



MURRAY
CITY COUNCIL

**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2009-2010**

The Murray City Municipal Council met as the Budget and Finance Committee on Tuesday, May 5, 2009, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Krista K. Dunn	Budget Chair
Jeff Dredge	Budget Vice-Chair
Robert D. Robertson	Committee Member
Jim Brass	Committee Member
Patricia W. Griffiths	Committee Member

Others in Attendance:

Daniel C. Snarr	Mayor
Michael D. Wagstaff	Council Executive Director
Jan Wells	Mayor's Chief of Staff
Janet M. Lopez	Council Office Administrator
Brent Davidson	Recorder's Office
Robert White	MIS
Janie Richardson	MIS
Roy Kenney	Streets
Danny Astill	Water/Sewer
Greg Bellon	Power
Tim Tingey	Community & Econ. Dev. Director
Mike Terry	Human Resource Director
Laura Lloyd	Fire
Gabe Johns	Finance
Blaine Haacke	General Manager Power
Scott Stanger	Engineering
Gil Rodriguez	Fire Chief
Pete Fondaco	Police Chief
Frank Nakamura	City Attorney

Budget Chair Krista Dunn called the Budget Committee meeting to order at 3:02 p.m. She stated that this meeting is the first opportunity for the Council to discuss budgets following the presentations given the previous week. Finance Director, Pat Wilson, informed the Council, with the latest sales tax report, that the City should

expect further revenue loss in the coming year. That being the case, the budgets cannot remain status quo. Further reductions need to be considered.

Individual budgets have been considered at in detail and a contingency list was put together based on comments in the meeting. There are some common themes to discuss.

Some line items have been thought of in the past as inconsequential, however, in order to eliminate the need to cut any jobs or people, it is necessary to cut other funding items. Department heads know the inner workings of the budgets far better than the Council. She mentioned office supplies as something that could be cut to come up with enough money for an additional slurry seal on a road. Ms. Dunn asked Mr. Dredge to share some of his ideas on the budget.

Mr. Dredge commented that every year the Council places items on the contingency list and moves money around to cover the most important matters. With projected revenue shortfalls, and the desire not to cut staff, the only option seems to be to ask the departments to cut a specific percentage where they see fit. It is common to want to hold onto funds, because the fear is that the department may never get those funds back. His preference is to look at the big items placed on the contingency list, but then put the trust in the department heads and ask them to tell the Council where to eliminate funding.

Mr. Robertson agreed and stated that the management knows where there are extra dollars that can be trimmed back. For the Council to make those decisions does not make sense.

Mr. Dredge offered that some departments are quite small and there is not much to be reduced. The attitude is for everyone to do what can be done to save jobs.

Mr. Brass confirmed that the employees are the City's most valuable resource and giving up skilled people is something Murray cannot afford to do. Losing talent is difficult to gain back. He offered his apology for not being present for the hearings, however, often, there are line items, such as, professional services, where money is allocated with no specific intent for use. Items like this should be looked at for reductions to keep the City staffed. This is a temporary problem.

Ms. Dunn stated that based on the numbers supplied by finance, there may be another 10% necessary in reductions. Ms. Wilson remarked that February revenue, received in April, was worse than expected. This does affect the current budget year, and no one knows what will happen going forward. Ms. Wilson advised the Council that it would be good to look for additional reductions. Mr. Brass expressed that adjustments can be made at mid year, if the departments cannot complete the year without additional funds.

Ms. Dunn stated that expenditures for the past three years have been studied, and on average most departments spent just under the budgets, without going over, which is very typical. She expressed the desire to have the best service possible and funding is necessary for that, however, these reductions are imperative at this time.

In summary, Budget Chair Dunn asked that the department heads go over the budgets and come back with details of what can be cut again. She said her goal is to have 2% to 3% cuts overall, with a priority given on what can be eliminated first. That needs to be prepared for next week.

Ms. Wells asked for some clarification of when this would be due. Ms. Dunn stated that the information needs to be ready by Friday, May 8, 2009, so that the Council has time to study the numbers.

Mr. Hill asked how the enterprise funds should be handled. Mr. Brass responded that they need to be discussed, as well. Ms. Dunn said that these are not as pressing as the General Fund departments.

Mr. Dredge stated that his preference is to see a 3% to 5% reduction. If that amount cannot be trimmed then an explanation of the needs should be given.

