

Budget Address

May 5, 2015

Mayor Ted Eyre

As I am well into my second year serving as your mayor, it is nice to be at a point where everything is not new. Doing things, like preparing budgets, gets easier with practice. Since I am now more familiar with the budget process, I feel confident in sharing the thoughts and directions that are needed for our city at this point. I would like to share with you tonight what I feel are four key areas:

- The financial performance of the city;
- Accomplishments of the past budget year;
- The challenges we face;
- Along with the plans we have, to meet those challenges.

As we know, cities are required by law to have a balanced budget. Under the guidance of our talented Finance Director Justin Zollinger, we have put in place a sound operations budget, a Capital Improvement Program and a personnel compensation proposal. Working within this framework allows us to take care of the various needs of our city so we can be successful in providing necessary services to our residents.

First, I would like to discuss the financial performance. As of March 31, 2015, our General Fund is 2.7 percent above the same period last year. Part of the growth is from a current 5.4 percent increase in sales tax revenue. The improved economic conditions are evident in that number. Our enterprise funds have healthy reserves, but this year, due to warmer conditions during the winter months, there was less revenue collected for power costs. This was good news for our residents and businesses as they saw a collective savings of around \$300,000. However, because of conservative budgeting practices, this decrease in revenue did not create any gaps in the services we provide.

As a result of a program initiated by the City Council several years ago, we use a Capital Improvement Program to budget for large-ticket items. In our current year, we have been able to purchase and equip 10 new police cars for \$350,000. Also, to improve public safety, we replaced an old ambulance and bought six new defibrillators. Seven hundred thousand dollars will be spent removing roads in the cemetery, updating the sprinkler system and creating new burial plots. The Jordan River Parkway trail between our city boundaries is being repaired and will have a new asphalt surface at a cost of \$150,000. This budgeting tool has been invaluable in planning for these large dollar expenditures.

Second, it is our primary responsibility to provide services to our residents. In the past year, we have continued to focus on “making life better” by offering a full array of services.

Our departments step up and serve in many wonderful ways. For example, a few weeks ago I received an email from residents who had broken tree branches as the result of a wind storm. They were concerned about the safety of children passing under them on their way home from school. Less than 10 minutes following the call, the Murray Power crews arrived to remedy the problem. The residents expressed their gratitude for the rapid response to their concern.

During the last year we have been able to complete a variety of projects around the city. State funding allowed us to make road improvements at 5900 South (east of State), Vine Street and 1300 East. These improvements will allow traffic to flow much better in these areas. Our Heritage Center staff worked diligently to be accredited by the National Council on Aging and continues to be a popular spot for many seniors to enjoy.

We are taking advantage of technology in providing services, such as the new reservation software that residents are using to sign up for recreation programs and to reserve dates at many of our facilities. The Tyler/Cityworks software transition is well underway and will enable us to create many new functions for streamlining our IT processes. The Murray Museum now provides self-guided tours with listening stations available.

A new culinary well has been constructed at McGhie Springs to help us take greater advantage of the high quality water there. Accomplishing these things, with the funding allocated, allows us to continue to provide the best possible services available.

The Justice Court is working to become a paperless court, with a target date to begin on September 1st of this year. It has not been without challenges as new systems and a remodel of the building are taking place simultaneously. The Small Claims Court doubled the caseload in 2014 and that growth continues.

This year in the Administrative Development Services department, 1,164 building permits were issued (including the completion of three new hotels), 438 business licenses were approved and over 5,000 inspections were done. The opportunity to provide passport services continues to be successful with over 1,250 completed this year. Utility billing is very busy processing over 175,000 transactions annually.

Our Finance Department has received a Triple-A credit rating - making us only the second city in the state, along with Salt Lake City, to receive this recognition. This will result in lower interest charges on future bonds. This department manages our CIP along with the day-to-day fiscal matters of our busy city.

The Power Department was able to use reserves to pay bond balances early. The interest savings will be over \$600,000. Plans are in place to repeat this process next year for even greater savings. They also just completed a \$40,000 security upgrade to the mall substation.

