MURRAY
CITY COUNCIL

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 Thursday, May 23, 2013, in the Murray City Center, Conference Room #107, 5025 South State 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:

Doug Hill	Public Services	Tim Tingey	ADS
Mike Terry	HR	Diane Turner	Citizen
Larry Walters	Centurylink	Georganne Weidenbach	Centurylink
Jackie Sadler	MCEA	Jan Wells	Mayor's office
Jan Lopez	Council office	Blair Camp	Citizen
Frank Nakamura	Attorneys	Briant Farnsworth	Attorney

Mr. Brass called the Budget and Finance Committee Meeting to order at 4:45 p.m. He stated this was a Budget meeting to address the contingency list and items to be discussed needed some questions answered.

Retained Risk Fund

Mr. Zollinger wanted to first address Mr. Shaver's ideas on this fund. The budget this year is about $1 million less than last year. This allowed other funds to provide some compensation for the employees. In addition, another reason was that the current deductible was deemed sufficient. With that in mind, the reserves should be fairly adequate for several years to come, even with several claims.

Mr. Shaver expressed concern about catastrophic events. In the past, the City has experienced catastrophic events with the electrical storm that was due to mismanagement of other corporations. That impacted Murray and also multiple people. He said insurance is a gamble, and should provide some security for future events. The goal is to foresee those events as best as you can. The idea is that if you are paying too much insurance, there isn't a benefit. It needs to be looked at to see what the City can get away with paying. The retained risk states that it would be better for the City to cover itself than to pay a premium that isn't necessary. This conversation has been going on for years. Is the City sufficiently covered, and is that a budget issue, he asked. The question is does the City continue to pay a premium for coverage or set some aside for retained risk, he asked. This year has been a tough year for unanticipated legal fees and causes the consideration of it being a trend or just a bad year. Is it just Murray or is it widespread throughout the state as people are becoming more litigious, he noted.

Mr. Nakamura stated that he has participated in the discussions over the years. Based on the experience of the last year, staff felt that it was in the best interest of the City to keep the insurance coverage the way it is. He admits that initially he thought about self-insurance, based on the history of zero claims, no payments to the insurance company, and no involvement from the insurance company. This year there have been a few cases that the City is in the middle of and is unsure of the direction they are going to go. He would like to remain status quo; and as a result of that decision, Briant Farnsworth is now on the State Board of Insurance. This allows him to advocate for the City's best interest.

Mr. Nakamura stated that it isn't possible to know whether this is a trend or not. He hasn't seen this much litigation in the past. The insurance companies will tell you that they are seeing more lawsuits and claims. He believes that this is the best choice for the City's protection but that it is always open for evaluation. The number of claims, and the type of claims that have come in have caused Mr. Nakamura to back off of the idea of self-insurance. The deductible is $250,000 with catastrophic coverage after that. It seems like a good idea, particularly given the two or three cases he currently has. It would be nice to build up a Retained Risk Fund over the next few years, he noted.

Mr. Brass said that everyone dislikes paying insurance, but that is what it is there for. In his company this year, they decided to self-insure based on the history of zero claims, and it was a difficult year.

Mr. Nakamura said that Murray would take advantage of the specialized training that is provided by the insurance companies, and that has not been done in the past. He has spoken with Mr. Zollinger at length discussing the safety program. If the City is paying an insurance premium, staff should take advantage of the training and expertise that they offer. He showed a list of training classes available, including workers compensation and labor and commission. That would be included in the premium that the City is paying.

Mr. Zollinger noted that if there was a visible pattern of accidents that are occurring, that type of training specific to those accidents would be selected. Hopefully, that would remedy and prevent those type of accidents.

Mr. Shaver asked if the insurance premium increased. Mr. Zollinger said the increase was around $9,000. Mr. Shaver said sometimes the increase was a percentage, and sometimes a graduated fee. Mr. Zollinger said the liability went from an estimated $187,000 to $196,000.

Mr. Stam asked if accidents were included in that. Mr. Nakamura stated that all tort claims, accidents and car accidents are included.

Mr. Shaver said that based on the discussion, the recommendation would be to continue with the insurance as far as the retained risk was concerned.

Fire Department

The contingency list item was the turnout gear. Mr. Brass said the budgeted amount for turnout gear wasn't in question, just the process of handling it. Mr. Zollinger said that right now it isn't in the General Fund budget. That simply means cuts would have to be made to get it in there, or an increase in revenue. Currently, it is in the Capital Project Fund and is being funded with savings. He acknowledged Mr. Shaver's concern that this should be something that should be funded every year.

Mr. Brass said that looking at the list of preventable versus non-preventable accidents, he believes that this is lifesaving equipment and would hate to see that expense postponed a year due to lack of funding. Mr. Shaver said this is considered necessary equipment and based on information from Chief Rodriguez, this gear has a specific shelf life, and needs to be replaced at that time. Mr. Shaver said he would like to see the turnout gear considered the same way as computers, knowing that they wear out over time. Mr. Zollinger said it is just a case of finding the money for it in the General Fund. Mr. Brass said that this year it isn't a problem, because the money is there in Capital Projects and it would be paid for. In the future, he believes it needs to be looked at differently. Life-saving equipment should not be at the whim of the committee, he noted.

Mr. Zollinger said he would try and work that into the General Fund for next year's budget.

Police Department

Mr. Zollinger said in the past the beer tax money had been used to pay for the Police DARE officer. The program has changed and those proceeds can no longer be used to pay for the DARE officer. It is restricted as to what the money can be used for. That left a shortage of $75,000 for that officer's salary. Mr. Stam asked if the Department is still receiving the money and could be used elsewhere, creating a line shift in the budget. Mr. Zollinger said that was possible, but the grant is so restrictive it can only be used for alcohol related purposes or purchasing alcohol equipment. Mr. Zollinger said this is one example of how he would prefer not to have specific things, particularly personnel, funded by grants. When the grant goes away, the personnel is still there and this causes problems.

Mr. Shaver asked what the restrictions are. Mr. Zollinger said it is for specific equipment; such as Breathalyzers, cameras, and specific DUI shift vehicles. Currently, there are not police officers that only work DUI shifts. Mr. Zollinger spoke with Asst. Chief Burnett and he said that in a few years, there would not be items available on the list to purchase. Mr. Zollinger found a few items that could be shifted, but also found Drug Enforcement Agency (DEA) funds available in the budget for $38,717. That money could possibly be used to help cover the shortfall. That money has no restrictions and can be used for any need. The Police Department may not like switching that unrestricted money for this restricted money, but it is one way to help close the gap.