Mr. Stanger commented that Class C Road money comes from the state and that will not change. By Thursday, there will be an indication of how much that will be. The Mayor pointed out that those funds must be dedicated to roads.

Mr. Brass indicated that he is not a fan of across the board percentage cuts, however, this is an overall goal for the department. Some line items cannot be diminished.

Mr. Dredge added that the Council is open to input on this, and expressed that everyone is on the same team, working together.

Ms. Wells stated that everyone is willing to do whatever is necessary for the budgeting process. She wanted to confirm that sacrifices and cuts have already been made. The Mayor's budget was 10% less than the previous year. That is where the Administration started. The Mayor's office did propose to use some City reserves and if that is a philosophy that the Council does not agree with, then that is fine.

This request today is based on the conversation with Pat Wilson, stating that budgets should be additionally decreased, reviewed Ms. Dunn.

One concern regarding the enterprise funds was expressed by Mr. Hill. Because they are fee based, the revenue will come in, and with a 3% to 5% cut, then that will go back into reserves. In the meantime, projects will be delayed. He does agree on travel,

however, some projects will cost much less today, due to the economic situation. Rather than building reserves, another option is to reduce fees to the residents.

Ms. Dunn said that the enterprise funds will not be treated the same way, but if some areas can be reduced without hurting the department, then that should be considered. It is a good time to complete some projects, and planning has been done for specific purposes that can be executed.

Mr. Brass referred to an article in the Tribune about the vast shortage of electricity and the inability to move it across the country. Being in the electrical business since the 1970s, he recalled presentations at that time stating the same issue. Part of the reason power and water has not run out is the underestimated ability of citizens to conserve. In tough economic times, people will conserve, which will impact the fee collection revenues of the enterprise funds. Power's metered revenue has decreased, and the City is advising residents to use less, with energy efficient light bulbs and appliances. This will impact the City. He firmly stated that projects that affect system reliability should not be cut, until that is the last thing we can do. This is the best time to take care of certain projects.

Mr. Haacke stated that reducing small items, such as, advertising and community involvement will not mean much in his budget. The big projects, back yard rebuilds, for example, will really be a significant impact on the budget, and he does not think the Council wants those items cut. That will affect reliability. Ms. Dunn confirmed that the Council will be looking at the enterprise funds a little differently. Mr. Brass said that something like a bucket truck might wait a year. Safety and maintenance should be considered.

Mr. Dredge stressed that if every dollar is not squeezed out and the economy worsens, then jobs will have to be cut. The Murray budget is 70% people.

Ms. Wells asked if everyone should reconsider vehicles again too. Ms. Dunn confirmed that vehicle purchases should also be weighed.

Mayor Snarr commented that the attorney's office, human resources, recorder, finance and treasurer are so lean that to get 3% to 5% in reductions will be going into employees' salaries. Council members indicated their understanding of that and stated the 3% to 5% is only a goal, it cannot be cut on every line item.

Starting with the contingency list, Ms. Dunn asked that the Council Member who suggested the item go on contingency, please be the first to address it.

Ms. Dunn reviewed that **office equipment, books and subscriptions, professional services, and supplies** be adjusted by department heads, and return with a suggested amount to decrease.

Ms. Griffiths mentioned that paper adds up very quickly. She pointed out that anything that can be sent electrically would be a good way to save paper and copying, for example, the MCEA newsletter can be read on email.

Looking at the contingency list, Ms. Dunn suggested a conversation about **cellular telephones**. Information was gathered and presented at the previous meeting and the question is what the Council would like to do with this matter. She asked if there was any preferred action at the present time, or should this be an ongoing process to address over the next year.

Mr. Dredge felt that this information has just been pulled together and is something that cannot change over night. He would like to accept suggestions and make it a process over the next year. One question that he has on the telephone is that some departments added funding to that line item, stating increasing costs, however, other departments reduced money there. It could be true depending on the department and phone service.

Mayor Snarr asked the departments to look at the plan and make sure that the package they are on is the best value for the money spent and minutes used.

In summary, Ms. Dunn asked Ms. Wells to continue working on this matter and report back to the Council at mid year. To the department heads, she concluded that if this is an area where money can be reduced the Council would ask that they do so.

Vehicles are another area that depends on the department heads and their expertise on whether purchases can wait or is necessary, explained Ms. Dunn.

Mayor Snarr stated that his office checked on the metering vehicles. They drive a pick-up truck, due to the fact that equipment is carried in the back and for ease of retrieval that vehicle is necessary. According to the staff, a car could easily lead to torn seats and broken windows when trying to access equipment. They do carry meters.

