



MURRAY
CITY COUNCIL

**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2012-2013**

The Murray City Municipal Council met as the Budget and Finance Committee on Tuesday, June 5, 2012, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jared A. Shaver	Budget Chair
Brett A. Hales	Budget Vice-Chair
Jim Brass	Committee Member
Dave Nicponski	Committee Member
Darren V. Stam	Committee Member

Others in Attendance:

Justin Zollinger	Finance Director	Doug Hill	Public Service Director
Janet M. Lopez	Council Office	Craig Burnett	Asst. Police Chief
Dan Snarr	Mayor	Jan Wells	Mayor's Chief of Staff
Frank Nakamura	City Attorney	Janie Richardson	GIS
Robert White	IT	Gilbert Gonzales	Building Inspection/ADS
Mike Terry	Human Resources	Zachery Fountain	Mayor's Office
Chad Wilkinson	Community Dev/ADS	Jennifer Kennedy	City Recorder

Mr. Shaver called the Budget and Finance Committee Meeting to order at 4:45 p.m.

Minutes Approval:

Mr. Shaver asked for questions, comments or corrections on the minutes from the Budget and Finance Committee Meeting held May 14, 2012. Dave Nicponski moved approval of the minutes. Mr. Hales seconded the motion, which carried 5-0.

Reconciliation of Contingency Items:

Mr. Shaver asked Mr. Zollinger to review items that were on a list he had sent Mr. Shaver. He said several items were under discussion, one being the Council budget, although no action to change the budget had been taken. Going through the list, Mr. Shaver wanted to give the Council an opportunity to approve some changes.

Administrative and Development Services - Mr. Zollinger said that there were requests from Mr. Tingey regarding the Administrative and Development Services budget. One was the Community Development Block Grant (CDBG) funds for the Boys and Girls Club. Additional funds are available for the year and they have asked the City to administer that. It will be revenue received and then provided to the Boys and Girls Club.

NeighborWorks was in the same situation with \$44,000 to be received and then disbursed.

Mr. Tingey had asked for an additional \$400,000 from the bond proceeds for electrical improvements for the Nova Source project and right of way.

Mr. Shaver asked if everyone had a copy of the requests. Mr. Zollinger detailed that Mr. Tingey is not changing his budget, but is changing where funding is located.

Library - The Library Board requested additional retirement funding for Dan Barr. This would be drawn from Library reserves and go into a payroll item. The Board is thinking of \$10,000 to \$25,000. The Council agreed to \$25,000.

Solid Waste - Mr. Zollinger referred to the solid waste fee increase. Before the budget is changed the Council would need to adopt a rate increase, he indicated. Mr. Zollinger said that an internal rate study had been conducted. That would be presented to the Council along with a proposal and if the Council approves that then the budget opening would occur. This involves the garbage pickup, recycling and green waste trailer. The per household increase would be presented to the Committee of the Whole on June 19.

Contingency Transfer - Mr. Zollinger asked for a \$2 million contingency transfer so that if there is a savings at the end of the fiscal year, he would be authorized to move funds to Capital Projects to keep reserves at the 18% level. Putting this in the budget just gives him the ability to act when it is known where revenue and expenses come in at. That would be in August. The funds would be in non-departmental.

School District – Mr. Zollinger confirmed that the \$200,000 commitment for the junior high school is an expense for the 2014 budget; however, an agreement needs to be in place with the school district letting them know of the City's participation.

Police Vehicle Maintenance - Some of the Police accounts have an excess that can be moved into the vehicle maintenance, Mr. Zollinger related. A cushion is held in non-departmental that can be transferred to bring that line item up to \$185,000, which is the average expense over the last seven years. That should be very close to what is needed.

Laptop computers will be moved to the computer replacement line item. These will all be in the ADS IT budget. It will still be earmarked for police, but under the IT umbrella.

Leasing Versus Purchasing Vehicles – Mr. Nicponski asked Mr. Zollinger to prepare a comparison of purchasing six vehicles versus leasing 20 vehicles for the police fleet. He indicated that it might change the vehicle maintenance number. Mr. Zollinger said that the Chief did not think that would impact the maintenance.

