



MURRAY
CITY COUNCIL

**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2013-2014**

The Murray City Municipal Council met as the Budget and Finance Committee on Tuesday, May 14, 2013, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

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

Others in Attendance:

Jan Wells	Mayor's Office	Tim Tingey	ADS
Janie Richardson	ADS	Mary Bahr	Attorney's
Briant Farnsworth	Attorney's	Frank Nakamura	Attorney's
Brent Davidson	ADS	Robert White	ADS
Wendell Coombs	ADS	Gary Healy	PS
Danny Astill	PS/Water	Kim Sorenson	Parks
Cory Plant	Recreation	Trae Stokes	Engineering
George Hamer	Fleet	Kellie Challburg	Council
Susan Gregory	Heritage Center	Jackie Sadler	MCEA/Court
Daren Wightman	Fire/MCEA	Blaine Haacke	Power
Mike Terry	HR	Craig Burnett	Police
Doug Hill	Public Services	Kim Fong	Library
Gil Rodriguez	Fire	Kevin Potter	Fire

Mr. Brass called the Budget and Finance Committee Meeting to order at 8:34 a.m.

Mr. Brass explained the contingency list. This list would allow a Council Member to put an item on the contingency list if they believe there are questions or if it needs further review. This has been done in the past with road repairs. Subsequently there would be another meeting held to discuss the contingency list. This helps the current meeting flow so that one subject is not discussed for a lengthy time.

Budget Overview

Justin Zollinger

Mr. Zollinger said there had been a few changes in the budget this year. Mostly involving the presentation, and the electronic format. He tried to include additional reports to supply more information.

In addition, the current software was used to create the budget. This allowed all of the employees and Department Heads to enter notes in the system. Some of the line item details include a description.

This year, the City has to cover all of the election costs and not share the expenses. Mr. Tingey put a note there to explain the increase of \$96,000. Staff is trying to provide as much information as possible to Council.

Mr. Zollinger also included a staffing document; this allows one to see how the different departments are structured and the compensation. That is an important control for Finance to keep an eye on positions. Also, the Finance Department strived to use target based budgeting; this means that the approximate revenue number is projected, and a conservative number is determined to work within that area. This also provides departments the ability to have the flexibility to move the budget between different accounts. It gives the departments the ability to analyze the budget and decide how much was needed and still keep their budget flat.

Revenues remain fairly conservative. The only revenue that has been increased in the General Fund is sales tax. The sales tax number went up by \$350,000. Mr. Nicponski asked what the overall revenue increase was. Mr. Zollinger replied the overall increase was just over \$300,000. There were some ups and downs with the biggest increase in sales tax, Mr. Zollinger said. Mr. Nicponski stated that the rate for property tax needs to be reduced if there is an increase in property values. Mr. Brass said that was correct. Mr. Shaver said the property tax remains fairly constant over time, the sales tax number is the one that fluctuates.

Mr. Nicponski asked about the franchise or utility tax. Mr. Zollinger said that number is pretty consistent and doesn't increase much. Mr. Brass said that tax is also committed to UTOPIA and UIA. Mr. Zollinger said that UTOPIA and UIA are using it to qualify for bonds but they are not receiving the franchise tax. Mr. Nicponski asked about fines and forfeitures also. Mr. Zollinger replied that number is down a little bit, and it is apparent in the court revenue that there are fewer officers on the road. This was due to the turnover in the Police Department and that issue is being addressed. Mr. Shaver said part of that also is less recidivism in the courtroom. It is a positive thing but does affect the financial side.

This puts the budget exactly at "the floor." This is the last year having "the floor" from the state.

Mr. Zollinger has looked at the last four years and tried to estimate revenue a little more conservative than what may actually happen. The City doesn't want to have a high estimate on revenue. If the City were to balance the budget with a high revenue estimate, and the revenue comes in low, but the expenses come in at what was expected, the fund balance would go down every year.