Mr. Brass received an email, which he will send on to power personnel, relating to federal money available for Smart Grid related equipment. Automatic meter reading equipment is part of that system. The City's current system has a certain amount of inflexibility, however, if grant money is available that would, in time, make it easier to read meters, and increase billing accuracy, then it might be good to look at that. It was in-depth information including the process for application.

Overtime is a necessary budget item. Ms. Dunn expressed the desire for department heads to look at that again. If there are ways to be more efficient with the scheduling of staff, it could save funds. Studying the last three years, overtime increased above prior usage and needs consideration and thought to reduce.

Mr. Dredge reviewed that Customer Accounts budgeted \$11,400 in overtime and the prior year actual figure was \$11,800. He stated that this was one of the highest amounts of overtime and asked why so much would be necessary. Mr. Terry mentioned that there had been quite a bit of turn over in that department, and he thought, possibly, it could have come from times when it was under staffed and additional hours necessary. The last six months to a year have been very stable.

Mr. Robertson added that if the regular personnel was down then there should be an offsetting reduction in the salary line item.

In lieu of tax transfers is not something the Council is considering raising. Ms. Dunn commented that the enterprise funds contribution to the General Fund is 8.2%, except two, which is power at 5.7% and the other is a specific amount. She asked if everyone felt comfortable with that amount. It was the consensus of the group to leave them as is.

Chamber of Commerce and Economic Development Corporation of Utah (EDCU) was questioned by Ms. Griffiths. She asked if it had been discovered how those fees are calculated, and if there were an opportunity to reduce them.

Tim Tingey responded that EDCU calculates fees on a formula basis based on revenues and a percentage of the population. It comes to 20 cents per individual and four-one hundredths of the City's budgeted revenue. Because Murray's projected revenue is budgeted at less, then EDCU would request less funding automatically.

The Chamber of Commerce is based on a core amount that was decided a few years back, according to a conversation with Scott Baker. It was figured based on the services provided by the Chamber and what that would cost Murray if those services were handled by the City. Mr. Tingey stated his willingness to meet with Mr. Baker, run a projection of potential reductions, and see what could be done, if that is the direction the Council would like him to take.

Mr. Brass commented that EDCU is looking for big projects that are difficult to quantify for Murray, and projects that Murray does not have space for. They are a good resource when the City is trying to attract certain businesses, such as the Cheesecake Factory. The Chamber is our advocate for small business, and in Murray this is the backbone of business. A brochure put together for the Babe Ruth World Series promotes Murray hotels, restaurants, and businesses. These will be distributed at no cost to the City. It is important to have someone look after the existing businesses, which is the tax base and revenue Murray depends on. Cutting a little is fair in this economy, but he does not want to see it eliminated.

Ms. Dunn agreed that since Mr. Baker has taken over the number of small business owners have really gotten involved with the community and support the City.

The Chamber was very helpful when the 40% property tax increase went into effect by explaining to the community and business owners the reason for the change. Mr. Brass pointed out that when Questar had State Street torn up, the Chamber went door to door to affected businesses and notified them ahead of time. These things are valuable. Ms. Griffiths confirmed her support of the Chamber if they would reduce fees a small amount.

Professional services, again, would be left up to the department heads to analyze the needs. Ms. Dunn related that in Non-Departmental there were several line items and she asked Finance and the Mayor's office to look at those items and make sure they are funded as they should be.

Ms. Griffiths mentioned that the **lobbyist** was scheduled with \$3,000 in the Council professional services budget. She clarified that the lobbyist was paid \$30,000 last session, and taken from road funds. Mr. Wagstaff confirmed that the lobbyist was paid \$30,000 and the \$3,000 in the Council office would require additional allocations to hire a lobbyist.

Ms. Dunn suggested the lobbyist conversation continue. Ms. Griffiths said that she adamantly opposes having a lobbyist. She was not satisfied with the service received, and there was no communication, except through Ms. Wells. At the end of the legislative session, there was a proposal to award Murray \$1.5 million instead of the one million in the previous allocation, and that did not pass. The City was successful in getting the wording changed for use of the funds, however, she feels Murray has a qualified staff, who spend lots of time at the legislature, and to pay someone \$30,000 for 45 days of service is something she does not agree with. She received numerous calls from individuals when the newspaper article came out, and most thanked her for opposing the resolution to hire a lobbyist. They felt the money should be left in road funds. She felt the City would have received that funding with or without a lobbyist, because of the City's relationship with the Utah Department of Transportation (UDOT).