Mr. Zollinger compared an operational lease of 20 vehicles with the purchase of 6 vehicles. The operating lease on a five year lease schedule costs \$154,000 each year. In the current year the City is buying six vehicles, then five, five, and four in subsequent years to compare like quantities. The assumed rate was 3.25% interest, which is competitive. Inflation was included in purchase numbers. The six cars are \$210,000 this year. The benefit of leasing today is there is no inflation and 20 cars can be replaced. This provides new cars but that becomes a continuing commitment of \$154,000 that is not in the General Fund now. We have two buckets: Capital Project Fund and General Fund. We currently match up onetime money with onetime expense. If the City buys a lease it is an ongoing future commitment that cannot be stopped for the three to five years.

If the economy stalled again, the City must spend this money, Mayor Snarr commented.

The Police department has 90 cars. Mr. Nicponski thinks that leasing would be more efficient and safer. Mr. Hales asked if he feels these cars would be replaced more often. Craig Burnett, Assistant Police Chief was asked to confirm the vehicle numbers.

Assistant Chief Burnett stated that there are 73 officers, each with a car that is used daily. Two Code enforcement officers and two victim advocates have cars. Two vehicles are provided for the Cadets. He tries to keep four to five spare patrol cars and one to two unmarked spare cars. When new cars are purchased the best of the used cars will be kept. With service and accidents several cars can be out of service. The others are offered to departments in the City, the Fire Department or auctioned off.

The bid for the vehicles is \$27,000 and to install everything in them is close to \$10,000, Mr. Burnett said. He has talked with Cottonwood Heights, who leases vehicles. They budget for the cars and they just got 42 new vehicles the week prior. The car comes fully equipped.

Mr. Shaver pointed out that the Murray vehicle policy has a specific period of time, miles or hours that a vehicle is kept. He asked about the turn around on leasing. It can be three to five year options. The mileage must be kept around 18,000 miles per year, which may be a little under the average for Murray. It might be necessary to have some restrictions on off-duty use to stay under that maximum mileage. The City average is about 20,000.

Mr. Stam asked about the number of cars. Murray has 90 vehicles and if the \$150,000 is for 20 cars, then that amount must be multiplied by four to replace all the vehicles, even if the leases are staggered.

Mr. Nicponski explained that the 20 vehicle lease was an idea to try as a pilot program in Police only for street patrol giving them the support and capability they need now.

Mr. Burnett said that some of the vehicles may not be put on the program, for example the Code Enforcement vehicles do not put many miles on. The patrol vehicles number about 50.

Mr. Zollinger confirmed that Mr. Stam's point was well taken, as the \$300,000 must be budgeted for in the General Fund. If there is no advantage from vehicle maintenance he is not sure where those dollars would come from.

Mr. Nicponski stated that he has an idea on the financing and pointed out that with old cars there is a liability to the City. He feels it is difficult with purchasing only six per year and that takes over 10 years to restructure the fleet.

Mr. Brass asked Mr. Burnett for his opinion on leasing. He would like to have the fleet turn over quicker and with leasing no car would ever have over 100,000 miles on it. The officers would love it.

Mr. Shaver described how the leasing would work with some purchases to have backup vehicles. Every three years the City would get 20 cars and start a new lease. That compounds the cost every three years. Mr. Burnett said that there is a buy back at the end of the lease with a set amount that can be rolled into the next lease and group of cars.

Mr. Nicponski said that it could be replaced every five years. He detailed that Sandy has a replacement fund and when the vehicle hits 100,000 miles it is taken off the street and replaced.

Mayor Snarr said that some leasing is done on big equipment in enterprise funds. In the General Fund if the City needs to pull back costs, with the lease commitment it would not be possible. The City could get up to \$450,000 due per year and nothing could be done to lower that cost.

Mr. Shaver recommended that Mr. Hamer come to talk with the Council and make a presentation based on 20 vehicles under lease each year. Mr. Nicponski appreciated the discussion and respects the limits of the budget. He noted the City fiscal responsibility with the retirement of over 30 people. Mayor Snarr said that the county had to pull back on its leasing and he wondered what had happened there.

Mr. Hill remarked that the City had built a philosophy of car purchases on the fleet maintenance division. He would want the impact on fleet to be part of this discussion on leasing. If you take that many cars away from fleet maintenance then there would not be enough vehicles to keep that division busy. Without fleet the City has no ability to respond to afterhours and emergency repairs. Mr. Nicponski agreed that should be part of the discussion with the dealers being considered, as well.