Mr. Brass said that may be an internal discussion for the Police Department, since it wasn't initially on the contingency list. Mr. Shaver said that the shortfall in years to come would still need to be addressed. Mr. Stam asked if the Police have any plans to possibly include a DUI specific shift. He believes that at certain times of the year they do have DUI shifts. Could an Officer be designated to that shift, he questioned.

Roadways

The specific item in question is Radar Speed Signs, and the additional funding for more signs. Mr. Zollinger noted that the City Attorney budget had been funded $8,900 for equipment and software, and those items were able to be purchased this year. The HR Department had requested an extra $1,000 for a printer that was purchased this year also. With those two purchases, the total amount of money freed up would be $9,900.

Mr. Shaver said that in the CIP project fund, there is a specific budget for Radar Signs, and the intent was to double that amount to $20,000 instead of $10,000.

Mr. Hill said the signs are $2,500 each, so that would allow for four more. Mr. Zollinger said to give credit to Mr. Terry, Mr. Williams and Mr. Nakamura for working their budgets in a way that this money could be available.

Mr. Nicponski said that the citizens like and appreciate the Radar Speed Signs and recognize the City's efforts.

Mr. Hill commented that it would be helpful as the intent language is being developed to have intent language as to the locations of the speed signs. One option would be for each Council Member to put it in a location of their choosing in their District. The other option would be to leave that decision to the Traffic Safety Committee. Mr. Brass stated that they received a list from Traffic Safety. He would love to see one on Atwood, which was also on the list. Mr. Hill said if there are specific areas in the districts, then he is fine with the Council members making those decisions. Mr. Stam stated that he believes the Traffic Safety Committee may know best about the most dangerous situations. Mr. Nicponski said he has one in his district, and Mr. Brass has one. Mr. Shaver said that the list is already there, and those are listed by priorities. Mr. Brass commented that it could be a discussion in the Committee of the Whole as to determine the locations. Mr. Hill said for example, one district may have five locations that are prioritized higher than other districts.

Mr. Shaver said it is important to recognize the most dangerous places first. The safety concern is slowing traffic down. Mr. Nicponski said it would be a good idea to work in conjunction with the Traffic Safety Committee.

The next issue is the Taylorsville pedestrian bridge. Mr. Nicponski said Taylorsville wanted $100,000. Mr. Nicponski declared a conflict because he does work for Taylorsville on

Capitol Hill. He believes an amount of $40,000 may be more manageable, if there is flexibility in the Public Works budget. The City would be approached for these inter-local agreements, and believes some have merit. This pedestrian bridge is located at 4500 South, just west of 700 West. It is an area that transitions between the Murray Parkway and the Taylorsville Parkway and would bridge the river as a walkway.

Mr. Hill said that currently there is not a sidewalk on the north side of 4500 South from 5th West to 10th West in Taylorsville. Taylorsville wants pedestrian access along the north side of 4500 South. This would include the bridge, and installing sidewalks to connect the areas. Mr. Shaver asked about the amount of foot traffic on 4500 South. Mr. Brass asked how citizens are crossing there now. Mr. Hill said that one would cross the street and then cross the bridge then continue to walk down the street. Right now there is not a good safe crossing. Mr. Shaver said the overall improvement would be a sidewalk taking a person from the Murray side to the Taylorsville side, by way of a bridge. Mr. Hill said Taylorsville is taking the lead on it and has also applied for sidewalk money from UDOT (Utah Department of Transportation), and also UTA (Utah Transit Authority), as a joint project.

Mr. Stam asked if Murray has a park on the east side, or just the walkway going through there. Mr. Hill said it just goes to the river in that location.

Taylorsville has estimated the total cost of the project to be $400,000. They have asked UDOT for $200,000, UTA for $25,000, Murray for $75,000 and Taylorsville would pay the remaining $100,000.

Mr. Shaver clarified that the current proposal is to fund the bridge for $40,000. He asked what the City would get from that. Mr. Nicponski believes that the State would make up the difference.

Mr. Stam asked what the Murray citizens would gain from this in that location, and what the citizens do there. The other bridge provided the citizens access to the dog park, and to the park on the other side. The Parks & Recreation Board voted against it, and the Mayor voted for it. One of the agreements made by Taylorsville for that bridge was that the citizens would have access to the dog park. Currently, the fee is double for any residents other than their own, so the access isn't really there. His concern is that the City participated in that bridge and the Murray citizens should also be considered as residents as far as the entrance fee is concerned. He questions the benefits that the Murray residents would get from the bridge. Mr. Shaver said it would be safe access for the citizens to Redwood Road, Taylorsville High School and shopping. The issue is walking along the shoulder of the road without any protection.

Mr. Brass said he has had those same questions as to the benefit for Murray citizens. He looked at a map showing the Fairfield Inn and the Hampton Inn, and if there was access to Jordan River Parkway, those customers would have a place to exercise. He believes that is a benefit to Murray businesses, and would be an appealing element to those traveling to those hotels. He would like to bridge 4500 South and continue the trail safely, but could argue both sides of the foot bridge all day long. The issue is where the money comes from. Right now, the City has a lot of other expenses, so he would propose to set that aside momentarily and continue down the list.

Mayor's Office- Retirement Open House

Mr. Zollinger said that there is a small amount in the Mayor's budget that can take care of the Open House.

Council Office

There is $25,000 proposed for a grant writer, $30,000 proposed for a lobbyist, and there was also the recent question of benefits for the Council Members.

Mr. Nicponski stated that the lobbyist discussion is to decide whether the amount should be $30,000 or $40,000. Mr. Shaver asked if the lobbyist expense is shared with the administration. The answer was that it was paid out of the Council Office budget.

Mr. Shaver asked if the grant writer position of $25,000 would be a one-time only expense or if every department head was contributing to this position. Mr. Stam said this $25,000 was for seed money. If a grant writer was hired to write grants for this City, this would be the payment for them to start. Once the grants start coming in, most of their wages would be paid for by the grant. Mr. Shaver believes some of the grants might be specific as to where the money goes. Most grants are tagged for specific purposes, and may not be allowed to pay for personnel costs. He doesn't think it is a good idea to hire a person with the intention of paying their salary with a grant. Possibly, if extra money is found, then the salary could be subsidized. The $25,000 needs to be looked at as the cost for hiring the grant writing consultant.

Ms. Wells said there are personnel in Police and Fire that write those grants. Those people also manage the grants. Usually they are very time intensive and specific in their scope. The Police and Fire Departments do well in obtaining grants. She isn't sure that $25,000 would get very far in a grant writer. If there was a specific need, it might be better to hire and manage a specific grant for a period of time. She doesn't see it as a successful thing unless it is a staff position. There are not as many grants as there used to be, and most are very specific. She spent a lot of time researching this issue to determine if it is worth it. Ms. Wells believes the City would need to be a little bigger with more specific needs to make it worthwhile.

