



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2013-14**

The Murray City Municipal Council met as the Budget and Finance Committee on Tuesday, May 28, 2013, in the Amethyst Room, Crystal Inn, 818 E. Winchester Street, Murray, Utah.

Members in Attendance:

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

Others in Attendance:

Justin Zollinger	Finance	Ted Eyre	Resident
Jan Lopez	Council Office	Frank Nakamura	Attorney

Capital Improvement Program (CIP)

Mr. Hales welcomed everyone to the Capital Improvement Program (CIP) discussion. The intent is to review the CIP recommendations for 2013-2014. The CIP committee is made up of Mr. Stam, Mr. Hales, Mr. Zollinger, Mayor Snarr and Ms. Wells.

Mr. Shaver asked if the purpose of this discussion was to review the committee's suggestions. Mr. Stam said the process is that the committee makes recommendations and then gives them to the Council to review and make changes if necessary. Mr. Hales said that the recommendations are based on the requests from Department Heads. The committee asked the specific departments to prioritize their requests. Mr. Stam stated that there was only a minimal amount of money to use at the committee's discretion. Mr. Zollinger said that the money spent on fiber and Police cars took any money that was discretionary. Mr. Stam said that unless there was a particular project that one wished to fund and pull money from another project, there really is not a lot of play there. Mr. Shaver commented that there were a couple projects and Mr. Stam agreed and said it had been discussed.

Mr. Brass stated that during the Budget Reconciliation, everything was squared away, so that nothing would alter the CIP list. There was additional money found by Mr. Zollinger to add more Radar Speed Signs. Mr. Shaver asked if the savings of \$364,000 that was not promised

for fiber would affect the CIP recommendations. Mr. Zollinger answered that it would not, because that money was coming from the reserves in the General Fund. Mr. Brass said he would prefer the \$364,000 to go back into reserves. Mr. Zollinger said the money is still there.

Mr. Shaver asked if the process for handling computers had been compared to the handling of the Fire safety equipment. He asked if the breathing apparatus equipment and turn-out gear for the Fire Department was going to remain in the CIP fund. Mr. Brass said he feels strongly that life-saving equipment should not be subject to the whim of the committee. Although, the City is going to have a new administration in six months and will come up with a new budget. Mr. Shaver asked if the Fire Department budget should have the breathing apparatus in their budget, similar to the way computers are budgeted.

Mr. Brass said the Council could make that direction and appropriate funds for that specific gear. Mr. Shaver asked if the Fire Department budget needed to be increased by approximately \$36,000 to cover the purchase of the breathing apparatus. It would then be on rotation to purchase some every year. Mr. Shaver asked if that amount could be taken from reserves and moved to the Fire Department budget. Mr. Brass said that by law, equipment in the Fire Department has to be visually inspected and tested every year. Ultimately, the tanks get to a certain age and need to be replaced.

Mr. Brass said his primary concern is turn-out gear for the Fire Department. Mr. Shaver said there are 12 units of turnout gear listed on the CIP list. He recommended those also be moved to the General Fund for the Fire Department, and make them an ongoing expense. Mr. Stam clarified that reserve money would be used this one time in order to balance the budget. Mr. Zollinger said that he wouldn't recommend using reserves for ongoing expenses. Mr. Stam said he understands, but the money needs to come from somewhere this year only to balance the budget. Mr. Brass suggested leaving it for this year, and put it on the Intent Document to move it to the Fire Department budget moving forward.

Mr. Stam asked about police handguns, and what budget they belong in. Mr. Zollinger replied that they are in the regular Police Department budget. Mr. Stam said this should be the same thing. Mr. Shaver asked if the committee should look at the items listed on the CIP list and possibly see which items could be put on the Intent Document to be moved later. Mr. Brass said that the language in the Intent Document could say that life-saving equipment should not be on the CIP list. Mr. Hales asked Mr. Shaver if there were some items in particular that he would like to discuss. Mr. Shaver replied that the two items discussed were on his list; the breathing apparatus and the turn-out gear. This year they would be funded from the CIP budget but the Intent Document would state that those items would be moved to the regular budgets thereafter.