Mr. Shaver said obviously, Mr. Zollinger is looking at several years, but if you take out 2012-13 and look at revenues before that, which were low due to the economic downturn, are those factors being taken into account, he asked. Mr. Zollinger said he tries to keep conservative while still following the current trend. He was comfortable raising the sales tax budget to \$12.6 million from \$12.25 million. He said he still believes the number may be closer to \$13 million for sales tax.

Mr. Shaver said one element is that the mall has seen an increase in square footage, and also a major player in the market invested millions of dollars in the auto sales industry. He asked if those elements were considered. Mr. Zollinger said he tries to compare the current trend with historical numbers. He doesn't like to go ahead of the trend, but follow it instead.

Mr. Nicponski asked how much sales tax was brought in this year. Mr. Zollinger said he is projecting \$13 million this year, and last year was \$12.6 million. Mr. Zollinger agreed it is conservative but compares sales tax to the tide. There are times when it is high, and times when it is low.

Murray is very susceptible to changes in the market, stated Mr. Zollinger. When economic concerns arise, people stop buying new cars. That is a huge base to the City's sales tax. He would be uncomfortable going too much higher.

Mr. Shaver said he has continually heard Mr. Brass say that it is a risk because so much of Murray's money is dependent on retail sales. That becomes precarious when the City is at the whim of the economy when it comes to revenue. That has been a powerful thing for the City for many years but can also have a negative impact.

Mr. Brass said it is a lot easier to open the budget mid-year and fund projects if there is extra money, then to cut budgets in January. Mr. Shaver asked if he is talking about the contingency fund. Mr. Brass clarified that it wasn't a contingency fund, but a contingency list that sets items aside for further discussion.

Mr. Nicponski asked what the top estimate for sales tax would have been. Mr. Zollinger said the top estimate would have been \$13 million, instead of the \$12.6 million he budgeted. The "hold harmless" did kick in last year and resulted in an increase of \$400,000. Mr. Shaver said that they need to take into consideration also the absence of "the floor." Mr. Zollinger said the sales tax number could vary from \$14 million to \$11 million. The budgeted amount is \$12.6 million. The difficult decisions that could result from an estimate of \$14 million, would not be recommended.

Mr. Stam asked about the World Series. When the City previously hosted it, the sales tax was in a decline. At the time of the World Series, the sales tax was flat, instead of a downward trend. Mr. Stam interpreted that was possibly due to the \$100,000 gain when the World Series was held here. Looking back, was there a bump or spike around that time, he asked. There would not be that increase this year, since the City is not hosting that event. This time, all the visitors stayed in Murray hotels, so he expected a bump in sales tax around that time. Mr. Nicponski asked if a financial analysis was done of that event. Mr. Zollinger responded that there are 1400 businesses in Murray contributing to sales tax. That is based on the data

from the state. Staff could look at individual businesses that may have been affected and compare them to previous years, but there are other factors, such as the recession that need to be factored in. Mr. Stam said that by comparing six months in a row, there would be a constant change. The eight weeks around the World Series increased and then went back to the original line. If a line was interpreted, he believes there should have been a spike in sales tax around that time. His point is that may have been a one-time increase and could falsely alter the numbers.

Mr. Brass stated that Utah is the 5th fastest growing state economically. Things should be better, but possibly not a trend yet. Mr. Nicponski said he is satisfied with the idea of being able to open up the budget earlier and make adjustments if there is extra revenue.

Attorney's Office

Frank Nakamura

Mr. Nakamura complimented Mr. Zollinger on his job as Finance Director.

The budget for the Attorney's Office is fairly status quo. They have added a bit to the budget just to keep up with technology. The Courts and other law firms are all going paperless. In order to remain the same with them, the budget has been increased for added scanners, and dictation programs that allow dictation to the computer. Mr. Nakamura said they are not using it currently but will purchase it soon. Technology has come a long way and it looks like a great product.

There were tablets requested in the budget, but those have since been purchased out of this year's budget. They have not been received yet, but have been purchased. The tablets will make the greatest differences for the prosecutors.

Mr. Nakamura asked about the cell phones. Mr. Zollinger said there is a cell phone line in the budget for that.