Mr. Nicponski said that Police and Fire use their budget to pay for a grant writer, but other departments may not have the money to pay for it. He stated that it may be a departmental decision. Mr. Brass said it is a philosophical discussion, and possibly Ms. Lopez could look at available grants and it could be determined whether it was worthwhile to pursue. Mr. Stam said he understands that the money might be available to hire an outside person for a specific grant but is not enough to hire a full time person. Mr. Shaver said they should look at what grants are available and ensure that grants are not being missed by departments that may not have enough money to have an employee working on grants. Mr. Brass said Mary Ann Kirk goes after and manages grants for the arts. Mr. Brass said, for example look at how the CDBG funds have decreased, and Ms. Wells stated that there may not be as many grants out there. The cost of managing that money is also a factor. He believes a little more research needs to be done.

Mr. Hill said that several years ago stimulus money was being given out, and his department would have liked to go after some of that stimulus money for roads. It was almost too much to have the staff write the grants. It was discovered that there are consultants out there that can be hired to write the grants for you. If the money would have been in the budget, they would have gone out and hired a consultant to write it for them and go after the stimulus money. There is no guarantee that the money would have been received, especially considering the size of the City. That money could also be used to hire professional services if there is a grant that the City deems worth going after. There are a lot of contract grant writers available for hire. Ms. Wells said it is important to remember that most of the grants request a matching fund also, that must be budgeted for. Mr. Shaver said he believes it would be a good idea to leave the money in place and call it professional services and then Department heads could request that money if there is a need.

Mr. Stam asked Mr. Hill if someone would have been hired to write that specific grant, did he have the resources to manage it once it was received. Mr. Hill said that does become the secondary problem. For example, there was a grant called the Tiger grant and one could apply for up to $40 million for a regionally significant road. Murray hired a consultant to write the grant. The grant was written to widen 3rd West from the bridge on 5300 South to Winchester. If Murray had received that grant, the City would have had to come up with $2 million to receive the $40 million. The consultant would have to manage the paperwork and design, etc. Mr. Shaver asked if that road project would have been part of the CIP process. Mr. Hill said that was correct. Mr. Shaver said that if the department could hire a consultant to write it, then possibly the person hired to manage the grant could be paid for out of professional services, making it a dual project and investment.

Mr. Zollinger added that by leaving it in the Council budget, he would never think about touching it. There needs to be a process, otherwise the Department heads won't come to the Council and request it. Mr. Stam asked if it should be moved from the Council budget to the CIP. Mr. Brass said he believes that professional services in Non-Departmental makes the most sense. Mr. Zollinger said that he can manage the budget but wouldn't make the decision as to whether they should receive it or not. Mr. Shaver said it could probably be decided in a Department Head meeting with the Mayor's office giving approval. The decision was made to move the money to professional services in Non-Departmental.

Lobbyist

Mr. Shaver asked who the lobbyist would be, before deciding what how much money should be budgeted. Mr. Nicponski said that the City has someone that continually secures the City a million to a million and a half every year, and only costs about $40,000. It is a good deal and believes it is a sound investment for the City. Mr. Hales said that they talked about doing a bid process before the end of the year, and keep the $40,000 salary the same. Mr. Hales said this year the lobbyist reported well because of the discussions with him, and is coming back to report. It shouldn't be a guaranteed salary and be a bid process. The Council should make that decision as to who would represent the City at the Capitol. Mr. Shaver stated that it should be similar to the process for the outside auditors. It is a contract for so many years, and then goes out to bid again and it is the City's choice whether or not to renew. That way, it would not change every year, but possibly every two years.

Mr. Brass asked if the compensation should go to $40,000 instead of $30,000 and where that money will come from. He said if the Council is setting aside $25,000 for professional services in the hopes of getting grant money someday, why not take the $10,000 from that fund and give it to someone that is getting the City money.

Mr. Stam commented that a lobbyist is more than a person that goes to the Capitol. It requires relationships and contacts. He believes that Dave Stewart, the current lobbyist, does have those relationships built up and that is important. He understands the part about the bid process, but doesn't want to offend someone. Mr. Hales believes that is business and they shouldn't be offended. Mr. Brass stated that good will is important and believes the lobbyist has done a good job and has relationships on the Hill. He said history and the track record is important. Mr. Nicponski said upcoming Legislation is very tricky. Mr. Stam said Mr. Stewart was instrumental in getting the money this time. Mr. Nicponski commented that he was really impressed after meeting with him. Mr. Stam said that he believes Mr. Stewart will do a lot more than the City asks of him. Mr. Brass reiterated that the salary will remain at $40,000, taking $10,000 from professional services. Mr. Zollinger expressed his appreciation at the balancing of the budget.

Benefits

The Murray City Council gets paid a small amount annually to do the job. The job description states attendance at a few meetings and a few hours a week. In reality, it is a lot of hours and a lot of meetings, stated Mr. Brass. According to the agreement, insurance benefits are not included. The insurance company has deemed that the Council Members are eligible for insurance benefits, but have never taken it. That discussion is taking place now, due to changes in the insurance law, and the ability to get insurance. Frankly, if this position had insurance, it would affect the number of people that sign up to run. More candidates would always be a positive thing for the City.

Mr. Hales said that after talking with Mr. Zollinger, he wanted to ensure that this would not increase the rates or add cost for an opt-out program. He is aware that if the pool is reduced, then the insurance rates go up. Mr. Terry said that is true if the people that are pulled out of the pool have low claims, and the people with the higher claims remain in the pool. Mr. Brass said that is often the case, that the healthy people opt-out and leave the non-healthy people in the plan.

Mr. Zollinger stated that if the opt-out option is so rich that the healthy people leave the plan, then it does hurt the City. There is a balance there to offer an amount to opt-out that isn't so rich that employees leave and go get their own insurance. Mr. Nicponski said the opt-out option could save the City money if it was done responsibly. Mr. Zollinger agreed that it had to be done correctly.

Mr. Stam said he had the opt-out option with his previous employer. He didn't receive the full amount that would have been paid for his premium, but received around 50% to 60% of the amount. Mr. Brass said he believes that is the norm. Mr. Hales said the Council absolutely doesn't want to cost the City any more money. He said that if all five Council Members took the insurance at the family rate it would cost $58,000 per year. Mr. Zollinger said he believes the range would be closer to $40,000 to $60,000. That doesn't include the opt-out option; that amount is if everyone took the insurance. Mr. Brass said the opt-out option should be available as a benefit for all the employees. If a family had two sources of insurance, then they could choose to opt-out of one of them.