Mr. Brass replied that after making a quick scan, he didn't see any other life-saving equipment listed.

Mr. Stam said that the committee tried to have the philosophy of putting as much money into roads as possible. This was due to the Class C funds the City would receive, providing that the City matches the funds. The CIP discussions this year went much faster and easier than the previous year, simply because departments were able to choose what they wanted. He said the

incentive of giving the departments money back, made a big difference in the attitudes of how to proceed.

Mr. Hales asked for any more questions on the CIP discussion.

Budget Intent Document

Personnel

Mr. Brass stated that everyone should have had the opportunity to review the Council Intent Document. This document will state for the record the intentions for the upcoming year.

It was decided to go with the Mayor's recommendation for employee compensation, with the thought of reviewing it again mid-year. The Wasatch Compensation Survey is included in the Intent Document also.

Health Insurance Coverage

Mr. Shaver asked about the health insurance coverage. He clarified that Mr. Terry stated that the insurance and the opt-out were two separate things and should be looked at as such. Should the opt-out option be part of this discussion or just left alone, he asked. Mr. Brass said that there wasn't enough information to make a decision on the opt-out option. Mr. Nicponski said it had been suggested that the opt-out should be offered to all of the employees, and the problem with that is the timing of Open Enrollment.

Mr. Brass said that Mr. Terry noted all changes need to be done during Open Enrollment, with the exception of new hires or newly elected officials, if applicable. There are also certain life changing events that allow for changes mid-year. Life changing events include the loss of insurance for reasons other than choice. For example, a job change for the individual or the spouse, or marriage for dependents would qualify as a life changing event.

Mr. Stam said it was recommended that the opt-out option be made available to all employees; it could be done first for the Council and then reviewed for the entire City for the following year. Mr. Hales said he is uncomfortable having the Council receive the opt-out option, but not all of the employees. Mr. Nicponski agreed that it may be a problem.

Mr. Brass said the difference is that the health insurance is a benefit offered to all qualified employees, and the Council has been qualified for a very long time also. The opt-out is a whole different game. Mr. Nicponski said he believes the opt-out might be better for the following year. Mr. Brass stated that the philosophical discussion is whether the Council takes the benefit of insurance or not. His concern is that everyone should have health insurance without concerns; and it is a benefit that is available. He is personally still looking at the comparisons between his existing health insurance, and is unsure whether or not he would take it. Mr. Hales said the decision needs to be made as a group; he is unsure of whether he would take it also.

Mr. Nicponski said he liked the idea of putting the opt-out on the Intent Document for next year.

Mr. Shaver clarified that the existing Mayor has the insurance; the language should be health insurance coverage for all elected officials. Mr. Stam said the language also states that the City has provided health insurance benefits for full time employees for many years; it also provides insurance to many part-time employees. Mr. Zollinger said there are five part-time positions that qualify for health insurance benefits. Mr. Nakamura said that is one of the corrections that he had made on the document, changing it to “qualified employees”, instead of only full-time. The classification of regular part-time employees are employees qualified to receive insurance. That is important because the Council has the regular part-time status in the City. Mr. Nakamura suggested the language be changed to “Council Members”, instead of “Elected officials”. The Mayor is considered a full-time employee, so is automatically qualified. Mr. Brass said that he doesn’t think a benefit should be political. Mr. Shaver said that the previous language stated “all elected officials”, which would have included Council Members also. Mr. Brass said that other Council Members, including the County receive insurance.

Mr. Stam asked if there was a difference between health insurance and life insurance. Mr. Zollinger said that a qualified employee receives \$40,000 automatic life insurance. He believes they are two separate things. Mr. Stam asked if the Council Members receive the life insurance. Mr. Zollinger said that life insurance benefits are a question for Mr. Terry. Mr. Brass said that is something to be looked at also, and that language needs to be added to the Intent Document before the budget is adopted. Mr. Shaver said the information on life insurance is included in the benefit package they recently received.

Mr. Brass said that to include in the Intent Document language that the Council intends to look at the opt-out option for next year. Ms. Lopez stated that the decisions made tonight by the Council would be incorporated into the Intent Document; as well as some editorial changes that Mr. Nakamura suggested, and she would then send the document to everybody.

