

Budget Address

Mayor Ted Eyre

May 3, 2016

Members of our City Council, fellow residents, employees and staff, thank you for giving me a few moments tonight to present my budget recommendations for the proposed fiscal year budget for 2016-2017. This is a combined result of a great deal of hard work by our department heads, staff, and especially our Finance Director Justin Zollinger. It is with deep appreciation that I present for your consideration, my third budget. It is amazing to me how fast the time has gone by, and how much we have worked together on over the years. However, I think each of us is more excited about the future than the accomplishments of the past.

Since a picture is worth a thousand words, tonight I'm going to share with you some of the things in our city that the budget will address.

The revenue sources that provide for our cities' operating budget come from several different entities. The largest portion comes from sales tax: approximately 33.2 percent of the overall budget. We are extremely fortunate to have over 3,700 businesses in our community that provide goods and services, not only for our residents but for the tens of thousands that come here each day to shop, dine, work and recreate. In the past couple of years, we have had a year-over-year growth in sales tax. This allows for a corresponding 11.57 percent increase in the general fund. The other major source of revenue comes from property tax. This equals roughly 14.4 percent of our general fund budget.

This visual represents the overall property tax bill our residents receive and what portion comes directly to the city. As you can see, of the total amount, we only receive 13.54 percent of the funds. Due to extremely wise and conservative financial decisions, we have not raised the residential property tax since 2006, and I'm happy to report that we are presenting a balanced budget without proposing any new tax increases this year. This small amount of funding is designated to help with many projects and services. With the improved economic conditions, we are able to have our projected sales taxes handle any additional costs that we have. Because of the leadership of our department heads, the guidance and direction from our finance department and the decisions this Council has made, we continue to be one of only two cities in our state to maintain a Triple-A bond rating.

As you know, our existing city hall has many challenges that we can no longer continue to ignore. The building was remodeled in the early 80s and has served us well for almost 35 years. However, it is not built to current seismic standards, the roof and windows leak, and the infrastructure needs to be replaced. From an economic development point of view, this State Street property would be more valuable for additional development and the city hall could be placed in a different area of the city - \$3 million has already been saved toward this project. Our finance director has planned and saved and is preparing to pay some off our current bonds at the end of this year with the anticipation of allowing the current payment for the future bonds to equal the cost of a new city hall bond payments.

There isn't a day that goes by without discussion on how to improve our downtown area. This is exciting for me as I'm sure it is for you. We have had some new projects in the downtown area, and it is just the beginning of an exciting new face and atmosphere. This is such a prime area in our city. We are fortunate to have some very talented local partners and developers with a great vision for the future, as the project gets underway. Several types of funding will be used in this area, such as redevelopment agency (RDA) and tax increment finance (TIF) dollars. This will give us a boost in helping with some of the basic infrastructure improvements. We are anxious for this downtown redevelopment project to compliment the other great businesses we have in the city.

In this same area, our oldest fire station that was built in 1979 is located on 4800 South. As the downtown development takes place, we will possibly need to relocate this station. We have property in mind as to where we can construct a new Station #81 and will do that as the timing dictates. We have started to save for this project in this budget.

As we are talking about one of our public safety departments, efforts are made each year to maintain our public safety equipment, to update for the best technology possible, and keep other items current. Ambulances don't have a long service life. On a regular basis, funds are budgeted for purchasing new ones. This year, to extend the life of one of our ambulances, it is being rebuilt. This effort will save \$45,000 as the refurbishing cost is \$185,000 versus a new ambulance at the cost of \$230,000. This will also provide extra time to save money to purchase a new one in the future. The new fire truck we budgeted for in past years just arrived, and we received our new ambulance a few months ago. These were both purchased by careful savings through the years, just as we are currently doing now for new vehicles.

As part of our CIP planning, in the police department, 10 new vehicles are scheduled to be purchased and rotated to keep our fleet as current as possible. We have also budgeted for a new fingerprint and palm scan machine for our police department.

In the budget, we have projected an increase in sales tax revenue of 10.83 percent. We always appreciate new opportunities for business growth in the city. Fashion Place Mall is a great example of a vibrant location that is continually recreating itself to keep that reputation. The Macy's that is currently under construction will be another wonderful anchor tenant. Also, 53,000 square feet of new retail space will be constructed which will add additional businesses and sales tax growth.

Having new jobs and new residences in the city creates a greater demand for goods and services. These expanded opportunities for increased revenue will create a healthy mix in our community. We are looking forward to having Security National expand their facilities at 5300 South and west of I-15. The first phase includes a large parking deck and 250,000 square feet of office space. This will bring many new jobs and economic opportunities for our city.