Mr. Nicponski asked if settlement money was included in the Attorney's office budget. Mr. Zollinger said that is called Retained Risk. That budget line is being handled by Mr. Nakamura and Mr. Zollinger. Mr. Brass asked that the Retained Risk Fund be put on the contingency list. Mr. Zollinger said the Retained Risk is budgeted for just under \$1 million.

Mr. Nakamura said that his office is in the process of trying to decide how to handle a safety risk in the City. The Safety Manager has left the City and his position is vacant. Department Heads are having discussions on how to handle that and a program is still being determined. The position is budgeted in the Retained Risk Fund. Ultimately, it is probable that that position will be the responsibility of the Attorney's Office.

Mr. Brass asked how much money had been budgeted for tablets. Mr. Nakamura said \$3,400 had been set aside. Mr. Zollinger said the Attorney's office had been awarded \$8,900, which went toward the tablets and the Dragons Speak Naturally software. Mr. Nakamura agreed that some money would be available but also had to add an additional Lexis program that was around \$3,000. Mr. Zollinger stated it had been included in the budget. Mr. Nakamura said that five tablets had been purchased, and they needed six Lexis subscriptions. The Lexis

subscriptions are sold on an individual basis.

Mr. Nakamura also introduced Briant Farnsworth and Mary Bahr in attendance at the meeting with him.

Mr. Shaver complimented Mr. Nakamura and his office on the work that they have done. Mr. Nakamura complimented his staff and said that they are the best.

Administrative and Development Services

Tim Tingey

Mr. Tingey summarized his department budget. The wages and benefits increases are not due to new staff. There were some adjustments in positions as people had vacated. The increase in wages and benefits is due to the City-wide increase proposed by the Mayor's office.

The department has two large requests and that is the reason the budget is increasing. The increase in elections of \$100,000 is a payment that is on an every other year basis. There is also an Economic Development Fund that has a proposed increase of \$50,000.

Mr. Shaver asked about the passport proposal. That could possibly result in an additional part time person. Mr. Tingey said he believes that the existing staff can do it, and if an additional hire is needed, it wouldn't be until the end of the year. Mr. Brass commented that passport services would be a great addition.

Mr. Brass asked Mr. Zollinger if the wages and benefits in all the departments reflect the Mayor's proposed increase. Mr. Zollinger said that is correct.

Based on the two new proposals that would increase the budget by \$150,000, there are some minor increases in IT, telephone, and maintenance and internet expenses. There is a request for some training in each division also. The operations increases are a little over \$50,000.

Mr. Hales asked about the table of contents and if it matches up with the departments.

Mr. Shaver asked about the training costs. Is the City keeping up with the mandatory training in addition to other beneficial training, he asked. Mr. Tingey stated that it is both types of training. He is hopeful there is value in all of the training.

Mr. Tingey said there is an anticipated reduction in the cell phone line, due to the new cell phone policy by the administration. There is a minor increase of \$400 to allow for miscellaneous professional services for economic development marketing services for city wide issues, not just RDA areas. Mr. Tingey works with groups outside of redevelopment areas and often needs materials.

The big increase is the Economic Development incentive. There was a fund about seven or eight years ago, and was an economic incentive for businesses. At that time, it was over \$100,000. Those funds were utilized for a number of different projects, including the development on the corner of 5300 South. These are areas that RDA funds cannot be used. It is an opportunity to help small businesses. The Mayor really wanted this incentive included in the

budget. Mr. Tingey has had requests from the Marriott group that is developing the hotel for assistance with the infrastructure; these include right of way enhancements that are a little over \$30,000. Because RDA funds cannot be utilized, it prompted the proposal of this fund of \$50,000. Likely, this year a portion of it would be used for that project, and have additional funding to assist other small businesses.