Mr. Nicponski asked about double coverage. Mr. Terry said that the next contract beginning in July would remove language stating that a person could not be double covered by two insurance plans.

Mr. Brass stated that there are two discussions, a philosophical one and a financial one.

Mr. Nicponski said he supports the addition of benefits with the opt-out plan. The target being to save money. He doesn't want to be apologetic suggesting that his colleagues receive health insurance.

Mr. Shaver said he agreed, but this is in correlation with the fact that the City is looking at benefit packages for the entire City. If the Council decides against it, then there would be no cost increase. If the Council decides for it, then the money has to be found to keep the budget balanced. Mr. Shaver asked where that $40,000 to $60,000 is going to be found. Setting aside any philosophical reasons, the money still needs to be found. Mr. Shaver said some of the issues that are discussed may fit for this year, but will require an increase in money every year thereafter. It isn't a guarantee for 2014-2015, but it is more likely that there could be a property tax increase for the citizens. Even if the costs come in around $40,000, where is it going to be found, asked Mr. Shaver.

Mr. Zollinger said that some of the money could come from the grant writer position, and a small amount could be pulled from Non-Departmental funds, due to the flexibility there. Although, that fund is diminishing he stated. Most of his financial tools in getting this budget to work, are becoming very limited. If this proposal did require $60,000 or more, then the flexibility would be gone. It can be done, but does leave things pretty tight.

Mr. Stam said he doesn't see a problem with an opt-out program. The City might have a few opt-out of the plan, and save $40,000 and then the money would be available. His concern is if this is the right time to do it, even though he believes it would be a positive thing down the road. If the City wasn't still digging out of this hole, he would be all for it. Once the economy turns around, and the City has more money, then it would not be an issue.

Mr. Nicponski believes the economy is turning around. The City has two new hotels being built, and multiple renovations at the Fashion Place Mall and the car dealerships. Mr. Stam said there is still $30 million requested for CIP projects, and $1.8 million to allocate.

Mr. Terry said he is in favor of the opt-out, but would like more time to figure out the details of the opt-out plan and establish rules and policies. Mr. Terry said the decision to opt-out of healthcare requires a lot of time and consideration. He would hate to rush through that right now.

Mr. Shaver said he is well covered in his insurance. He is on an 85/15 policy that costs him $700 per month for his family. This would be a nice thing, but not something he is necessarily interested in. Many of the employees have spouses that have other insurance, and the opt-out may be a great option, but he believes any decision made today would be premature. It is an issue that needs to be looked at, possibly for next year.

Mr. Terry said the two issues need to be separated; insurance benefits for the Council is a separate issue than the opt-out option. They are being mixed in the conversation and should remain separate. He has no concerns with the insurance coverage for the Council, but thinks the opt-out needs more discussion. Mr. Stam said the opt-out option could provide the money for the insurance coverage for the Council. Mr. Brass said to set this discussion aside for a moment, while other dollars are looked at.

Non-Departmental- Murray Fiber

Mr. Zollinger said the amount of $364,000 in question would be funded from reserves. Mr. Stam clarified that this was one-time money. Mr. Zollinger said yes, that is the hope that it is one-time money.

Mr. Nicponski said $364,000 is a lot of money, considering the fact that a decision could not be made on the last issue which was $40,000. That issue made sense, but nothing is known about this money.

Ms. Wells said it has been discussed at length, and a decision needs to be made at some point. If not now, it has to be decided sometime.

Mr. Stam said that the decision could change at another time. It could be a lot worse, or it could be a little better. Mr. Shaver asked for a description of the $364,000 that would go towards Murray fiber.

Mr. Stam said he understands that it would help pay for the operations shortfall until the decision is made on the utility model. Ms. Wells said it is to pay for the months of February 2013 to December 2013. This is the dollar amount that the other cities are paying also. Mr. Shaver asked if this same issue would need to be addressed next January. Ms. Wells said the point is that this is a timeline to get to the utility model, when this possibly wouldn’t be needed. Unless the decision is made to pursue that, then the City is kind of stuck. The utility model will take some time to complete, and there are no guarantees. If the utility model is what the City would like to pursue, then there is some direction needed, and the City must stay in the game to do it. If the City doesn’t want to, then the City would have to handle the consequences as they come.

Ms. Sadler asked if the $364,000 would cover the 3 to 4 year plan and if this is the extra that was requested for this budget year, and could decrease every year thereafter. She said it seems higher than was thought. Mr. Shaver said that the other figure of $160,000 would have taken the City to the end of June 2013. This amount of $364,000 would cover the City until the end of 2013. Ms. Sadler understands that now the amount is all lumped together.

Mr. Brass said that $160,000 of the $364,000 is the money that the Council voted to not provide to UTOPIA. If this money is funded, it reverses the decision made by the Council. The argument is if the City has the ability to take the network in Murray, this would give Murray the freedom to do what they choose with that money. It is essentially a roll of the dice.

If the Council chooses to fund this, then more money is given on a promise that has not been kept, Mr. Brass commented. Mr. Hales stated that promises not being kept concerns him. Mr. Stam said that now he is part of the Board, and isn't sure of what promises Mr. Brass is referring to. Mr. Brass stated that the numbers that are being seen now are looking a little better, and possibly they are hanging on by their fingernails, and that is great. There is still a $215 million debt, of which the City is paying a $1.7 million per year. That is what bothers him, is that the entire organization isn't being discussed. The average return on connections is $30 per month, and he doesn't think the debt service payments can be made, let alone go forward. The $215 million still has to be repaid. The question is whether Murray wants to continue to pay. If this fails to happen, and there is a bond, then that goes into the yearly payment which is already increasing 2% a year. Mr. Zollinger said at the end, the number would be $2.7 million with total payments. Any decision that is made is fine, the Council Members have all been elected to represent their districts.

Mr. Stam noted that there is no crystal ball. Right now, the comments bet on the side of UTOPIA not being successful, and the City carrying the debt. He believes UTOPIA can be successful and the City would not have to carry the debt. What if the City said no, and is still stuck with the debt and UTOPIA ends up being successful, he noted.

Mr. Hales said he doesn't quite understand the operations shortfall. When there is a debt of $1.6 million per year, how could UTOPIA shut someone down if the extra money requested is not granted, he asked. The City is struggling with its own operations. Mr. Zollinger is moving money to make ends meet, and UTOPIA is asking for an additional $364,000 to a risk that has not been performing. He asked if it had been in the hole the entire time. The answer was yes. Most businesses would not have survived, but this is being funded by governmental entities. How can UTOPIA threaten to “go dark” on Murray, when the City has paid the debt that they agreed to pay, he asked.