We are very fortunate to have one of the finest parks in the state of Utah. We have budgeted for many upgrades to the facilities in the park.

Murray Amphitheater is a favorite spot for many of our residents and others to enjoy family entertainment with local performers. This facility was built in 1982 and is in need of updating and renovation. We were just awarded over \$1.2 million from the Salt Lake County Tourism, Recreation, Cultural, and Convention Facilities (TRCC) funds to make improvements to the amphitheater and surrounding area. We have budgeted the matching portion of the grant in our budget. We will be able to improve the area with new fencing, a plaza, path, steel canopy, control booth and stage. The concession area, ticketing booth, additional restrooms, easier ADA accessibility, safety improvements and other projects will all be redone or added as well.

Salt Lake County has a program to help communities with facilities called the Zoo, Arts and Park (ZAP) tax. The funds are collected for several years and then distributed to the cities in the county based on applications they make. We have submitted an application asking for several items to enhance our beautiful park.

I've proposed that a splash pad be built where the old ice skating rink was located, in addition to new restrooms. Our portion of the funding for this has been included in this budget, and we are hopeful to have it built within 18 months, depending on ZAP funds being available. This will add another fun, family feature to our great amenities in the park.

The city has owned the old Armory building, east of the Boys and Girls Club, for several years and has discussed many options for its use. We feel its best use to be that of a Community Center. When incorporated into the park, it will not only be a beautiful repurposed building but will add additional green space to the park. The funding for this upgrade is included in the ZAP grant proposal.

Also, we included upgrading for the pavilions and the Vita Course in the park. This drawing show some of the innovative plans that will bring a fresh new feeling to the park.

The sprinkling system at the Murray Parkway Golf Course has been in need of a replacement for several years. This is a \$2 million dollar project that we are able to undertake this year. It will be done in a careful and thoughtful fashion to allow play to continue through the season. This will help our golf course maintain its reputation as a premier course for years to come.

In the proposed budget, there is approximately \$2.6 million from various sources to make improvements and maintenance to our roads. Some of the roads we will be addressing are Fashion Boulevard, the Chevy Chase and Wesley areas, Mchenry Street, Sanford Drive and Murray Parkway Avenue. Our crews are going to be extremely busy this year.

The power department is undertaking a several-year project to replace the street lighting in the city with new LED lights and fixtures. With over 3,000 lights in the city, this will be a big effort and \$135,000 is programmed in this budget to begin the project. The goal is to have matching fixtures throughout the city. In the long run, these bulbs will save money and energy.

Because of the willingness of all department heads to cooperate in holding their budgets as tight as possible, we are able to once again provide employee compensation through cost-of-living and merit increases. Always when considering employee compensation, I remember that we are a service organization, and I feel our employees go the extra mile to provide the best services possible to the residents. That means we need good people to meet the needs of the city. I am amazed at the great employees who work at the city and their wide variety of talents. It is a pleasure to see their dedication and interest in serving citizens. With a merit system in place, we are able to reward those who go the extra mile to do their jobs. I am recommending a 1 percent cost of living (COLA) increase and up to a 4 percent merit increase based on employee evaluations. This year, with the help of our Human Resource Director Mike Terry and department heads, we were able to discuss every individual city employee and evaluate their salary. If departmental adjustments were needed, we were able to do that this year in addition to a bonus for red-lined employees. Also, because of the careful use of our health insurance by employees, we were fortunate only to see an increase in the premium of less than half of what is was last year, and the city will continue to cover those costs. It is such a privilege to work with great employees, and I'm excited to be able to provide these increases as a reward for their hard work and dedication.

Working within the framework of a required balanced budget, we have compiled a budget that addresses our daily operating costs, capital improvement expenditures and employee compensation. I would also like to once again pay tribute to our department heads and the leadership they provide. I truly feel we have the finest staff in the entire state.

In conclusion, I would like to add a final comment. After having the privilege, over the past two years, of seeing nearly every aspect of what makes a city work; and after being a part of three different fiscal year budgets, based on balancing our needs with available tax revenues, I have come to this conclusion: What a Bargain!

We live in a community with clean and safe neighborhoods, world-class medical facilities, wonderful choices in shopping and dining, great schools and ever expanding economic opportunities. However, just last week the national news announced that for the first time in history, Millennials now outnumber the baby boomers. We have the responsibility to hand off this great bargain to the next generation. We need to ensure that there will be new, good-paying jobs through wise economic developments, increased affordable housing and a new downtown area that will be environmentally friendly, walkable, bikeable and a fun place to congregate. We need to ensure that our vision of the future is their vision of the future.

Thank you for the privilege to serve with you in the great endeavor.