



## **MURRAY CITY MUNICIPAL COUNCIL BUDGET AND FINANCE COMMITTEE Fiscal Year 2011-2012**

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The Murray City Municipal Council met as the Budget and Finance Committee on July 12, 2011, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

### **Members in Attendance:**

Jared A. Shaver	Budget Chair
Jeff Dredge	Committee Member
Darren V. Stam	Committee Member
Jim Brass	Committee Member

### **Members Absent:**

Krista K. Dunn	Budget Vice-Chair
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### **Others in Attendance:**

Daniel C. Snarr	Mayor
Pat Wilson	Finance Director
Michael D. Wagstaff	Council Executive Director
Jan Wells	Mayor's Chief of Staff
Janet M. Lopez	Council Office Administrator
Gabe Johns	Finance Department
Doug Hill	Public Services Director
Mike Terry	Human Resource Director
Tim Tingey	Comm & Econ Dev Director
Jennifer Brass	Citizen
Juliette Dorsett	Police Department

Mr. Shaver called the Budget and Finance Committee meeting to order at 4:32 p.m. and welcomed those in attendance.

### **Business Item #1    Council/Administration Budget Meetings**

Mr. Shaver stated the recommendation to the Council that there be a Council/Administration budget meeting that would include the Budget Chair, Budget Vice Chair, the Budget Officer and inviting the administration and any department heads that might be associated with that. The purpose would be to review what is happening financially. In the last little while, he had come to understand how important that is. The budget does not necessarily need to be opened, however, to see why things are happening the way that they are in the budgeting process sometimes it is necessary to move money, Mr. Shaver said. That can happen within the department, based on ordinance, although, to be aware will give the Council better knowledge and follow through as the budget is created. This will help keep the Council informed on what is happening in each of the departments in that process.

Mr. Dredge asked how often he thinks that needs to be done. Mr. Shaver responded that he is thinking once a month as a standard, however, in the next several weeks there are so many things happening he would recommend twice a month.

The Mayor asked if it is basically a time for the administration to sit down with the Council to review what is happening within departments and how money is being utilized and some of the challenges the City is facing with the opportunity for the Council to ask questions. Mr. Shaver confirmed that and added that the administration may need to come to the Council for opinions on City business decisions. This would be a forum for that to happen before actually coming to a Committee of the Whole or Council meeting. This would be very much like what was done in working through the budgeting process. Ideas were bounced back and forth.

Mr. Shaver shared two comments that he had heard on a regular basis before and after being elected to office. One comment was that "Murray is a wealthy city." The second comment was that "those days are over." Because of that there is still a process in learning how to budget.

He continued by explaining that one thing which came out of the MIS study was that Murray should use one system to identify where money comes in and where it goes out so that every department head uses a similar format and deciphering information is not as difficult. Mr. Shaver pointed out that he does not believe that anyone says they do not want to change, but because they are used to their own system everyone else is required to figure out what it means and to find the numbers. Uniformity would make it easier and it may just be education. The Council would like to be able to facilitate those changes.

Mr. Stam repeated that for a while it would consist of bimonthly meetings until a budget opening would adjust for the final changes. Mr. Shaver said that he does not feel it would be needed that often, but for a while twice a month would keep the Council in the loop and informed. After that, meeting once a month or once a quarter would be advisable following the adjustments. Mr. Stam said it would be wise to have a good concept on income and economy changes. Adjustments can be made if things turn positive. Mr. Shaver confirmed the monthly reports from Ms. Wilson. He said that he does not mean to imply that the Council would be cavalier with the budget, opening it every ten days for adjustment. He would want to avoid that. His desire is to create a budget and then stick with it as much as possible, as a measuring stick.