Mr. Zollinger would want a revenue source for the cost to be discussed.

Mr. Brass commented that it is an issue where the economy has pushed the City into a deeper and deeper hole. The City does not have the revenue for that and after four years the financial commitment is high and the first leases are ready to be replaced again. The hole keeps getting deeper and deeper. It is important to find a way out of this.

Grant Writer – The Council budget has a line item for consultant or service audits and the Council would like to utilize these funds for creating a grant writer position or consultant for the entire City. Mr. Shaver noted the \$25,000 in the line item now and he asked Mr. Zollinger to find more to enhance that, possibly another \$15,000. This needs to be decided in order to give the Mayor's Office direction to go forward with that. He asked for the Council members feelings

on that.

Mr. Hales confirmed that he is definitely in favor of that position. Mr. Brass agreed.

Mr. Zollinger explained that Logan City had just received a \$2 million grant to pay for the 700 megahertz equipment. The state office that administers these federal grants said that the funding had gone down by half each of the last two years. There is still funding available, however, not as much as was once obtainable. He feels Murray should apply to gain part of that. If we found a grant to pay for mobile radios then \$250,000 would be free to purchase seven more cars.

Mr. Brass stated that the City had suffered through difficult times and it is important to find other ways to generate revenue. It is part of the Strategic Plan goals to find various ways to become financially sustainable. Mr. Fountain noted that the grants are not a blank check and there are specific requirements as part of each one.

Letter of Intent – Mr. Brass described that Ms. Lopez came up with a draft and he thinks it is close to what is wanted. He said that a piece of legislation often comes with language indicating the intent of the legislation, which can be somewhat vague alone. This gives those who are enacting the legislation an idea of what was intended. For example, there is a line item for \$200,000 for the Murray School District and the Intent Document would state that the intention is to help the District expand the auditorium to benefit the performing arts. This Intent Document would be adopted along with the budget to explain the thinking of the Council.

Mr. Shaver said the financial document would include a Capital Improvement Program that is supported by the Council, which would be part of the Intent Document. The benefits offered to the employees would be part of that. He suggested a committee of two work on that and present it to the Council and adopt it as part of the budget on June 19.

Mr. Brass mentioned the speed control signs that he and Mr. Nicponski would like to see budgeted. Two are currently in the budget; however, he would like all of them included, which amounts to another \$110,000. This is something he has wanted for years.

Mr. Nicponski said people can be trained in two different ways. The signs can be operated as educational tools or the speeders can be caught in speed traps by police.

Mr. Hill suggested that if specific streets are indicated by the Council in the Intent Document then that would help the Traffic Safety Committee know which streets to put them on. Mr. Brass confirmed that the Council may defer to them on many streets.

The committee of two was discussed with Jim Brass, Jared Shaver and Jan Lopez a part of that to help with language. Mr. Nakamura was also included to craft the document.

Mr. Shaver asked Mr. Zollinger if he had the direction he needed to make the indicated changes to the budget. Mr. Zollinger asked if everyone was okay on the items and asked for an email from each person. The items to be changed were: 1) the \$200,000 for the school, as a place holder even if it is spent in 2014; 2) Grant writer for \$25,000; 3) Radar speed signs.

Mr. Nakamura said the public hearing is on the tentative budget and the Council is allowed to make changes. The final budget is to be adopted on June 19. The items to be changed could be verbally noted during the public hearing that evening.

Mr. Brass confirmed that the public hearing that evening would be continued until the 19th of June for final adoption. It is nice to let the public know the changes being considered.

The amount for the radar speed signs would be \$110,000 from reserves plus the \$10,000 already budgeted, Mr. Zollinger informed the Council.

Mr. Stam asked about the amphitheater roof and commented that the full amount of repairs needed to be budgeted in the CIP. He said only \$5,000 was included but he felt that was an error and it should have been more. He understands that the fund must balance, although, he was concerned about future expense if it is not repaired this year. There was some discussion about repairing other roofs on City buildings.

Another meeting was set for Tuesday, June 12, 2012, from 4:00 p.m. to 6:00 pm to review the final budget and intent document.

The meeting was adjourned at 5:33 p.m.

Janet M. Lopez
Council Office Administrator