MURRAY CITY MUNICIPAL COUNCIL

BUDGET AND FINANCE COMMITTEE

FISCAL YEAR 2025-2026 – Budget Reviews

Meeting Minutes – W**ednesday April 23, 2025**

Murray City Hall, 10 East 4800 South, Poplar Meeting Room, Murray, Utah 84107

Attendance:

Council Members:

Paul Pickett	District #1 – Budget Chair
Pam Cotter	District #2
Scott Goodman	District #3
Diane Turner	District #4
Adam Hock	District #5 – Budget Vice-Chair

Others**:**

Brett Hales	Mayor	Jennifer Kennedy	City Council Executive Director
Doug Hill	Chief Administrative Officer	Pattie Johnson	Council Administration
G.L. Critchfield	City Attorney	Emily Barton	Finance Controller
Brenda Moore	Finance Director	Amandah Maudsley	Purchasing Agent
Joey Mittelman	Fire Chief	Steve Olson	Fire Department
Jed Finlinson	Fire Department	Mont Cooper	Fire Department
Jeff Puls	Fire Department	Laura Lloyd	Fire Department
Matt Bolden	Fire Department	Scott White	Fire Department
Robyn Colton	Human Resource Director	Kim Fong	Library Director
Rob White	IT Director	Julia Pehrson	Assistant Library Director
Gordon Cook	IT	Ryan Madsen	IT
Isaac Zenger	IT	Scott Barrell	GIS
Kim Sorensen	Parks & Recreation Director	Jen Leitner	Recreation Director
Bruce Holyoak	Parks & Recreation	Lori Edmunds	Parks & Recreation
Jeff Martin	Parks & Recreation	Katie Lundquist	Theater Operations Manager
Cory Plant	Parks & Recreation	Lane Page	Cemetery
Russ Kakala	Public Works Director	Aron Frisk	Public Works
Trae Stokes	Public Works	Josh Hill	Public Works
Jason Lundberg	Golf Course	John Pearson	Golf Course
Thomas Butz	City Planner	Chad Wilkinson	Community & Economic Dev. Director
Craig Burnett	Police Chief	Doug Roberts	Deputy Police Chief
Mike Obery	Deputy Police Chief	Kristin Reardon	Police Department
Karen Gallegos	Murray Justice Court	Greg Bellon	Power Director
Bruce Tuner	Murray Citizen		

Conducting: Mr. Pickett called the Budget and Finance Committee Meeting to order at 8:36 a.m.

Approval of Minutes: May 8, 2024 Budget and Finance Committee Meeting.
Mr. Hock motioned to approve, and Ms. Cotter seconded the motion. All in favor 5-0.

Budget Review:

- Attorney's Office – City Attorney G.L. Critchfield said budgets for the City Attorney, the Prosecutors and the Retained Risk Divisions remained simple. Even with the required 1% budget cut there were only minor differences compared to last year. Finance Director Brenda Moore said an overbudgeting occurred in Workers Compensation Insurance that created a savings in the Risk Fund reserves, so the required transfer from Risk to the GF (General Fund) for Administrative Services was lessened by 1%.

- **Budget Overview** – Ms. Moore said that the administration requested all City departments to reduce their FY (Fiscal Year) 2025–2026 Operating budgets by 1% from the previous year. Only specific operational budgets would be excluded. She said in order to balance the GF this year, the proposed budget uses the City's.2% Optional Sales Tax revenue to meet a shortfall, rather than pull from reserves.

  Ms. Moore discussed the status of the CIP (Capital Improvement Program) Fund that would use $13 million in reserves to complete capital projects. The Central Garage Fund balance was reduced by $150,000 and the Retained Risk Fund was lowered by $675,000. The Library Fund continues to save money for a new library and wage increases were met without dipping into savings and without a property tax increase this year. The MBA (Municipal Building Authority) Fund would allocate $15.6 million to pay for the Public Works rebuild project. The RDA (Redevelopment Agency) Fund reserves would increase by $4.8 million as a result of growth in the Fireclay and Center Business Districts. The Cemetery Perpetual Care Fund would grow by $59,000 due to interest income.