Mr. Dredge asked if he had any suggestions or thoughts to the methodology as to how certain issues and items would be put on an agenda for that meeting. Would it be Ms. Wells asking department heads if they had any relevant budget issues for discussion? Should the Council look at budget items that are out of line based on percentage complete, without a logical explanation? He likes the idea of the meeting; he just thinks it is important to have a methodology to make it of value. Mr. Shaver said he is having that conversation and if the Council agrees to the idea, then he would go to the administration to discuss how to make it happen. He stated that the Council does not have the power to ask the department heads to come and report. They report to the administration. If the Mayor's office says they want person X to come talk about this issue, then that would be fine. It is an opportunity for the Council to speak directly to the Mayor's office and Ms. Wilson. Mr. Dredge noted that Mr. Shaver is looking for a proactive way to address matters before they become issues.

Mr. Stam asked who would produce the agenda, Ms. Wilson with her knowledge of what is coming in or Mr. Wagstaff. Mr. Shaver mentioned that Ms. Wilson and Mr. Nakamura serve in the dual capacity. In conversation with the Finance Director the Council would create the agenda for that meeting around the issues coming up, just like everything else.

Mr. Brass acknowledged that over the past seven months he has found that getting everyone around the table talking is a good thing. At least everyone understands what each other is thinking. He has noticed that as issues are hammered out the need to have a meeting may just be eliminated. Knowing where the City sits over the next few months is good, but he is concerned about having too many meetings. The cost of having all the department heads in twice a month for the length of the meeting is something that needs to be considered and we should confirm the agenda before the meeting is called. Also, the rest of the Council would like to be informed of those discussions.

Mr. Stam proposed that all the department heads do not have to be at each meeting. Mr. Brass said that is not a bad idea. Mr. Shaver said the Council can invite but it is up to the administration and if they can answer the issues then it is not necessary. The Council cannot compel department heads to attend, Mr. Shaver stressed.

Ms. Wilson commented that because of the difficult economic times, the Council's desire to be informed financially is a good idea. As sales tax increases, decreases or stays level it is good to talk face to face. It is important to stay educated through the year, not just at budget time.

Mr. Shaver said that a meeting can be regularly scheduled and then cancelled if the need does not exist.

Mr. Brass proposed that he does not want to react to anomalies; however it is important to catch a trend before it becomes out of control. Certain day to day anomalies should be avoided.

Ms. Wells wondered if this is something that could be rolled into the Council/Administration meetings that are already in place. Addressing budget issues on that agenda could be done regularly. If there is enough information a second meeting can be set.

Mr. Stam pointed out that you have the Council Chair present rather than the Budget Chair at the Council/Administration meeting. Mr. Shaver thought that was agendaed by the administration. Others corrected him on that, as it is set by the Council. Mr. Wagstaff remarked that we could run into the problem of having three Council members present.

Mr. Dredge stated that the frequency of the meeting should be determined by the information that is to be discussed. That should be decided first. Mr. Shaver agreed. He said he would like to discuss shortfalls before they are serious. Revenue and projections are other matters to continually monitor.

Mr. Shaver asked Mr. Brass if the bonding for the Performing Arts Center would be something to come before this forum. Mr. Brass said that it is not currently a budget item; therefore, no it would not be a discussion item. However, he said that as a Council it should be discussed. The Council should decide as a group the best way to proceed. Input from staff would be wonderful. The County has asked the City how it will come up with the \$25 million match plus the parking structure.

Mr. Hill said that department heads occasionally have unforeseen expenses come up. Those could be discussed.

Mr. Shaver referred to the latest reply to query from the administration. Much of the justifications say it is unknown and fluctuates dramatically and this allows a place for extra money.

Mr. Hill brought up the problems with the pavilions at Murray Park, as he has discussed with the administration and Mr. Stam. Some money needs to be spent and the issue becomes how much to spend now versus later in order to repair those structures. These are not budgeted because the information was not available at budget time.

Mr. Brass reported that if there were a roof failure when a pavilion was occupied, then there would be a really large unforeseen expense.

Mr. Shaver admitted that part of it is for his education. Learning the state statutes that govern and there are some that, according to Mr. Shaver, Murray is not meeting. He said the budget should have a projected three-year capital expenditure projection as part of the budget and the City does not have that. He said that literally is what it states. Those very issues, like the pavilions, would become a part of that. They need to be fixed and as part of the capital projects they would be expensed out and part of the process. Making those things happen will help us know where the City is headed.