Mr. Shaver asked if this was outside of the agreement with Marriott. Mr. Tingey said there is not an agreement with Marriott. Mr. Shaver said there is no real agreement because it is not an RDA. Would there be an agreement as to what those funds could be used for, he questioned. Mr. Tingey said he has spoken with Marriott and the curb/gutter and sidewalk issues have been evaluated and that is what they are asking for assistance with. Mr. Brass said the City assisted with the development on 5300 and State that included curbs and gutters also. Mr. Shaver asked what else Mr. Tingey envisioned these funds being used for. Mr. Tingey believes the funds would primarily be used for infrastructure enhancements, and possibly site improvements. He doesn't think it should be used for projects outside of public enhancements that need to occur. For example, if a business is interested in a project but doesn't feel like they would get the return on this project and asks for money. If the City proposes money for the project, it would be for public infrastructure enhancements.

Mr. Zollinger asked if the Council wanted to put this in the intent language. Mr. Brass said yes for the future. Mr. Brass said the City doesn't currently help smaller businesses. Several years ago, there was a cabinet and furniture maker that opened up a business. In order to get a certificate of occupancy, there were major sewer repairs needed, so the City figured a way to help him.

Mr. Shaver agreed that helping the Marriott with infrastructure was okay, but would like to see the smaller businesses helped also. This becomes part of the intent document.

Mr. Tingey agreed with helping smaller businesses. He has had calls from businesses wanting funding to help with renovations, and if it is not in an RDA area there is not funding available. Sometimes the City can refer them to the State, but this fund would allow for some goodwill money to go toward projects that would help small businesses.

Mr. Stam asked if \$50,000 was enough, considering the fund used to be at \$100,000. Looking at possible projects, is that enough money to cover those, he asked. Mr. Tingey replied that it is a good starting point and can possibly be increased next year.

Mr. Shaver stated that if Mr. Tingey came to the Council and asked for funds to help a business and the funds were not there, than an opening could be made in the budget.

Treasurer

The Treasurers division and showed an increase in postage, Mr. Tingey commented. There is a proposed increase of \$3,000. This would include an increase in the number of mailings as well as the increased price of postage. Also, on utility bills and supplies, there is a

substantial increase proposed. This is due to the increase of new living units, such as the Fireclay Area. The added housing results in more utility bills, and late payment notices. Already this year, they have surpassed the \$20,000 mark, so they proposed an increase of \$6,000 there. Mr. Shaver commented that this item is exactly what was previously discussed. It was helpful to see the notes and comments when looking at utilities, billings, and supplies. It was handy to have the explanations right there.

There is a slight increase in the cell phone budget, due to the new City cell phone policy. That is just about \$100. Software support has increased due to the increased cost of the SunGard Support software. That increase is visible in other divisions also.

Mr. Tingey would like the Treasurer to be able to attend the National Treasurers' Conference this upcoming year in Salt Lake City, so there was an increase in funds to allow for that training.

Recorders'

Mr. Tingey said that public notices have increased over the past two years, and that needs to be addressed. This year, the Recorder's office has surpassed the budget for public notices. He has proposed an increase of \$1,500 for public noticing.

There is a one-time expense this year, due to the election. The amount is calculated on the formula that the County has given. It is \$96,000 this year. This is still a cheaper option than buying the equipment and manning the booths. That is a new line item for this year.

Information Technology

Mr. Tingey recognized his IT staff, and complimented their work. Janie, Rob and Brent were all in attendance.

Murray made investments in new servers last year as part of the Capitol Improvement Project. This resulted in a reduction in maintenance costs. There are typically increases in maintenance costs in the variety of IT areas. The equipment maintenance line has major increases in printer supports for about \$10,000. The majority of the costs are offset by a reduction in the maintenance for solutions to IBM hardware from the previous investments made. There are increases in the IPDS Print Server maintenance. Also, this year there was a federally mandated requirement passed for Spillman passkey security measures that the City needs to invest in. This results in an increase of \$13,000 to \$14,000 for equipment maintenance.

There are some aging vehicles in vehicle maintenance. That line has been surpassed this year also, so there is a proposed increase for that.

Mr. Tingey believes this may be the first time ever for a reduction in software maintenance. This is a great example of investing in the Capital Improvement Process and IT needs, and resulted in a \$4,000 reduction due to the decrease in ongoing support.