Ms. Wells was asked to provide her input on this topic. She said that lobbyists can be valuable in certain circumstances. She thinks the lobbyist did what he said he would do and Murray did not lose the funding, however, her preference would be to use a lobbyist for a specific purpose if there is an issue that warrants it. She does not see the value of having one in place every year.

Mayor Snarr commented that he has had several legislators tell him that the Murray staff is very effective in being on task, sharing City concerns, and needs, and giving direction on how legislators should vote. They support Murray because they feel our staff is there to help them understand how critical issues affect the City. They take that more readily than a lobbyist coercing them.

Ms. Griffiths stated that the reason the road funding was put on hold was

because of an economic problem, not because they did not think Murray should not have the money. It went back to a bonding problem.

Mr. Dredge agreed that our representatives very strongly represent Murray. The issue is that they are very often out voted by other legislators, and Murray loses out to larger cities. Having someone well known speak for us certainly did not hurt, although, we cannot say he was totally responsible. He said that before funding a lobbyist, he would like to know what issues a lobbyist could be helpful with.

Ms. Dunn said that it was not budgeted last year and if, prior to the legislative session, it looks like there is an issue the City needs help with then we can consider it at that time. Mr. Brass said that he feels the Council will be monitoring the budget closely and if a legislative need arises, then funding adjustments can be made. He did think the lobbyist did what was asked and communicated through Ms. Wells. He expressed that the one million dollars could have gone somewhere else and \$30,000 to get one million was value.

Ms. Dunn watched the lobbyist work and she was impressed with his actions and saw the legislators gather around him on numerous occasions. She said that legislators told her the money would have gone elsewhere had he not been working for it on Murray's behalf. That being said, she agrees that the money should not be allocated at this time.

The Mayor related his feelings on this topic and how sad it is that this is how things work at the legislature. The money is cycling right back to the folks who are running and that really bothers him. He feels that our staff and elected officials do a wonderful job at the legislature.

All Council Members agreed that lobbyist funds should not be allocated in the budget.

The next item concerns the **Judge's salary**. Mr. Dredge commented that he agrees with the Mayor that it would be irresponsible of the Council to give one person a raise and hold everyone else at status quo. All Council Members agreed.

Regarding the **amphitheater**, and improvements related to having architectural drawings made, Ms. Griffiths responded that she is afraid that by putting this item on hold it could lessen the City's chances of getting funding from county sources.

Mayor Snarr also has some concerns about this, however, he mentioned that the county has been very good to work with Murray. He stated that its funding is also reduced and it may be unlikely that we could get money this year anyway. It does come from Zoo, Arts and Park (ZAP) funding and that money will be reduced. The amphitheater floor has been paid.

Ms. Dunn remarked that if the county indicated its desire to act on that, then the money could be allocated quickly, and the drawings and estimates completed as needed.

Ms. Griffiths stated that she would like to see the City prepared. The amphitheater is an aging facility, and an important one to the City. She agreed to have that put on hold for the time being.

Mr. Dredge added that due to the economy, he would like to see the Council hold off on anything that is discretionary, and see what happens with revenue as we go forward.

The **payroll module** for finance is the next item on contingency. Ms. Dunn stated that it is something that has been discussed, and it just depends on whether or not it should be purchased this year.

Mr. Brass asked the advantages and disadvantages of having it this year. Mr. Johns responded that there is the in-house system being used and it can continue in use. Given the circumstances he feels it is something that can wait if necessary.

Mr. Wells asked if this item could be considered at mid year budget time. She stated that it is a problem in many ways and she would like the City to have the advantage of a new system.

Mr. Dredge commented that the current system takes a lot of programming resources to maintain. David Larsen agreed with that statement and added that it takes a lot of time to collect data with the current methodology. The City can continue to do so, however, it is not cost effective or time efficient. Mr. Larsen said he feels the pay back is two years or less.

Mr. Dredge asked what that staff time would be used for. Ms. Wilson has said this is a huge inefficiency.

Mr. Larsen said that in programming, more can be put on the internet, internal services can be improved and other programs have been side tracked without that attention.

Mr. Dredge also commented that if it were to be approved, it should go into use before mid year, because the new payroll year should begin with the new system. His suggestion is to leave it in the budget, but not spend it until about November, if the revenue looks okay. Implementing the payroll on a new system at the beginning of the year would be preferable.