Mr. Stam stated that the debt service the City is paying is $185 million; the additional bonding that they had is being covered with revenues that have been made. The operations are the part that UTOPIA is short on. UTOPIA doesn't want to use bond money for operations anymore. They had used that in the past, and that was the change. Mr. Shaver said that the City had been paying the debt and UTOPIA was taking money from that bond and using it to pay for operations. The Legislature said that wasn't allowed anymore. Mr. Hales believes that the money for operations should be there if this is working. Mr. Stam said it does take a period of time, even in a new company. It is taking a little longer than expected; it has been ten years. Mr. Stam said the point is to look at where they are today.

UTOPIA is asking for help with operations. If they don't get the help for operations, and can't use bond money; what they are going to do, he asked. The easy way to explain “going dark” is if you were an employee and not being paid your wages to work, one would get up, turn off the lights, and go work somewhere else. This is the problem that they are going to face if they cannot pay their employees. If there is no one there to run the network, then it will "go dark". If the system "goes dark", then the City will still pay the debt, without any revenue coming in. That is the situation that Murray is facing. This money would help to pay the wages of the people running the system.

The finance committee at UTOPIA evaluated expenses to see where they could cut back. They are not in a position to be able to cut back anywhere without hurting the network. One comment that Mr. Stam has heard that if wages of employees at UTOPIA are compared with employees in the same industry; they are not overpaid. They are in the same range, and possibly even less when comparing salaries. Some employees have been offered more money to go work for Google or other companies, but have turned it down, wishing to complete this project. The bottom line is if the employees don't get paid, they will go somewhere else. Mr. Brass said it is the same dilemma that the City has and elsewhere. Mr. Nicponski said that if all the money requested is added up, with the exception of the City-wide salary adjustments, it is only half of this $364,000 that UTOPIA is asking for. Murray is scratching for money, and this is a lot of money. Mr. Stam said that it covers the salaries of UTOPIA and UIA. Mr. Brass said it affects the staff; when decisions are made that deny employees increased raises and benefits, so that UTOPIA can cover their employees, it concerns him.

Ms. Sadler asked if the money had to be paid all at this time. Mr. Brass responded that it is a line item in the budget and must be looked at for approval. Nothing would be paid all at once, it could still be a monthly payment. Mr. Brass said that they would have to pay the amount back to February 2013. Ms. Sadler asked if there would be another six months. Mr. Brass confirmed that and said they would be looking at this issue again in December. Ms. Sadler asked about the specific amount that they asked for each year. She asked if this issue would continue over the next few years. Ms. Wells answered yes, unless the City goes to a different model and takes it over, and it becomes a City infrastructure. Mr. Shaver said that is what the City would hope to buy.

Mr. Shaver asked what the result was of Murray recently saying that they were not going to pay. He said Mr. Zollinger and Ms. Wells have had conversations with the other cities.

Mr. Shaver noted that part of the challenge is when an individual that sits on the Board can squash an idea. It is similar to comparing it to if he said something and the others really had no choice, so the other opinions are squashed. The dislike of the management at UTOPIA was not directed at one person in particular. The business model is a whole bunch of Indians telling one Chief what to do, and is causing bedlam. That model will not work. In his estimation, the model that would work would be for the City to take it over and manage it. The City has the greatest infrastructure of any of the Cites that joined UTOPIA and Murray knows how to do it. If the utility model works, then this becomes a moot point. If it doesn't work, then Mr. Brass and Ms. Sadler are correct that this issue will be looked at over and over again. Mr. Shaver said that one concern about the recent Google acquisition, is that that City is stuck with Google completely. Mr. Brass commented that the debt didn't go away either with that acquisition.

Mr. Zollinger said that the current plan that UTOPIA provided still doesn't make them financially viable at the end of the plan. There is still a shortfall. Mr. Stam commented that the plan goes from a $225,000 shortfall per month to $5,000 per month. Nonetheless, it is still a shortfall, commented Mr. Zollinger.

Mr. Zollinger said one concern is that their bonding is running out. He has been told that they can't continue to grow without bonding. They only have two to three more years of bond capacity the way that it is being used. He thinks a direction that is agreed upon is needed, and go from there and try to make it work. He has heard many ideas from the conversations, but some unity is needed.

Mr. Stam said the amount of bonding that would take them from $225,000 to $5,000 per month was only using 2/3 of the remaining bonding. Mr. Stam said there was still $11 to $12 million left. Mr. Zollinger said that UTOPIA has said they cannot grow without more bond money. At that point, people drop off, money is lost and you go further in the hole. There are no more bonds to go after to be able to put out more fiber. He is looking at this with the highest perspective possible and wondering how that can change.

Mr. Hales said that the challenge is the other cities involved, and there are other people that need to agree with the City's decision. He said he is not comfortable paying the $364,000. Mr. Stam said the point is not having more bond money to add more people, and if subscribers go down, then the debt increases. Mr. Zollinger said UIA is covering their debt currently, but with a close margin of about $200,000. That is a slim margin on a $2 million budget. Mr. Zollinger is trying to share his perspective from a financial basis.

Mr. Shaver said the difficulty is looking at Murray Fiber and not UTOPIA versus UIA. It is hard to separate the two. UIA may be in a better position and be able to create revenue; UTOPIA on the other hand is not. He is uncomfortable with a past due debt that the City has not paid. Whether or not, the $364,000 is funded, UTOPIA has serviced the City over the last several months. Mr. Hales respectfully disagreed that portion is the City's debt. The City paid what it agreed to, and he doesn't think that additional amount is a debt that the City is responsible for.

Mr. Stam said the time will come when there isn't any money to pay the employees of UTOPIA and they will walk out. Mr. Nicponski said that is an answer that those employees should receive from their management.

Mr. Brass asked if the City agreed to pay operations in any of the signed agreements. Mr. Nakamura said the agreements state that it is a capital assessment or fee subject to appropriation; it is not a debt. The bond obligations are debts. This is subject to appropriation and is reflected in the resolution that was passed, and they recognize that. Murray did not want to be obligated to open-ended debt, and the response was that the City was not obligated and could decide by appropriation. He believes that there are five other cities not paying the shortfall.

Mr. Brass said he understands Mr. Stam, but he has worked for companies that had to lay-off 30% of their employees because revenue wasn't being generated. The company valued the employees but couldn't lose the company. If there is a business that hasn't made any money for a decade, at what point do you say enough is enough, he asked. Murray has worked very hard to keep the employees employed, and have cut budgets. There are still discussions on whether employees can be given raises.