Murray Fiber

Ms. Lopez noted a change in the last sentence, adding “beyond the City’s contractual obligations” where funding for these agencies is discussed.

Mr. Brass agrees that the City should be looking for alternatives.

Murray School District Funding

Mr. Zollinger commented on the agreement that the City made with the School District in the amount of \$200,000 to help with the auditorium. The School District has said that more than likely an agreement would not be completed before the end of this fiscal year. He asked if the Council would like to roll that over to next year’s Intent Document. Mr. Brass stated that he would roll that money into the CIP fund for that specific item. Mr. Zollinger said it was coming from the reserves of the General Fund. Mr. Shaver asked about the agreement. Mr. Nakamura said a meeting was scheduled the following day with the Superintendent. He didn’t know what the issues were with the agreement. Mr. Shaver clarified that the School District is hesitant with the agreement. Mr. Nakamura said the agreement was prepared with the desired changes but the School District has yet to sign the agreement. Mr. Brass said if an agreement isn’t reached, then the money should be taken out of the budget; if there is the potential of reaching an

agreement, then it could be rolled over to next year. Mr. Zollinger stated that it could be put in the budget this year, and used in the following year. Mr. Brass clarified that it is currently a line item in this year's budget. Mr. Zollinger stated that was correct for the 2012-2013 budget, but not for 2013-2014. Mr. Shaver commented that the money doesn't have to be spent if there is not an agreement. Mr. Stam asked if there could be a budget opening and move it to the next year. Mr. Zollinger said if the City knows before June 19th it could be put in the budget for the next year. Mr. Nakamura said the problem is if it has to go back before the Board again. Mr. Shaver said that if the money is in the budget, it doesn't have to be spent. If an agreement isn't reached, then the money could always be rolled over to the next year. Mr. Brass commented that if the School District doesn't want to live by the agreement, then the City is free to spend the money somewhere else. He suggested leaving the money in the budget for now. Mr. Shaver doesn't believe it needs to be part of the Intent Document, since it is already in the budget.

Department Budget Savings

Mr. Stam asked about the Department budget savings and if the Legislature approved raising the General Fund Reserves to 25%. He commented that it states that next year it is listed as the City giving back 75% after the City gets the 18%. Should the City increase reserves to 19% this year, slowly increasing until reaching 25%, he asked. He commented that the Legislature just increased the reserve amount to 25%. It was discussed that the City should graduate that number to 25%, and the Intent Document states it as 18%. He suggested picking a level to increase to at this time, slowing building the reserves up to 25%. Ms. Lopez asked Mr. Zollinger what 1% would amount to. He answered that it depends on the revenue. Mr. Stam commented that the revenue may increase 1% to 2%, and the City would still have an increase in the General Fund. Mr. Zollinger stated that total revenue is \$38.8 million, and 1% of that would be about \$388,000. It was discussed that it is a lot of money to take out of the CIP budget, for example. Mr. Hales asked Mr. Zollinger if he felt comfortable with the 18% reserve amount. Mr. Zollinger said reserves are important and feels that a good level is essential. Mr. Brass commented that if the City had started putting in 1% every year for the last ten years, there would be a New City Hall. It needs to be initiated at some point. Mr. Shaver agrees, even though it would be hard to take it from the CIP Fund. Mr. Brass noted that the downside of that is there are \$30 million of roads that need repair, and that money keeps decreasing. There needs to be a balance. Mr. Shaver asked if the City should put it in the Intent Document that the City increases the reserves by a certain percentage every year, that way a future Council would be held to that obligation also.

Mr. Shaver believes that a lot of the money for projects in the CIP would disappear, once the project is completed and the money goes elsewhere. He suggests raising the reserves to 19%, even though it would make a difference to the departments. If the revenue increases to \$39 million or \$40 million, then there would be extra money that could be used for the CIP projects. Mr. Stam noted that the other part of this discussion, is whether or not to phase down the 75% over the next few years. Mr. Shaver commented that he would not be in favor of that. He believes that if the departments are saving money, it would be best to give some back to them, as best as they can.