It has been a personal focus of mine to find the best possible solutions to use our UTOPIA fiber. This is a resource that has great potential and is essential to many of our city functions. I am hopeful we can make it more widely available to all those who would like to take advantage of the capacity it can provide. I will continue to evaluate options and work toward solutions for this service.

This has been a positive year for all of us with many improvements and accomplishments. As we look forward to our next fiscal year, we see the long list of unfunded projects that have been differed year after year. The list has been growing since 2008 when the economy fell into recession. Since that time, growth has been slow and our progress on needed infrastructure has taken a back seat to keeping up with the constraints of a static budget.

Some of you may remember that in 2006 the sales tax distribution formula was readjusted statewide. In that change, Murray immediately lost \$1.5 million from our annual budget. The decision was made to increase property taxes to make up that difference. During the nine years since the new distribution was implemented, our purchasing power has continued to drop.

A few years ago, the state Legislature provided an option for the 14 cities that were negatively impacted by the shift in sales tax in order to provide them with some relief. Several of the cities took advantage of this tool that allowed an additional .002 sales tax option to be levied. As an example, that translates to only an additional \$.20 on a \$100 purchase. In reviewing the needs we have, I am recommending we put this local option sales tax in place this year, it would become effective on October 1, 2015. I would like to share with you some of the compounded needs we have that may be funded by this local option.

Several years ago, in order to balance the budget, a retirement incentive was put in place. In that process, two firefighters and five police officers accepted the offer and have not been replaced. I would like to improve our public safety by replacing both firefighters and three police officers. This would help keep the ambulances fully staffed and avail more officers for fast response. Public safety is a major priority we can support through this initiative.

Next, I am sure you are aware that we have roads in need of repair. Extra funding would help us keep more roads in good shape and rebuild those in bad condition more quickly. This additional funding can be combined with money from the gas tax and will accelerate our ability to improve our roads and infrastructure.

There are a number of park facilities that need to be updated or replaced. This funding could help us make these projects a reality. For example, we have plans to remove the old ice skating arena and replace it with new restrooms, a new pavilion and a splash pad. This project will take a couple of budget cycles and will vastly improve that area of Murray Park

and provide new amenities for residents to enjoy. Additional playground and bathroom facilities would be upgraded in our neighborhood parks as well. We are well known in Murray for our good trail systems and plan to put significant funds into expanding connections to the Jordan River Parkway.

We have owned the Armory building for several years and could now begin improving it to be a community facility. The animal shelter is also in critical need of maintenance that has been put off through the years - it is in need of a separate facility for cats and the building floor needs a new, less porous surface. I can promise you that funding from this local option will provide visible improvements that can be detailed and shared with our citizens through the years. The sales tax option has a sunset provision in 2030, but we can accomplish many worthwhile projects in those 14 years.

Several years ago the budget was divided into three areas. One is our operations, or day-to-day budget of the individual departments. I am always impressed with the work of our department heads to keep their budgets responsible and balanced.

Another part of the budget is the Capital Improvement Program - funds that departments save during the year in their operations budget are placed in the CIP. This money is then programmed for one-time projects throughout our city. We have seen many positive outcomes of this process for budgeting. Next year, we plan to:

- purchase a new firetruck for \$650,000;
- replace 10 more police cars;
- put \$410,000, along with our Class C funds, into road projects;
- buy a new phone system; and
- make improvements to the pathway in Murray Park - estimated to be \$240,000.

The third section of our budget is for our employees. They take pride in providing great service to our residents. The work they do is accomplished by dedicated, trained, professional employees. With careful planning, we are proposing a 3 percent increase in compensation – 2 percent would be based on merit or their job performance and 1 percent would be a cost-of-living increase. We have also received notice of a cost increase to our health insurance of 8 percent. Again, we have worked and planned to be able to cover this additional cost for our employees as well. These are ways we can acknowledge and appreciate all the good work they do.

I am looking forward to the bright future of our Murray City. Through careful planning and budgeting, along with this new local option sales tax, we will be able to provide for public safety, infrastructure and capital improvements for our residents. I value and appreciate the work of the City Council and present this balanced budget to you for your consideration. Thank you.