  Ms. Moore said all Enterprise Funds were currently generating revenue to cover expenses and all fees were set high enough to pay for operational costs and some capital improvement costs. In the GF budget there was a 4% decrease in Operations, a 4% increase in Personnel Costs and a proposed property tax increase.

  A proposed 5% Property Tax Increase would generate $618,387 in revenue and any new growth revenue was not included in the tentative budget yet. New growth would be calculated by mid-June 2025. Ms. Moore noted that 1% in growth this year would provide $123,677 and that last year's growth provided $344,009.

  Ms. Moore clarified that she could still balance the GF budget without raising property taxes and if growth came in at 2%, the Council could either reduce the proposed 5% increase to 3% or do no property tax increase at all. She noted that the City has raised property tax rates for the past three years, so there was good reason for not implementing a property tax increase this year.

  The Sales Tax Revenue budget was approximately $21.5 million and equal to the FY 2024 collection minus 1%. Ms. Moore believed the amount could withstand a minor recession, but greater budget cuts would be required from all City departments if a major recession occurred.

  Ms. Moore confirmed that $5 million from the .2% Optional Sales Tax Revenue was used this year to balance the FY 2025-2026 budget. She reminded Council Members that the revenue would end in 2030 so due to the lack of funding, hard decisions would be coming for the FY 2031 budget.

  She said financial adjustments should begin now by carefully budgeting one-time capital dollars since there was no additional funding available for any City department. Moving forward the only projects that should be considered are those that do not raise existing operations and maintenance costs. City directors were made aware that the City cannot support any new programs or expenditures that would increase current budgets. Ms. Moore believed after speaking with the City's lobbyists that there was no chance of extending the revenue option after 2030.

  Ms. Moore said while Mayor Hales proposed a 5% property tax increase, he indicated during the recent Budget Address that the Council had the option to remove it from the tentative budget.

  Ms. Turner noted that years ago, residents told the Council they would prefer small incremental increases if a property tax increase was necessary. Ms. Moore said a 5% increase was a small amount and that holding off for one year was possible. She noted that the amount of $618,387 generated from a 5% increase would pay for one police officer's salary and the opening of the Murray Theater.

Ms. Moore said to avoid a property tax increase she could combine any of the following adjustments including add a growth tax estimate, raise the budgeted amount of $5 million from the City's .2% Optional Sales Tax revenue up another $200,000, partially fund the Step Plan or not fund it at all, lower the proposed 2.5% COLA (Cost of Living Adjustment), lower other GF expenses or just use a small portion of GF reserves.

Ms. Moore noted that a discussion was needed in the future regarding the Step Plan because it was not sustainable anymore. The Step Plan calculates wage increases for City employees based on merit with a set percentage on each step and this year the average merit for City employees was either a 3.21% or a 2.24%.

The major decisions regarding personnel costs involve whether or not to fund new employee requests, pay range adjustments, the Step Plan, the holiday bonus, sick payout and funding the COLA.

Ms. Moore discussed the CIP Fund saying that funding sources to the CIP Fund are the .2% Optional Sales Tax revenue, which would allocate zero dollars this year, Transportation Sales Tax revenue that would provide $3 million for streets projects, and any amount of money that places any fund balance over 25% of budgeted projections.

She noted that decisions should be on whether to fund all City department CIP project requests and future project requests that include remodeling or reconstructing the outdoor pool, upgrades to the old ice rink area and Murray Park and other building expansions and remodels.

Ms. Moore said Park Impact Fee Revenue was not included in this year's budget due to the lack of having a specific new project. The current balance of $500,000 would be used for the Armory renovation project until another new development comes on line.