Mr. Stam said he brought information to the last Committee of the Whole stating how many of the employees at UTOPIA would have to be cut in order for them to break even. It was basically impossible. Mr. Brass said he understands that, but doesn't see where it is possible to ever catch up.

Ms. Wells said this comes down to the fact that Murray is a part of UTOPIA. She feels that Murray should pay this debt unless there is another way to not pay it. If Murray chooses to not pay anymore, that is fine, but the City will pay that bond debt. If Murray chooses to take it over as Murray fiber, that is the last ditch effort to make this work. That is the decision from her perspective.

Mr. Brass said he agrees, and if it becomes the City's network it is a different thing. Murray provides many services to the citizens and they are happy. Everyone knows that right now Murray doesn't control it, and is betting $364,000 on a promise. Ms. Wells said that unless the City chooses to pursue this, it won't go anywhere. UTOPIA is waiting on the larger cities. The five smaller cities have said that they would not pay the fee but haven't said they would go to this different model. Mr. Brass noted that it might be easier to market Murray's piece of it, if Murray were to own it. Mr. Zollinger stated that all of the other cities would have to agree to go to the utility model. Ms. Wells said that the other cities seem to be agreeable to that in the conversations with them. Mr. Hales pointed out the difference between conversations and agreements. Ms. Wells said she understands that and feels comfortable saying that the majority would agree to that. The bigger cities want to do it, and the smaller cities are immaterial.

Mr. Nicponski complimented Ms. Wells on the job she has done with UTOPIA, and what she has had to put up with. Ms. Wells stated that there isn't a 100% right or wrong decision, but simply wants to point out the options. She will understand and support either decision.

Mr. Shaver said the issue is that the City is still saying that they would like to move forward with the utility model, and also making the decision on the $364,000. That decision doesn't change the resolve to test the utility model. Ms. Wells said she looks at this money as transitional instead of operational. There needs to be some time to look into the utility model, while keeping the system operational. Otherwise, what is the value of taking over a non-working system, she asked.

Mr. Brass commented that if the $364,000 is looked at as buying a seat at the table, in order to take over what is the City's; maybe it is worth it. With the revenue per customer, that doesn't cover the debt service, debt will continue to grow. His concern is that the more debt is added, the more the City is tied to paying, when the network fails. The network will inevitably fail; if the revenue is not more than the debt service, the business cannot survive. His concern when he voted against it, was that he didn't want that number to be greater when it fails. That debt will need to be paid, one way or another. He doesn't agree that it isn't an asset that somebody will buy; it does have a value and believes it won't stay "dark" for long. The customers that have been on failed networks before remained on the networks and they were bought. It will cost money one way or another; in people and equipment. If it is Murray's cost then it is Murray's choice to market it. Does the City take the risk and have the chance to buy it, he asked. Do you invest the $364,000 into the possibility of creating Murray Fiber, or decide that it isn't going to work regardless, and keep with the original decision, he questioned. He feels like the Council is being asked to change that vote.

Mr. Stam said that Murray owns 12.24% of the system. Mr. Brass said that is true, but without any control over anything. He feels like there is conflict when something is said against the norm, but yet when we go along with everything, the City does not have a seat at the table. UTOPIA is now talking to City staff for the first time. Mr. Stam said he disagrees because he feels like since he has been on the Board, Murray has had a seat at every table. Mr. Brass asked what has been accomplished. Mr. Stam said the direction of the first phase has been changed to make it more profitable, the financial reporting has improved, as well as other changes. He went to the UIA Board and initiated discussions after the vote. There are very few meetings that Mr. Stam has not attended. Previously, those meetings had been going on without a seat at the table. He has seen a big change in what was happening there.

Mr. Shaver agrees with Mr. Brass that the $364,000 is for a place at the table for a possibility of a model that takes control of the fiber for each city. If Murray owns 12%, and still doesn't have a voice; it is similar to the situation with the Canal Company and the ten shares that Murray owns, without any control. If Murray controls it, then Murray controls the profit margins and the budget strategy. It could be compared it to an enterprise fund that has to pay for itself.

Mr. Brass asked if that could happen by December, when the money runs out. Ms. Wells said there are no promises, but if that is the direction the City is going to take, then there is a chance.

Mr. Stam said in his conversations with the UIA Board, there could be a possible vote on a Utility Model in September or October. At that point, how quickly could it be turned over, asked Mr. Brass. Mr. Stam said that all eleven cities would have to agree and that could be an interesting discussion.

Mr. Zollinger is concerned that the City is funding something out of reserves that has the potential to be on-going. He doesn't encourage that kind of budget strategy.

The Council Members voted. Mr. Nicponksi, Mr. Hales, Mr. Shaver and Mr. Brass all voted against the additional funding.

Non-Departmental- Homeless Shelter Funding

The amount set aside for the homeless shelter was $16,361. Mr. Brass asked if this was coming out of the Mayor's budget. Mr. Zollinger said it is currently in the Non-Departmental fund. It was initially placed there because the Non-Departmental fund isn't allocated out to other departments. The General Fund was paying for the homeless shelter.

Mr. Stam believed there was more to discuss, and whether the money from the RDA low-income housing 20% allowance could be used for this. Mr. Tingey said that the RDA Code states that the money can be utilized to lend, grant or contribute to a person or entity for income targeted housing within the boundary of the agency. There are homeless populations in Murray that utilize the shelter services in Murray. The only concern may be that the 20% allowance has been designated for Neighborworks. There may be a way to make it work, but if it is an ongoing thing, the 20% allowance will not always be there. It would also mean pulling some of the money back from Neighborworks, and they already have their programs running. He doesn't encourage that. Mr. Shaver commented that the RDA money has already been established to the specific places. Salt Lake County has asked the Mayors of all the cities to contribute. He feels like either the Non-Departmental Fund or the Mayor's Fund would be appropriate.

Mr. Brass asked if there was a better way to fund that which didn't involve the General Fund. He doesn't dispute the idea of that. It was decided to leave it in the Non-Departmental Fund.

Capital Improvement Program

There needs to be a retreat to review and decide if they are in agreement with the committee's decisions. Ms. Wells said it was presented in a Committee of the Whole. Mr. Stam said according to the Official CIP plan, there should be a retreat as a Council and review and reallocate or agree with the committee. Mr. Nicponski suggested that it be done off-site and scheduled for another date, before the budget is adopted. It was decided that the retreat would be held on May 28th, 2013, at the Crystal Inn, depending on availability.

Court Requests

Mr. Zollinger said the Court needed $3,700 for a service contract. Those other expenses were taken care of in the 2012-13 budget.

The meeting recessed for a short break.