Mr. Nicponski commented that the money would still be in reserves, and wouldn't be

gone. Mr. Shaver said it creates a mindset for the Department heads as an incentive to be wise with their budget. Mr. Brass suggested giving it a shot and building up the reserve to 19%. Mr. Zollinger stated that if the language said to build the reserve up to 19% with positive revenue variances, and not from the departments, then they wouldn't see anything. There could be two victories; with the departments still receiving 75% of their budget savings, and the other would be coming from higher revenue than was budgeted.

Mr. Brass said it could be in the Intent Document as being the intent to raise the reserves to 19%, using various sources. Mr. Nakamura said that paragraph isn't telling him that the City is going to have a 19% reserve, but that is the line of which the savings would be taken. He said that to set a reserve of 19% is a whole different animal, which causes a predicament. Mr. Stam said that it states that their allocation is after the General Fund reaches 19%, and if that level is not reached then the departments don't receive the full 75%. Mr. Nakamura said that it is tricky if it states that the 19% level of reserves must be maintained. Mr. Stam asked if there should be any other intent included as to the increasing of it over the years. Mr. Shaver said that Mr. Nakamura has pointed out that the City can establish a 19% reserve forecast for the year, and it shouldn't affect the 75%. He doesn't want to discourage the departments from saving money. The goal of the City to increase the reserve to 19% should be a separate issue. Mr. Brass reiterated that the Council would like to see an increase in the reserves from 18% to 19%, using whatever sources possible. It could be stated that this Council would like future Councils to reach the 25% level. Mr. Brass said at some point higher reserves won't make sense if roads need repair, or if taxes are increasing. Mr. Shaver said that it wouldn't be locking the Council into a higher percentage for reserves, only if the opportunity to increase it is there. Mr. Zollinger said it would be a subject up for debate, whether or not to increase taxes if there is a healthy reserve. Mr. Brass said the difference between an 18% reserve and a 25% reserve is substantial. Mr. Zollinger said that a City should not be in a bad financial position before taxes are raised. Mr. Brass commented that a positive trend is starting to be seen. There will come a time when taxes need to be raised; it is unavoidable. Mr. Nicponski said that with the visible growth, the City doesn't need to think about raising taxes at this point.

Public Infrastructure Funding

Mr. Brass asked if there were any questions on the paragraph. This was essentially Mr. Tingey's suggested \$50,000 allocation to help business enhancement. Mr. Nakamura asked if the involved committee was identified. Mr. Nicponski replied that it was identified as the Business Enhancement Committee. Mr. Brass said that the committee is in the process of being created.

Capital Improvement Program

Mr. Brass said that the CIP program had been previously discussed.

Radar Speed Signs

Mr. Brass commented that the City had found an additional \$10,000 for increased Radar Speed Signs. The intent is to have the Council and the Traffic Safety Committee to determine the locations. Mr. Shaver asked Ms. Lopez if she had a copy of that. Mr. Nicponski said it could

be subject to Council review. Mr. Stam suggested having the Traffic Safety Committee come to a Committee of the Whole for discussion. That could be done after the budget is approved. Mr. Shaver suggested getting a list from them and comparing it to the Council list. Mr. Stam said theoretically every Council Member would have two signs for their District, unless decided otherwise. Mr. Nicponski said it should be reviewed in a Council Initiative Workshop.

Lobbyist

Mr. Nakamura asked if the Council would like any reference made to the Lobbyist or Grant Writer position. Ms. Lopez had some suggested language that reads, "The Council wants to retain a lobbyist to represent the City in the State Legislature Process. It is the intent of the Council to do a Request for Proposals, with established criteria, for a lobbyist. Funding for a lobbyist shall not exceed \$40,000." Mr. Shaver commented that he would like the paragraph to start off with the second sentence.