Mr. Goodman asked Ms. Moore to define new growth in property tax revenue. Ms. Moore said the City was guaranteed the same amount of property tax revenue each year by the Salt Lake County Assessor, which is budgeted by last fiscal year's total. When new housing developments start generating property tax revenue, the county assessor calculates the new revenue which is received by the City after the tentative budget was adopted. This was why she did not know the exact amount of new growth at this time but the City would receive a guaranteed amount of $12.3 million and new growth dollars would be realized later in June.

Mr. Goodman expressed opposition to the proposed 5% increase and felt a property tax increase might not be needed. Ms. Moore agreed, saying property tax revenue was the only revenue the City had control over.

<u>Budget Reviews</u>:

- <u>CED (Community and Economic Development) Department and RDA</u> – Director Chad Wilkinson said the 1% budget cut requirement was made in all divisions where possible. In CED the reduction was made in the Administrative Allocation and there were no other budget changes. In the Building Division the reduction was made to accounts that had slightly unused funds and Professional Services decreased 6%. In Planning and Licensing, Professional Services was reduced 84% because FBC (Form Based Code) funding was no longer needed. Ms. Moore confirmed the last allocation to pay for the FBC was approximately $122,450 and the total cost did not surpass the budgeted amount of $150,000.

  Mr. Wilkinson said Postage increased due to inflation and a surge in the number of business licensing notices that were mailed out. Weed Control was up 20% due to inflation and increased violations.

  Ms. Moore noted CIP requests for CED as $20,000 for a Building Division truck and $75,000 in Planning and Licensing to begin a full General Plan update.

Mr. Wilkinson discussed RDA properties and thoroughly reviewed timelines and activity for the existing CBD (Central Business District), Cherry Street, East Vine Street, Smelter Site, Fireclay and the Ore Sampling Site. In the CBD, he noted a significant allocation of $9.5 million saying this was for the sale of the old city hall parcel which would be discussed in the future.

Ms. Turner said the City had not received the $9.5 million payment for the parcel, so why was it allocated. Mr. Wilkinson agreed Triumph Group would request an extension on the current development agreement that expires in May 2025. He said more time was requested by Triumph who had not submitted for a building permit yet. Ms. Cotter said the City would pay to have the old city hall structure demolished. Mr. Wilkinson agreed. According to the development agreement, Triumph arranged for the demolition, the City would pay demolition costs upfront and Triumph would repay the City at the closing sale of the property.

Mr. Wilkinson said the sale was anticipated and the funds were not allocated to be spent yet. Ms. Moore thought payment would occur sometime between July 1, 2025 and July 1, 2026. Ms. Turner said it made no sense to account for money not received and there was consensus to continue the conversation at another time.

Mr. Wilkinson noted increases to Low Income Housing accounts in Fireclay and some other RDA areas, confirming it was required by State Law, based on a percentage of increment revenue. It was also noted that any budgeted allocation for Homeless Shelter Contribution accounts was also State required for not having a homeless shelter located in Murray.

- <u>HR (Human Resources)</u> – Director Robyn Colton said the budget remained simple and the HR Operations budget was reduced by 1%. She confirmed a 31% increase to wages only occurred because an existing position was transferred to her department. Other adjustments were due to line-item transfers to match actuals. A 50% cut was made to Exams and Testing because testing would occur in-house, rather than use outside agencies for testing. Ms. Moore said HR had no scheduled CIP projects.

- <u>IT (Information Technology)</u> – Director Rob White said in the IT Division a 6% increase to the Software budget was due to inflation for licensing and for purchasing CJIS (Criminal Justice Information System) software for the police department. The Small Equipment budget was increased to $275,000, which would allow staff to continue computer repairs and the replacement program over the next year for 400 computers and all City servers, phones and printers. There was no change to the GIS (Geographic Information System) Division budget. CIP totaled approximately $167,000 which involved updating hardware in all City buildings, purchasing additional CJIS software, email security programs, additional storage for IT and GIS.

