mr. Stewart acquired \$3.7 million for the city in the last three years. The consensus to transfer \$40,000 from the council to the mayor's budget was unanimous.

Item #6 – Mayor's Salary

The intent to review Mayor Eyre's salary for a potential increase was discussed. Mr. Nicponski believed the Murray City Mayor's salary was low comparatively speaking. It was a good year to increase his salary. Mr. Camp stated the problem was that the city could not afford to pay him what he was worth. Ms. Lopez reported an analysis had been conducted of mayors' salaries and believed the increase was justifiable suggesting an amount of \$110,000 per year, plus benefits. His current salary was \$92,000 plus benefits. Mr. Zollinger reported there was enough flexibility to accommodate the increase and therefore, the mayor's budget would not be increased. An intent document would reflect the decision and an ordinance would be created in the coming fall. All agreed to increase his salary by \$18,000.

Item #7 – Television Coverage of City Events

An intent to review proposals for possible funding was discussed. Ms. Lopez stated the IT department had reviewed various comparisons by price and menu options for live streaming council meetings. Mr. Camp believed even further research was necessary and more questions answered, in order to decide what goals should be accomplished by television coverage. Cost comparisons would need to be considered and he felt an intent document stating this would be efficient for the time being. Mr. Nicponski agreed, knowing where, what and when broadcasts would take place was very important for the city. A consensus was made to further study television coverage options. The program was not funded at this time.

Item #8 – Museum Staff

Mr. Hill reported Mary Ann Kirk's plans to retire the end of 2017. Concerns related to the loss of her historical knowledge of the city and her duties was addressed. Mary Ann proposed the possibility of funding an assistant to work side by side with her for a year, in order to pass on her knowledge. Mr. Hill explained the budget did not allow hiring new staff and the \$30,000 in the temporary employees' budget was used to staff the museum. That position was not just opening and closing the museum doors; collecting and cataloging artifacts, taking care of old photos, entering data with the state base system, and reviewing events within the city for historical record were a few of the duties. Ms. Kirk wears two hats, one for art and one for history; he believed considering the current budget, the most important role was art, because it involved more of the overall community. In an effort to preserve continuity during transition, Ms. Kirk's plan is to terminate history staff and hire a part time person to work with her for a year. After one year of training with Ms. Kirk, the new hire could potentially apply for her position or assist with hiring. The downside of the proposal, there would no longer be staff for the history division and the museum would close and duties of coordinating records to the state data base would discontinue. Mr. Camp suggested a review at mid-year budget meeting, in order to

consider further options. All were in favor.

Ms. Turner reported meeting with a constituent who was very concerned about not having the historical piece available, in terms of grade school children coming for field trips and how it had been very positive for the community. Helping to find a possible way to prevent the history division from closing would be important. Mr. Camp suggested an intern might be available to help, however wages would need to be considered. This would be reviewed at mid-year.

Item #8 – VECC Services

As discussed earlier, funds from the Police Department would be utilized for the increase in VECC expenses.

Item #9 – Bonding for City Hall

Mr. Zollinger reviewed the time line for the project and concluded better options should be considered. He explained at six months into the development agreement, property was under contract with the developer, however, none had been purchased. Additionally, several business in the area would like to relocate rather than close, possibly extending the time frame. Constructing the future parking structure was also considered. A land exchange would still need to take place, which could be a several month process. Lastly, architectural plans were not finalized. Taking all aspects into consideration, it would not be wise to begin paying interest on a bond when such delays are inevitable. He suggested two options for the council to consider: 1) Pull funds from the budget now and submit a budget opening to put funds back into the budget when needed. 2) Leave funds in the budget and delay bonding until next year. Bonding prior to having a definite schedule in place could be costly.

Mr. Hales inquired if the city was forced into bonding at this time due to the planned budget. Mr. Zollinger confirmed the city was not forced to bond at this time, however, the budget would appear inflated at \$15 million higher in comparison to last year's budget. He explained when a city received a bond the requirement was to recognize the funds as governmental revenue. His actual recommendation was to delay bonding. While there could be risks in delaying, due to inflation, as well as, interest rate risk, he felt it was the better option. If the schedule moved forward accordingly, he would return to the council for a budget opening. A positive for the city was the .2% sales tax money accumulating over time. As other projects are finished, those funds could also go towards the city hall project and provide a buffer.

Mr. Hales asked about cost increases by delaying. Mr. Zollinger replied he would continue to weigh out all risks.

Mr. Tingey added much work had been accomplished moving towards the new city hall, however, major challenges remain before actual digging in dirt could begin. For instance, programing had been accomplished and general concepts in place, but cost engineering needed work in order to keep the project affordable, yet providing a very nice facility. Prior to breaking ground, land exchange, construction documents and relocating utility lines are all various elements that could take approximately a year or more to complete. Negotiating development agreements is also very time consuming. He agreed with Mr. Zollinger in delaying the bond, plus having the potential of extra funding by waiting a year was very important.

Ms. Turner asked what advantage there was in pulling \$18 million form the budget now and was it just perception. Mr. Zollinger stated utilizing the budget document as a communication tool to the

public was important and moving the funds out would be a more accurate reflection of the city's budget plans.

Mr. Brass commented if it was as simple as performing a budget opening to move funds back again, he agreed with removing the bond funds now. Keeping the budget at a realistic number was important to him.

Mr. Camp asked Mr. Tingey if retiring tax free bonds was still on schedule. Mr. Tingey confirmed it was part of this budget year plan. Mr. Zollinger added bonding for the parking structure could also be attained tax exempt, saving half a percent.

Mr. Hales expressed trust in Mr. Zollinger's opinion to wait on bonding. Ms. Turner agreed a budget opening would be easy to do once things were more certain. Mr. Camp echoed Mr. Zollinger's recommendation and called for a consensus. All were in favor. Mr. Tingey emphasized it was a good decision and potentially bonding would still occur within 14 to 15 months.

Item #10 – Council Budget Intent

Ms. Lopez reported Mr. Nakamura assisted in writing the intent document. The items for inclusion were reviewed:

- Employee compensation would be updated.
- Health insurance amended.
- Wording on UTOPIA and UIA was mentioned to be revised.
- The new city hall and downtown development would remain on the document.
- The sales tax levy would be deleted as well as transportation funds.
- Capacity issues were taken care of.
- The CIP and budget savings would remain.
- General Fund reserves would change to 16.5%.
- Environmental education would remain the same.
- Speed signs would be at \$5,500.
- The Cemetery would come out since all roads intended had been removed.
- Explanations on nonprofit entities would remain.
- Video streaming and technology would require further discussion.
- Road funding would change to current amounts.
- The canal trail on the east side of town would be placed as an intent document item.
- The mayor's salary would be revised during the year.
- Mid-year intent items would be mentioned.
- Cottonwood matching funds for banners would be detailed.

Adjournment

Mr. Nicponski adjourned the Budget and Finance Committee meeting at 3:15 p.m.

Pattie Johnson
Council Office Administrator II