Telephone and internet has a proposed increase of \$1,000. The internet connection was

increased from 20 megabytes to 100 megabytes. The average monthly cost through UTOPIA and Xmission is \$1,024 per month. That number is included in this proposed increase. Mr. White said the cost was about \$100 per month extra to increase the speed 5 times.

There is an increase in the cell phone budget due to an additional employee. Last year the Police Department was paying for this employee's cell phone, but this year it was changed to the ADS budget.

Small equipment refers to the replacement of the City's PC's and laptops. There was an unanticipated failure of computers in the previous fiscal year, so the number has been replaced by two. Additionally, there has been a lot of wear and tear on the laptops that are in police cars. There is a proposal for an increase of replacement laptops for the Police Department. That results in about a \$4,000 increase. The number of replacements would be approximately 20-25 laptops and 75-80 PC's in this budget year. Mr. Zollinger said that is the computer replacement program, with an increase for contingency, in case some fail. Mr. Shaver asked if this was in the General Fund or the Capital Improvement Fund. Mr. Zollinger said that it is in the General Fund because computers aren't considered capital and is considered an ongoing expense. Capital is considered one-time money, but computers need to be continually replaced.

Mr. Shaver clarified that repetitive replacement comes out of the General Fund, whereas a one-time purchase could be considered Capital Improvement. Also, Mr. Zollinger said that the other funds; such as Water, Waste Water, and Power are allocating money to help provide for these computers. Mr. Zollinger said that line item was added last year so the departments could contribute to the small equipment costs.

Mr. Brass asked if there was a more rugged laptop option for the police cars. Mr. White commented that the ruggedized lap tops are very expensive. It is about \$2500 versus \$1200 for a standard laptop. Mr. White said there hasn't been a lot of mishaps such as spills on the lap tops. The City has a pretty good supply of older good laptops that can be used temporarily until the parts come in for replacement. Mr. Shaver asked if the City was replacing parts or laptops. Mr. White said the laptops have a 3 year guarantee. If something gets spilled, it is under the warranty for a replacement. Mr. Shaver asked how quickly the City is going through the 3 year replacement window. Mr. White said currently there are laptops in the Police Department that are 7 to 8 years old. Those older models are often re-distributed to the Fire Department also. Mr. White said that when purchasing in large quantities, there is a substantial discount.

There is \$75,000 to \$80,000 set aside for the desktops, but because of the bulk purchase, the City will get more for their money. Mr. White said it is always a State purchase on computers.

Mr. Stam complimented Mr. White on his work, and saving the City money by doing a good evaluation.

Mr. White said he is proud of the Council Members for their use on the new IPAD's.

Mr. Brass said he observed Operation Shakeout, and if there was an earthquake and City Hall was lost, a redundant system would be needed in the EOS (Emergency Operations

Center). He would like to see that as a priority. Mr. Tingey said that had been discussed. Mr. Zollinger said it would be about \$25,000 for a redundant site down at the Fire Department 83. If money was found to get this done, would the Council approve that expense, asked Mr. Zollinger. He said he really agrees with Mr. Brass on the importance of a redundant system.

Mr. Stam said that Layton City just signed an agreement with Brigham City for a redundant back-up outside of the City. This topic is on the next agenda for the Finance Committee with UTOPIA. All of the cities are discussing this to see if there could be redundant facilities outside of the valley. He said that the cities might take advantage of all being on UTOPIA. Mr. White asked if he was saying to move the EOC up north. Mr. Stam replied no just the server backups, so they are outside of the City. Mr. Brass commented that Layton City servers are located in Brigham City's skater room in their Power Department in the mouth of Sardine Canyon. Mr. Stam said there could still be an EOC here, but this would also get some off-site, and out of the City. Mr. White said currently the tapes for the AS400 and other primary systems are sent to the vault on the mountain. Mr. White asked if Mr. Stam was referring to data to disk replications. Mr. Stam said that Layton just has a server that they could access from anywhere. Mr. Zollinger said it may be a security concern. Mr. White said the information would definitely have to be encrypted. Mr. Brass said it is fairly secure in the Power Department. He said the EOC is theoretically earthquake resistant, but any business needs to get back to business as quickly as possible after a disaster.