- <u>Public Works</u> – Director Russ Kakala said both budgets for Streets and Engineering Divisions kept flat after Operating budgets were reduced by 1%. Some line items were further reduced. In the Class C Roads budget Mr. Kakala highlighted a 28% reduction in Road Salt because less salt was used last winter and a 15% reduction in road Sealer due to a decrease in contractor costs. The overall Class C Road budget was reduced by 26% from last year that was equal to $2.4 million.

  Mr. Kakala reviewed the CIP for the Streets and Engineering Divisions. The project list included various vehicle and equipment purchases and many street projects totaling approximately $3.4 million. The CIP for Class C Road projects was partially funded by State Transportation Tax revenue, estimated at $2.4

million. Items included purchases for road salt and roadway maintenance, traffic signal repairs estimated at $125,000 and an allocation of $250,000 for a large Capital Infrastructure project that will install bike lanes and widen 4800 South under the Interstate 15 overpass. Matching funds would determine the partial cost estimate. Also estimated were three overlay projects, $650,000 for Fashion Boulevard, $200,000 for Box Elder and $400,000 for Murray Parkway Ave.

In the Water Fund, Mr. Kakala outlined several city water projects, and described various pipeline replacement projects, equipment purchases and noted professional engineering studies totaling approximately $3.5 million. Mr. Hock noted a 33% reduction in the Water Rebate Program and it was confirmed that the savings was due to the City moving forward with the State program.

In the Wastewater Fund a wastewater technician position was requested. The CIP totaled $4.3 million, which involved sewer line replacements, root intrusion and infiltration projects, vehicle repairs, replacements and the purchase of a TV Van lateral launch televising system.

The Solid Waste Fund budget remained flat. The CIP request was $15,000 for a green waste trailer repair or purchase.

The Storm Water Fund budget expects to complete significant projects totaling $1.9 million. Mr. Kakala said the Wood Oak Lane project would install one new wastewater pipeline estimated at $1.8 million to start the project with the total cost being $3.6 million by spring of 2026. A Skid Steer purchase for $85,000 and Mini X Trade for $20,000 were the remaining CIP requests.

The Central Garage Fund budget remained flat. Mr. Kakala said there were no CIP requests, noting that each department pays for their own vehicle repairs and parts, which goes to funding the wages of garage employees.

Ms. Moore pointed out a $4 million CIP request for the City Facility Replacement/Expansions budget saying it was related to the Public Works facility upgrade and the Public Works reconstruction project.

Mr. Kakala said the $4 million request was not a facility upgrade, but a request to construct three additional buildings as part of the reconstruction project for Public Works. All three new facilities were originally included in the Public Works Master Plan reconstruction proposal but were cancelled when it was found that estimated engineering costs began to exceed the $20 million bond.

Mr. Kakala explained as he considered the continual rise in construction costs, he spoke to Mayor Hales, Chief Administrative Officer Mr. Hill and Ms. Moore who made the decision to put the new buildings back on the plan since construction had already begun.

The CIP request of $4 million would be in addition to the $20 million bond for the entire project. The additional funding would pay for construction of a storage facility, a salt storage structure, a large, covered vehicle washing area and secure masonry fencing. Once a price was determined for construction of all added projects the hope was that the estimated $4 million would be enough. Ms. Moore felt the added construction projects should be completed while the City was still receiving the .2% Optional Sales Tax revenue. Mr. Kakala noted that all Enterprise Fund revenue would contribute to the bond payment.

- City Council Office – Executive Director Jennifer Kennedy noted increases related to the coming election year regarding the Oath of Office luncheon, various supplies and I-pads for possible new council members. There was an increase to Professional Services related to an increase in the contractual audit fee. Ms.

Kennedy confirmed the City Council CIP was to annually contribute $30,000 to the City's Electric Clean Energy Fund.

- Court – Lead Court Clerk Karen Gallegos said the 60% increase to the overall budget was due to cost increases for interpreters. There was an increase in the number of court cases requiring interpreters and State Law requires city courts to have an interpreter for every language. Ms. Moore said the annual CIP allocation of $15,000 was for improvements or upgrades needed in the courts building.