Mr. Shaver said his concern was the RFP (Request for Proposals). Mr. Nicponski asked about the mechanics of an RFP and if a sub-committee was appointed to select the winner. Mr. Shaver said that you could have a committee, but typically it is the Council Chair and Vice-Chair. They would do the interviews and bring it to the Council for a recommendation. Mr. Stam said his concern is that something similar would happen as it did with Ace Disposal. An RFP could come back and raise the amount to \$45,000, and currently the City has someone locked in at \$40,000. Ms. Lopez commented that it is a year to year contract so the lobbyist isn't locked in either way. Mr. Shaver said that is what an RFP is. Mr. Brass said if the numbers come back higher than the City wants to pay, then the City doesn't pay. Mr. Stam said the last couple of years, the lobbyist has been okay with the \$40,000. Once you go to an RFP, the door is opened for higher salaries. A salary of \$45,000 could still be lower than the other bids, but an increase in the existing salary. Mr. Shaver said that part of the challenge is that this position is so varied during different times of the year regarding the amount of work involved.

Mr. Shaver asked why the lobbyist isn't given a two year contract at \$40,000 per year, similar to the contracts with the audit companies. He likes the idea of a two year contract, and at the end of the two years, it is the City's option to move forward or not. Mr. Nicponski said that could be the reasoning used with the lobbyist to go to an RFP if the number of years is increased. Mr. Hales said he still feels like the idea of an RFP is the City's obligation to look around for the most qualified applicant. Mr. Hales also feels like the City position of Legislative Assistant, if that position is filled, should be more involved with the lobbyist. Mr. Shaver clarified that this person was not the Council's hire, the Council is simply providing the funds. It seems to be a better fit to him, if that relationship was developed over a couple of years. Mr. Brass stated that it could be put in the Intent Document that it was the City's intent to put out an RFP for a lobbyist position at \$40,000 per year. The language of the RFP could be decided in a Committee of the Whole meeting.

Mr. Stam said that the lobbyist was originally hired to work for the Council. Mr. Hales said that the Council pays his salary and he should be reporting back to the Council. Mr. Stam said that it was hoped that the lobbyist had some connection with the Council and the Administration both. There may have been some disconnect there. Mr. Brass said there needs

to be communication, even though at times the vision may be different. Currently the position is being paid for out of the Council budget. Mr. Shaver said that comes down to the instruction given to the lobbyist from the Council Chair.

Ms. Lopez stated that the Council appropriates \$15,000 to Non-Departmental for a Grant Writer. The Finance Department, with input from other departments, shall establish criteria for City-wide use of the Grant Writer. Mr. Stam asked if the title should be changed from Grant Writer to Grant Writing Assistant. It doesn't necessarily mean that it is a person hired, but possibly money to go to a specific person designated to write a specific grant, possibly even an existing employee or a consultant. Mr. Shaver said it is similar to the Legal department, hiring different attorneys for different projects at times. This gives the City the ability to hire the right person for that criteria. This would allow expertise to be given from specific individuals in specific departments. Mr. Nicponski said he liked the title of Grant Writing Assistance. That would allow the funds to be used for specific grants, not just the hiring of a person.

Passport Services

Mr. Brass asked if there were any questions on that paragraph. He liked the idea of the City providing the passport service.

Preliminary Design for a New City Hall Building

There has been \$50,000 allocated to fund this project. Mr. Nicponski thanked Mr. Stam for his support in that meeting.

Mr. Brass stated that there should be a Budget Addendum in the packets. This is a lump-sum item that allows allocation of the budget without a budget opening every time.

Mr. Zollinger commented that he had a small change on the very bottom item regarding schools and music specialists. He is unsure of where that revenue is and that it hasn't been budgeted for. Ms. Lopez stated that it was an expected grant from other agencies. Mr. Brass said that is probably a grant that Mary Ann Kirk has arranged. Mr. Zollinger said he broke out every single grant in the budget, but wasn't aware of that one.

Mr. Nicponski asked about the standing of the Taylorsville Pedestrian Bridge on 4500 South. Mr. Brass said he believed the Council wanted to do a little more research on the bridge. Mr. Shaver said they would like to see how revenue and expenses are coming in. Mr. Nicponski asked if it could be put in the Intent Document. Mr. Brass said it could be looked at mid-year without it being on the Intent Document, because it is on the record.

Mr. Brass asked if there were any more questions. The meeting was adjourned.

Kellie Challburg
Council Office Administrator II