Mr. Larsen said that the City is trying to get more detailed costs throughout on

work orders and so on. If the payroll module was integrated, it would provide more cost analysis on expense, labor and facilities. Mr. Larsen said that the vendor's schedule for implementation is out about four months.

Ms. Dunn suggested that the money be left in the budget, but not spent until given final approval. All Council agreed.

MIS funding was addressed by Mr. Dredge. He commented that this falls under the same category as other items, in that Mr. Larsen has a better idea of what he would like versus what is necessary. There is a lot of money in MIS, and he wondered if there are items that can wait another year. He would like Mr. Larsen to look at that. He expressed his love of technology, however, he knows there are wants and needs. He asked to have the items rated by what is end-of-life, and what can be delayed.

The **Contribution in Non-Departmental** seems to be the donation to the Friends of Murray Centre for the Performing Arts offered Ms. Griffiths. In view of the economic situation the Council did not provide any other funds to the group. The Mayor mentioned flags for the Veterans, Larry Miller ad and other items that could come out of other line items if there are requests. Ms. Dunn said that she feels it was the \$5,000 for Performing Arts. The line item can be taken out or moved to Cultural Arts.

Mr. Dredge asked what the money has been spent on. Ms. Griffiths responded that in the formative stages there were a number of expenses just to get registered and organized. She said they are actively seeking private donors to help with a facility. Ms. Griffiths pointed out that there were licenses that were necessary, and it is unknown as to whether the nonprofit status has been granted; it has been applied for. Mr. Brass added that until the nonprofit status is secured no major funding will be given, due to tax issues.

Ms. Dunn asked if they will be ready to move in another direction, because of the overall City plans. Mr. Hill said that the fund raising is not so much focused on where or when, but in building money to better the City's position. He does not feel they will be able to generate enough money to fund it entirely, therefore, the question still remains on whether the City will be able to build and support an arts center. Their goal is to raise some private dollars for when those questions are answered. Mr. Hill said that the group is developing a brochure. Mr. Tingey added that in a month or so, there will be a long conversation regarding all these elements to help decide the direction of the City.

Mr. Dredge reiterated that on discretionary funds, the City should wait to see what the revenue stream will be like. Mr. Hill stated that he did not think the group had requested funds from this budget.

Ms. Dunn suggested that the money be removed and looked at later, should they need some additional support. Ms. Griffiths agreed.

There were various items on contingency in the **Non-Departmental** budget. Ms. Dunn pointed out that several were very similar line items. She asked Finance and the Administration to look at defining what those are and how much is actually necessary in funding.

Ms. Griffiths asked what the alternate transportation line item meant. Ms. Wells answered that there is a program for employees that if they car pool to work, ride a bicycle, take the bus or Trax, then they qualify for a rebate from the City. It is paid out of that line item. It must be done three days a week and every three months they qualify for a \$50 rebate. Mr. Terry stated that it is an incentive for saving energy.

Building maintenance is for repair work to be done on the old Fire Station #83 to prepare it as a Special Operations Center for Police. Ms. Dunn asked if enough can be cut from other Police line items to cover the maintenance issues.

Mr. Dredge declared that if the Police department were to cut 5% from the budget the amount would be \$75,000.

Ms. Dunn asked for comments. Others said that they feel it should be done. So the Council will find a way to fund that looking at what reductions are made next week.

The last item on contingency was **Roads**. Ms. Dunn stated that the Council will need to decide which roads can be done. The purposes of the budgetary cuts are to be able to fund additional road work, therefore, after the departments return with budget reductions, then the roads will be assigned when the final dollars are known.

Ms. Griffiths mentioned the deferral of the **minutes** from the previous budget meeting held on March 10, 2009. She pointed out corrections and moved approval. Mr. Brass seconded the motion. Motion was approved 5-0.

Ms. Dunn reviewed the continued budget adjustment procedure. She reminded department heads to have their information to Ms. Wells so that the Council can have it delivered by Friday, May 8.

Ms. Griffiths expressed that the City human resources are the most valuable asset and she feels it is important to protect that asset. The caliber of employees is what makes Murray great and the folks in the room provide the leadership. Strong leadership helps people perform better. Thanks to everyone.

Ms. Dunn adjourned the Budget and Finance meeting at 4:30 p.m.

Janet M. Lopez
Council Office Administrator