Due to a scheduling change, Council Members conducted a voice vote to approve a revision to the agenda. **MOTION**: Mr. Hock motioned to advance the Mayor's Office report from 3:45 p.m. up, followed by the Fire Department budget review that was originally scheduled for 1:30 p.m. Ms. Turner SECONDED the motion. All in favor 5-0.

- Mayor's Office – Chief Administrative Officer Doug Hill reported that a chief communications officer position was added and there would be one retirement payout. Related adjustments were made to the Personnel budget for Full-time Wages and other associated benefits. The retirement includes sick leave payout and vacation pay. A slight reduction occurred in the Professional Services account due to unused funds.

  Fire Department – Chief Joseph Mittelman said the total number in staff would remain the same. There was a 23% decrease in the Overtime budget due to the addition of three new firefighter positions last year. In the Administrative Division small reductions were made to Supplies and Small Equipment. In the Suppression Division there was a 29% increase to the Travel and Learning budget due to Utah Fire and Rescue Academy certifications; a budget cut of 31% in Building and Grounds Maintenance and 24% reduction in Vehicle Maintenance. The VECC (Valley Emergency Communications Center) budget increased 3% due to VECC fee increases. In the Paramedic Division, Travel and Learning expenses rose 4% to cover recertification fees and Ambulance Supplies increased 10% due to call volume increases and cost increases for medical supplies. There was a 50% reduction in Small Equipment saving the department $11,000. Due to cost increases in Medicare, there was a 15% increase to Professional Services. Fire Department CIP requests include purchasing small equipment, replacing a fire engine, partial funding towards a new ladder truck and replacing other staff vehicles.

  Lunch Break 12:41 p.m.

- Power Department – Director Greg Bellon said due to safety concerns in the Forestry Division one full-time utility arborist was requested. The annual cost for the full-time position would be $107,769. Other personnel adjustments include shifting the schedule of the energy resource manager to provide an annual savings of $8,070 and the elimination of a generation plant manager position. Mr. Bellon noted the annual cost in the Purchase Power budget was $27 million to buy power for the City. Ms. Turner requested that the additional position be added to the contingency list.

  Mr. Bellon recapped about CIP projects totaling $7.3 million. Projects involve purchasing various power equipment, constructing a new storage building, infrastructure, one truck purchase and street light maintenance. He clarified that the recent $20 million bond money would pay for the construction of a new covered vehicle storage building, fencing at the Vine Street Substation, payments on two new transformers for the Central Substation, designing costs for the Central Substation rebuild, penstock relining, Sandy Siphon upgrades and maintenance and natural gas turbine compressor repairs.

  Mr. Hock asked why costs were up 76% at the Hunter coal-fired plant and up 100% at the Sunnyside coal plant. Mr. Bellon said when problems arose with the gas turbines and fill-in energy was needed Sunnyside energy was purchased. The Hunter plant started receiving coal again and is fully operating now for Rocky Mountain Power. T

Mr. Bellon noted the overall increase to the Purchase Power account was only 3% by purchasing coal energy. He said the City would continue to purchase from Hunter as needed since the plant remained open. He explained that decisions for purchasing power depend on pricing, forecasting and estimating energy prices in the moment at best guess. The coal resource would be used when natural gas prices and other resources are much higher, and with the mortgage paid off, it is one of the least expensive resources that provides 22 megawatts of energy to the City.

- Parks and Recreation – Director Kim Sorensen said in the Parks Administration Division the total number of staff was reduced to three, after a marketing specialist relocated to the Mayor's office. The staff change lowered the Full-Time Wages account by 5%. There was a 50% decrease in Public Notices and a 60% increase in Travel and Learning. An additional $50,000 was allocated to Professional Services to pay for advertising for the new theater, armory and mansion buildings. The Buildings and Grounds account was raised 5% for staffing a position at the armory.