Citywide Salary Adjustments

There were several scenarios to choose from. Mr. Terry showed a matrix of the different choices. The top line was the Mayor's proposed budget where compression adjustments are looked at. Compression adjustments only involve the bottom quartile of all of the ranges. These are employees that are in the 80 to 90% of midpoint, and depending on how long they have been in that job would receive a compression adjustment. There is a cap of a 7% increase. Under that scenario, 98 employees fall into that category. The compression adjustments average $2,200, or a 5.5% average increase. The remaining 276 employees would receive a .48 cent raise or a $1,000 lump sum bonus if they are already at the top of the range. The increased dollars to salary equal $448,000 and the estimated benefit dollars to be another $170,000. Pension and Federal Insurance Contributions Act (FICA) are both tied to salary; when salaries increase so does the cost that the City pays to Utah Retirements Systems (URS) and to FICA. The total increase would be $659,000, of which $527,000 comes from the General Fund. Mr. Zollinger said these benefit increases are in addition to those that had already been absorbed. These are in addition to the one that the Mayor previously reported. In the Mayor's report the total increase overall to the budget was $1 million, approximately $550,000 of that was benefit cost increases. The $170,000 increase in benefit costs was in addition to the $550,000 already mentioned.

Scenario #2 is identical with the exception of the raise going from a 48 cent raise to a 75 cent raise for those that don't receive compression adjustments. Under that scenario, the number of people receiving adjustments is fewer. In the first scenario, an employee may be receiving a 65 cent adjustment for example; in scenario #2 it would be better for the employee to receive the 75 cent raise instead of the 65 cent compression adjustment. In this scenario, the average adjustment would be $2,523 or a 6.1%. That leaves 299 employees receiving a 75 cent increase. This scenario adds to a total cost of $871, 545 versus the Mayor's proposed cost of $659,013.

Scenario #3 is identical but is a $1.00 raise, instead of the 75 cent raise. The number of employees receiving the compression adjustment is now down to 60. That amount would equal a $2,080 raise for the remaining 314 employees.

Scenario #4 is Mr. Terry's least favorite. This one allows for 77 employees getting a compression adjustment, and the remaining 297 employees getting a 3% raise. He doesn't prefer this version because a 3% raise is much more generous to a higher paid employee than a lower paid employee. He believes the focus needs to be more on the lower end employees. A $1.00 raise to a lower paid employee is a much greater raise than a $1.00 rise to a higher paid employee.

Mr. Hales said it is interesting that the Mayor's proposal has nearly 100 employees receiving the compression adjustment, and Scenario #3 has only 60 employees receiving adjustments. Mr. Zollinger commented that this was due to the increased amount of the raise that is more money than the compression adjustments.

Mr. Hales stated that he knows it is crunch time and this may not be resolved this year. He asked about those employees receiving unacceptable evaluations receiving the same as other employees receiving great evaluations. Mr. Stam said the money could be approved and then there would be time to decide if it should be tied to evaluations for the employees or not. Ms. Wells said that a merit increase is totally different than this salary increase proposal. Mr. Stam said he believes he is talking about employees receiving unacceptable scores still getting the same amount as others. Mr. Terry said the difficulty is that merit pay is based on the evaluation. The employees are scheduled to have evaluations at all different times throughout the year, depending on their hire date. It would be very difficult to make this proposed increase contingent on evaluations. Mr. Hales commented that by giving a sub-par employee a raise of $2,000 it contradicts the evaluation, and is a little bit of a risk. He has been in cases where the Judge has showed that a raise equated to good performance. Mr. Terry agrees that the merit system is pay for performance, but thinks this is different. Ms. Wells stated the reason the Mayor has budgeted this in this manner is that all the employees have not received any increases for so long. This is to help all the employees feel valued and keep up with the cost of living adjustments.

Mr. Zollinger said the other three scenarios are more costly than the Mayor's proposal. He said by choosing one of the other three it may require an increase in revenue to balance next year's budget. Mr. Terry reminded them that an employee raise is a raise forever on the books. Mr. Shaver said adjustments are made based on a projection what might happen as far as tax revenue is based. Property taxes are constant, but the retail taxes vary. It is possible that the City's numbers this year would be similar to last year. If that doesn't happen, and sales tax revenue decreases there would need to be increased revenue to counter the expenses; such as a property tax increase. The Council is all in favor of increases to the employees, but need to keep in mind that a property tax increase could be needed. Mr. Zollinger said the reality is the City is dependent on sales tax. Ms. Wells said the reason the money was found in the Mayor's budget was due to some tools that Mr. Zollinger found.

Mr. Zollinger said that this year the Retained Risk Fund and the Central Garage Fund were lowered. That provided more money available for all of the other funds. This year the staffing document was looked at closely and some unfilled positions that shouldn't be there were removed. The Court reduced a position that wasn't necessary. The Power Fund agreed to pay for the streetlights in the amount of $168,000. All the above things added up for some extra money to use for employee raises. Those same tools won't be available for use again next year.

Mr. Zollinger stated that there is one more increase scheduled for retirement next year.

Mr. Brass said it is important to take care of the employees but never run the risk that if the City has a downturn and nowhere else to cut, and have to lay-off employees. The City has worked very hard the last couple years to not lay-off employees. There have been several concerns from different people about only a few receiving the compression adjustments, and some of those adjustments are substantial. The reality is that the City is losing good employees. Several years ago, there was an adjustment for journeyman, because they were leaving. Now, the Police Department is losing officers and that costs the City money. It costs money to train employees and the employee goes through a variety of training cycles, and then leaves for another job that is paying $1.00 to $2.00 more an hour. The loss of officers needs to be addressed. There just isn't enough money to fix everybody at this time.

Ms. Sadler likes the Mayor's proposal because it gives everybody something. It isn't going to fix everybody and that is understood and she believes it would be done if it could. Ms. Sadler believes it is a good starting point. This will help the employees that have never received a raise and will also help the employees that have been here longer and have stuck it out without raises. She understands it is not a merit increase, because it is not based on evaluations, and that it should just be called a raise, even though it is a cost of living adjustment. She believes raises will need to be addressed again in the next year and thereafter.

Mr. Brass stated that he would love to give a $1.00 raise, but the money just isn't there this year. If money starts rolling in, and this could be put in the intent document, it could be reviewed again mid-year. Ms. Wells suggested end of year bonuses might be nice also. Mr. Brass said at mid-year, especially after Christmas, the City would have a better idea of the amount of sales tax being generated. There would be a better feel for the numbers for the year. He believes the economy is coming back. He said West Jordan was named one of the top five boom cities in the Country; that is a good sign that the economy in the valley is improving.