To clarify for the record, Mr. Nakamura related that he is not sure the City is not in compliance with state statute. Murray has tried to comply with the intent of the law. If there is noncompliance then it can be discussed; however, he does not agree that Murray is not in compliance. The City has submitted the same budget year after year and state auditors watch very carefully. If there are glitches in the budget, they would let the City know. He does take issue with that statement. There could be some technical aspects that the City needs to do, but Murray has always been in compliance.

Secondly, Mr. Nakamura stated that the laws of open government insure that the City does not deal with issues that should come before the public in an open meeting. The performing arts center should be talked about in a duly agendaed meeting. Large substantive issues are part of public business and should be reserved for meetings that are on a Committee of the Whole or City Council agenda. There are specific details and expenses but the City owes it to the public to discuss it in an open meeting. We should be careful and the performing arts center is an issue that should be discussed in open meetings.

Mr. Shaver thanked Mr. Nakamura for the counsel and clarification.

## **Business Item #2    Budget Amendment Discussion**

Mr. Shaver said that he knows a budget amendment will be something to be looked at and how to do that is the issue for him. He understands that the City is just getting into reorganization and some time will be necessary before it is known where the money is going and how it is being spent. How quickly personnel will be replaced and how the budget is affected is one example. How the reorganization will affect the budget. He would like to review and set a pattern rather than making it hit or miss and set a time table as part of the budget discussion. He feels that late fall, September or October, would be the time to sit down with the administration and conduct an analysis. From that discussion a decision can be made as to whether or not the budget should be opened. At that time, it may be that the City can go forward another two months before making a decision. Setting something in place now will help the department heads in reporting to deal with budget issues. Specific issues do need to be reviewed at that time, for example, snow removal is not something to be concerned with in that time frame. Some specific issues need to be set as a review in that time frame.

Mr. Dredge said that one of the key issues is truly knowing where the City ends up with the retirements and replacements. How much money is freed up will be crucial.

Mr. Brass feels that September would be a good time to plan on finalizing the budget changes.

Ms. Wells commented that this will be discussed more in the Committee of the Whole meeting and she said that the information for the Council Meeting on the 19<sup>th</sup> of July shows that the reorganization process and recodification ordinances will be addressed at that time. Her worry is that it is being made more complicated than it really is. The first page of the reorganization in organizing the Administrative and Development Services Department (ADS) shows an explanation on the trail of the changes being made. This may become clearer after the information given in the next meeting. She said she will be happy to provide any more information that is missing.

Mr. Shaver indicated that if changes are made to the budget then it must be opened and considered. Ms. Wells asked Mr. Nakamura to explain that.

Mr. Nakamura clarified that if it is a movement from one department to another department it will come to the Council for approval; that paperwork has been submitted for those movements. The money is already appropriated; it is a matter of transferring funds from, for example, Public Services to the ADS department. There are no additional funds. This is a Budget Officer request for Council approval. Some items will require additional funds, but most of it is already appropriated. You have the reorganization of departments, establishing a new department and changing of the ordinance. There is also a resolution, as provided in state law, to transfer money from one department to another requiring Council approval. A budget amendment will be necessary if additional funding is requested.

Mr. Shaver remarked that he would like to schedule that budget amendment now, so it will be considered at a certain time.

Ms. Wilson explained that if the City is waiting on the numbers from the retirements, the final ones will go the end of August and their payouts will be mid September. Actual numbers will be available at that time.

Mr. Nakamura said that those numbers should be available that could be projected in advance; after all, the budget is a projection of what is expected. Those discussions could take place sooner. Ms. Wells said that she thinks the projections are very close; although, Ms. Wilson is concerned about vacation and sick time taken or accumulated prior to retirement.

Mr. Shaver asked who developed the numbers that are being used. Ms. Wells said they are on the spreadsheets and were compiled by Mike Terry and Gabe Johns.

Council members present confirmed that sometime in September would be a good time to consider a budget amendment.

Mr. Shaver adjourned the meeting at 5:05 p.m.

Janet M. Lopez  
Council Office Administrator