  In the Parks Division there was an 8% increase in Part-Time Wages and a 5% increase to the Building and Grounds account. To meet the required 1% budget cut, the Park Center, reduced Sports Equipment expenses by $3,000 and Contract Officials-Instructor costs by $3,000. In the Recreation Division a $4,000 cut was made to the Recreation Officials account. In Arts and History, Part-Time Wages went up 12% due to wage increases, Contract Services was reduced by $10,000 and there was an 87% decrease in Miscellaneous when a software program called Momentus was discontinued. The budget for the Outdoor Pool remained status quo.

  Mr. Sorensen said the Senior Center saw a 7% increase in Part-Time Wages for hourly pay raises, Books and Subscriptions increased 100% to provide $300 more to purchase more reading material for seniors. The Meals account increased $10,000 or 13% due to inflation. Supplies were cut by 32%. The budget of the Cemetery Division remained at a status quo with a 2% overall reduction due to recent retirements. The Theater Division was projected to have an annual operating cost of $1.26 million. He expected the theater to open in October 2025.

  In the Facilities Division the Buildings and Grounds Maintenance account was increased by 39% or $62,000. Mr. Sorenson said the Facilities Division staff would now oversee maintenance for all City owned buildings including three new facilities, the theater, the mansion and the armory. The proposed increase would fund the service contract for maintaining all generators throughout the City, pay for the initial Christmas lights upgrade that included adding Christmas lights to the Murray Mansion, fund all crane rental contracts associated with putting up the outdoor Christmas tree and costs related to the Modern Display service contract for installing indoor City Hall Christmas decorations.

  Ms. Moore said the cost to install City Hall Christmas decorations was funded by Interest Income for the last two years. The interest came from new City Hall construction bonds that were then transferred to the CIP. Christmas decoration expenses could be allocated to the Non-Departmental budget, but for now she allocated the cost to the Facilities Division budget.

  Mr. Sorensen said Parkway Golf Course budgets remained status quo and there were no staff changes. To achieve the required 1% reduction, the Golf Pro Division implemented slight decreases to Golf Club and Small Equipment expenditures. The same occurred in the Golf Course Superintendent Division. Mr.

Sorenson noted the City golf course was very close to being self-sufficient.

Mr. Sorensen discussed a CIP Parks Department project allocated to the City Facility Replacement and Expansion budget, saying it was proposed and initiated by Mr. Pickett. The project aims to clean up weed filled areas along the south side of 5300 South from 700 West to 1300 West. Cleanup of the property owned by UDOT (Utah Department of Transportation) would require estimated City funding of $140,000 for a Skid Steer, $50,000 for landscaping and architectural design plans and another $1 million projected in FY 2027.

Mr. Pickett said his reasoning for pursuing the cleanup project was to improve the visual appearance of Murray where road banks are full of weeds. The County was slow to cut weeds, so he proposed the City make improvements. A previous discussion occurred with the administration. Council Members discussed the matter thoroughly noting that hanging dead tree branches also exist along 5300 South past 700 West. It was confirmed that the City should cautiously consider taking on the project, because once started the City would become responsible for the ongoing maintenance for many years. There was consensus that UDOT should ultimately be responsible for it and that $1 million was too much money to spend on property not owned by the City. Mr. Sorenson said cost estimates could be $3 million to replace the 10 acres with xeriscape, and that doesn't include irrigation and electrical costs. Mr. Hock requested the project be added to the contingency list.

Mr. Sorenson discussed the approved CIP project that was an allocation of $2 million for the Outdoor Pool renovation project. He said the 25 year-old pool was still having underground water leaks, they were fixed many times but repairs are ongoing and costly. Architects are currently working on a new design for an outdoor pool to include a splash pool, not a splash pad. With last year's CIP allocation of $4 million and this year's $2 million contribution, a total of $6 million will go towards the project. Once designing is finished, the City would be ready to accept bids and apply for TRCC and Zoo Arts and Parks grant funding to help cover costs.

Mr. Pickett requested that Ms. Fong discuss her budget as time scheduled on the agenda.