Mr. Shaver commented that this would be a great step in moving forward cautiously. Mr. Brass agreed that a mid-year review with a possible bonus might be a good idea. Mr. Brass liked the idea of a bonus because it is a one-time gift. Ms. Sadler agreed and restated that Mr. Zollinger pulled money from budgets this year that won't be available next year. Mr. Shaver commented that he was glad that Ms. Sadler was in attendance to hear the financial discussions involving employee increases. Ms. Sadler expressed appreciation to Mr. Stam and Mr. Zollinger for attending a Murray City Employee Association (MCEA) meeting and explaining the budgets to the other employees. She thought that was very helpful in helping the employees understand better. She thought that a bonus mid-year would go a long way with the employees also. She also appreciates the extra time off around the Holidays. These things really help to keep the employees' morale up.

Mr. Stam asked about the Wasatch Comp Survey done this year. He suggested that those people that were red-lined in their grade could possibly be moved up a grade so that they are not red-lined. Mr. Shaver said it would be beneficial to look at the employee structure and review that also.

Mr. Brass asked if everyone was comfortable moving forward with the Mayor's proposal for employee increases. Mr. Stam asked if a review of the employee structure and grade levels could be put in the intent document. Mr. Brass said yes, it is not budgetary, it is an administrative topic. Mr. Stam thought it would really boost morale to bump some people up a grade level. Mr. Terry said there have been market adjustments, but those have cost money to increase the grade of the employee. Those employees were thought to be underpaid, and were brought up a level with increased pay.

Mr. Brass thanked Ms. Sadler for her input. Mr. Nicponski said to inform the employees that they would have liked the raise to be more substantial but just couldn't at this time.

Miscellaneous Items

Mr. Brass said that Mr. Zollinger found an additional $10,000 to put into speed signs. A meeting would be held to determine the locations of the new signs.

Mr. Brass said he would like to look at the Taylorville pedestrian bridge to see the benefit for Murray residents and the nearby businesses. Mr. Nicponski and Mr. Stam agreed and said it would be good to talk to the surrounding business owners. Mr. Zollinger reminded them it would be one-time money. No decision was made on the bridge, until further research was done.

Mr. Nicponski said he doesn't believe benefits for the Council need to be waited on. Mr. Brass said the opt-out portion is a separate discussion that could be looked at later. Mr. Brass said all the Council Members currently have insurance.

Mr. Stam suggested looking at what kind of revenue savings the opt-out option gives the City, and then review again after getting that information. If there is a savings that would cover the Council Members insurance, then it would be fine. Possibly enough employees would opt-out, creating enough revenue to cover the cost, without having to find the money. This could be reviewed mid-year with several other items that are being reviewed mid-year.

Mr. Hales stated that the Council is in agreement that the Council Members definitely work enough hours to qualify for insurance. Mr. Stam said he is in agreement, but the current Council puts in the hours, but possibly future Council Members would not. Mr. Brass said the question is whether it is the right thing to do or not.

He stated there was $364,000 that was just taken out of the budget from reserves. Mr. Hales said that Mr. Zollinger has stated that the money would be found to cover the insurance costs.

Mr. Hales would like to hear the opinions of others. He knows that Mr. Terry has supported it, but what about the others, he questioned. Ms. Wells said this is a Council decision. She said the perception could be a little rough at election time, and that might be a concern. She doesn't think the amount of money it would cost is outrageous, it is just what the Council feels comfortable with. Mr. Nakamura said he doesn't believe the Council Members should be treated differently than the other employees that receive the insurance benefit. He said that Ms. Wells comment makes sense to him. Mr. Nakamura stated that no one is saying that the Council would be getting more than the other employees. Mr. Brass commented that the Council would not be receiving raises this year. Mr. Hales said he is fine with the decision if the Council chooses to add insurance benefits.

Mr. Zollinger asked about the opt-out for Council, because not all the Council Members would choose to take the insurance, so some would have an added benefit. Ms. Wells said she believes the opt-out plan would have to be implemented City-wide. Mr. Zollinger said it poses the problem of double coverage or no coverage at all. Mr. Stam said he believes the ones that would opt-out would have dual coverage.

Mr. Terry said the timing of open enrollment is the problem, and a decision needs to be made by the end of May, in order for coverage to begin July 1, 2013. Mr. Brass commented that it is either now or this same time next year. Mr. Terry believed the opt-out plan would be a future item to work on down the road. Ms. Wells commented that the employees that opt-out now don't receive anything.

Mr. Zollinger said some money could be pulled from the grant writer position and also the Non-Departmental Fund. Mr. Nicponski said he is supportive of the decision to offer benefits to the Council Members. He would not be taking the insurance, but supports the others right to have it. Mr. Brass said he hates to deny someone the opportunity to get better coverage. It is getting increasingly difficult to get good affordable insurance. Mr. Hales said he may not take the insurance either, but supports the right to have it. He suggests looking at the opt-out plan next year and make it universally available to all the employees.

Mr. Brass said he believes the future Council should have that ability. He has been a Council Member for ten years, and it has taken that long to come to this conclusion. He recognizes the amount of time that they all put in, and believes it is an earned benefit.

Mr. Zollinger asked for a rough estimate of who would actually take the insurance to estimate costs. The Council Members agreed that they would need the chance to compare the City's plan against their existing plans. There are at least three of the Council Members that would not take the insurance. Mr. Zollinger said he would budget for two Council Members taking the insurance, and adapt from there. Mr. Brass said if the coverage was similar to his existing plan, he may not change. Mr. Stam said the difference would probably be in the cost of the premiums. Mr. Brass said he would have to look into a few issues with his existing insurance before giving an answer.

Mr. Stam stated that he believes it should be looked into at some point, but doesn't believe the timing is good right now. Mr. Terry handed out information packets on the insurance.

Mr. Nicponski clarified that the retiree insurance program had ended, and that is why he would be reticent at changing plans. Mr. Terry asked Mr. Nicponski if he was fearful of being denied coverage if he dropped this plan. Mr. Nicponski said yes. Mr. Terry stated that under Healthcare Reform, insurance companies would not be able to deny individuals coverage beginning in 2014. Mr. Nicponski stated that there was still a lot of uncertainty with Obamacare. Mr. Terry said that coverage could be expensive; the insurance company could charge more based on the health history, but could not deny coverage. Mr. Nicponski asked if the PEHP plan was portable. Mr. Terry said that a person would be eligible for COBRA for 18 months.

Mr. Terry asked if the Council Members would be taking the single, double or family coverage, and if they could let Mr. Zollinger know. It was decided to evaluate the costs and then a decision would be made.

Meeting was adjourned at 8:20 p.m.

Kellie Challburg
Council Office Administrator II