- <u>Library</u> – Director Kim Fong said the budget remained flat, and slight adjustments were made to address the high cost of E-books.

- <u>Parks CIP continued:</u> Mr. Sorenson discussed $6 million allocated to the Ken Price ball park in FY 2028, explaining that an engineer evaluated the venue five years ago and determined the park only had five years left. Council Members discussed the possibility of letting the school district use Willow Pond Park instead of Ken Price and making the Willow Pond field the new Ken Price field. Mr. Sorenson said when talking to the school district administration Willow Pond would be fine, but coaches and team members would say absolutely no, noting that the school district uses the Ken Price field 80% of the time. There was consensus to discuss the situation at a later time.

  Mr. Sorensen continued to review other CIP projects for 11 divisions in the Parks department highlighting equipment replacements, various infrastructure projects, a pump installation at the Bair Well, Jordan River Trail pathway lighting, roofing projects, a fairway mower and pond drudging.

- <u>Police Department</u> – Chief Craig Burnett said an additional police lieutenant position was requested to provide more leadership on patrol during swing shifts and weekends. To implement the promotion cost the total cost annually would be approximately $110,000. The Chief noted two new officers were requested last year, but only one position was approved. Chief Burnett said the budget was lean, the 1%

budget cut was applied to various expenditures and there were no increases to Operations. In the CIP, standard requests included 12 new cars, which is part of the seven year rotation schedule, small equipment for squad cars, as part of the replacement program; and required federal remodifications and updates for Special Weapons and Tactics and Mine-Resistant Ambush Protected vehicles.

- Finance and Administration – Director Brenda Moore said the Finance Division budget remained unchanged with only minor adjustments to meet the 1% budget cut. The same occurred in the Treasury Division. The Recorder's Division was unable to reduce the budget due to the increased cost of the 2025 Murray City election estimated at $170,000. The Utility Billing Division budget remained flat.

Final Questions and Discussion:

- Ms. Kennedy noted three contingency items to be discussed that included one additional Power department arborist position, CIP funding to clean up 5300 South between 700 West and 1300 West and the proposed property tax increase.

- Mr. Hock asked if allocating money should begin now for the proposed future project that would expand the Park Center and relocate the Senior Center. There was consensus to hold off. Ms. Moore would keep the Council informed about the proposed projects and the ability to allocate funding.

  Ms. Moore thought the Council should discuss the .2% Optional Sales Tax revenue going away in 2030 because after that the City would have no money for new projects. She said higher revenue over the last few years is what allowed the City to spend between $10 and $20 million each year on projects.

  Money from the 0.2% Optional Sales Tax revenue combined with the City halting its spending for six months during the pandemic and projected sales tax revenue exceeding budget projections, astronomically higher revenue continued for three consecutive years. This is what funded projects like the armory and the Murray Theater. Also during this time the City received ARPA (American Rescue Plan Act) money which is what funded a new fire truck. Ms. Moore pointed out that ARPA and all extra revenue has now stopped.

  Ms. Moore said when the .2% revenue ends in 2030, the City will only have unspent funds in City department budgets. This equates to about $2 million, which is not as much comparatively for the CIP. Future projects would not be possible without bonding, so the administration and the Council would need to prioritize project spending carefully. Ms. Moore believed grant funding would be awarded to the City for the Outdoor Pool project, so the fully funded pool project would be completed by 2030 and would not increase GF operational costs.

  She said because the GF budget is in the negative, any new proposed project or new programing that would increase GF operating costs should be declined. At some point the budget needs to be fixed and the first step in resolving the shortfall is to not add anymore programs. She hoped that by 2030 the Murray Theater would have enough sponsors and donations to break even so that the City isn't spending $1 million annually to operate it.

- There was consensus that facilities having the greatest impact on residents like the Outdoor Pool, the Senior Center, the Library and the Park Center be made top priority. There was further discussion about Ken Price ballfield, approaching the school district to contribute financially and if the stadium seating should be remodeled or completely torn down.

- Council Members discussed aspects related to cost, safety and time management for funding the arborist position request. Ms. Moore noted additional staff requests including one police lieutenant position and one wastewater technician. There was consensus to fund all three positions.

- Ms. Moore reviewed the Budget Addendum. All Council Members were in favor.

- Ms. Moore noted requests to fix the leaking roof at the Park Center and new roofing for the Senior Center. There was consensus to fund these requests. Ms. Moore outlined errors and slight changes she would make like raise the Utah Telecommunication Open Infrastructure Agency distribution, provide an Administrative Allocation to the RDA, add one wage in the Parks Department and adjust Medical and Dental Insurance premiums. There was consensus to allocate $13,000 to the CIP for IT Department iPad licensing contracts, but only this year.

- Mr. Hock asked how much of the 0.2% Optional Sales Tax revenue, equaling $5 million, would be funding non-CIP projects. Ms. Moore said all of it and referred to the Debt Service and Transfers Out budget page, which tracks transfers from the GF.

  She said from the $5 million, approximately $1.8 million would be transferred to the RDA, for making the last bond payment on the new city hall property and approximately $3,074,000 would be transferred to the CIP for onetime expenses, which was the exact projected amount derived from Transportation Sales Tax revenue. The total budget of $5,045,131 would pay approximately $1,831,900 for city hall property, $537,506 to make the fire station bond payment, approximately $988,000 for Murray Theater operations and $1.6 million to balance the GF budget.

  Ms. Turner expressed concern about $1 million to operate the theater. Ms. Moore compared unknown ticket pricing to estimated operational costs and confirmed that projected annual revenue from the theater would be $150,000. Mr. Pickett thought about selling the theater to a private owner to save the City future costs. Mr. Hock calculated that the City must find a way to wean from $2.5 million over the next few years, not including the bond payment for the new city hall. Ms. Moore clarified that the annual payment of $1.8 million for the new city hall was only four years into the 25 year bond and that the fire station bond would end in 2030.

- Council Members analyzed the proposed 5% property tax increase to provide a shortfall of approximately $618,000. They considered the remaining revenue after funding the Step Plan, studied various wages related to pay range adjustments. Without a property tax increase they discussed lowering rate increases and not funding department head wage increases. A discussion occurred about changing to a market study in the future for implementing pay raises. Mr. Hill recommended not adjusting pay wages during the budget process saying careful study and research should be conducted first.

  Council Members considered a 3% property tax increase combined with the 2% projected property tax growth, discussed the number of recent utility fee increases and the possibility of using reserves to balance the budget. Other various budget adjustments were analyzed as well as not implementing a property tax increase at all. Ms. Moore said by not implementing a property tax increase she could calculate projected new growth at a higher rate, make minor budget adjustments, use $150,000 from reserves or increase the .2% revenue to provide for the shortfall.

  Council Members discussed whether to implement a 3% increase, implement a 2% increase to prepare for the loss of the .2% revenue, cut other CIP funding or implement no property tax increase. Ms. Cotter expressed concern with having to implement higher property tax increases in years ahead if an increase was avoided this year.

There was consensus to not fund the 5300 South improvement project at this time.

Mr. Hill said without a property tax increase, the deficit and the loss of .2% Optional Sales Tax Revenue should be tackled as early as July 2025 and budget cuts would be needed in all departments for the next fiscal year budget. Ms. Moore agreed that looming problems need to be solved noting that the current Step Plan was not sustainable. This year the expense totaled $926,000 for market adjustments after the 2.5% COLA increase was implemented.

The final consensus was to implement a 5% property tax increase, minus new growth. Ms. Moore said the tentative budget would be adopted on May 13, 2025 and the City would operate on the tentative budget until a vote on the final budget and tax levy in August of 2025. Salt Lake County would set the Truth in Taxation hearing date.

Adjournment: 4:55 p.m.

Pattie Johnson
Council Office Administrator III