Mr. Shaver asked if this was an item that should be put on the contingency list. Mr. Brass replied that it is something that needs to be discussed in the CIP. Mr. Zollinger asked if that would be okay if the funds were found to get a redundant site. He said he could pull different amounts from different budgets. Mr. Zollinger said that Mr. White had a suggestion of running those back up EOC servers and operating off those in the next EOC test run. Mr. White said that if there was a disaster recovery site, the main servers could be turned off and test the back-up servers to ensure that they can function as an alternative site.

GIS Geographic Information System

Mr. Tingey said that GIS has a proposed increase in software maintenance. This includes a new license to support the web applications on Apple devices. Some of the web applications have been presented to Council that have helped other departments, such as Fire and Power. That proposed increase is a little over \$2,000.

There is a slight increase of \$200 for office phones, due to an error in the past that didn't allow any budget for office phones. Small equipment has funding of \$1500 for the purchase of some IPAD's for application development which is critical to their work, especially with the other departments.

Mr. Shaver asked about vehicle maintenance. The line states that \$800 has been spent, and the budget was \$300. Mr. Tingey is hopeful that those repairs will last into this year and money will be saved this year. Mr. Shaver commented that vehicle maintenance is over budget in several places. Mr. Zollinger replied that the assessment for central garage has changed. In the past, items would be marked up and the different departments were charged the marked-up

prices. This was a disincentive to use the central garage. It was decided to create an assessment that would cover the fixed costs, and simply pass on the items at cost to the other departments. This would result in a smaller number due to the change in the assessment. Mr. Shaver asked where that additional money was going. Mr. Zollinger said there was an assessment and it was changed up and down depending on how much money was made. It would be a zero sum gain at the end of the year.

GIS has a proposed budget of \$2,000 for application programming assistance. This is a new line item for GIS. It is a need as the City is moving forward with these applications. Mr. Brass stated that he was impressed with what they did with Operation Shakeout and the equipment inventory. They had maps and as issues would arise, they could track the equipment and where it was. He commented it was much better than last year. Mr. Stam asked if it was GIS that was requesting the plotter. Mr. Tingey said they don't have it yet, but have the \$1000 from the CIP of last year. It has not been completely funded. It is believed that engineering is asking for that funding.

Building Inspection

Building Inspection has a proposed increase for software support with SunGard. A significant increase is proposed for education and training. There are six employees that have to maintain their CEU to maintain state licensure. This increase would allow some inspectors to go out of state, and to attend training locally. This has been needed for quite some time and is an increase of \$1,500. Mr. Shaver asked if it was a yearly requirement to certify for the inspectors. Mr. Tingey said that they deal with it yearly, and have to be working towards the amount of credits that they need. Mr. Shaver asked if there was training available in state also. Mr. Tingey confirmed that there was.

Community and Economic Development

Community and Economic Development is requesting a minor increase for books and subscriptions for the business licensing staff. Mr. Tingey said that they haven't sent an employee to a National Conference since he has been with Murray. Some of the staff need to attend this conference in order to maintain their AICP certifications for certified planners. It is a proposed increase of \$1,500 for at least one staff member to attend this year. There is a small increase for the new cell phone policy.

EDCU (Economic Development Corporation Utah) submitted a formal request to Murray to increase the funding level back up to what it used to be. A few years ago that budget was reduced from \$21,000 to \$8,600. This year EDCU has requested \$16,360. This is based on a formula. There were previous concerns with their formula because the numbers varied between similar sized cities. Mr. Tingey looked into it, and the assessment is higher if the city is located along the Wasatch Front. The Mayor proposed going half way and increasing the proposed amount to \$12,600. Mr. Brass said that when the amount was reduced, the feeling at the time was that Murray was not getting a good return on the investment. He asked if things have changed. Mr. Brass asked if the access to the booth at ICSC was included. Mr. Tingey said that it was not, that was an extra charge. He believes that EDCU does a good service for the state,

but doesn't think Murray has received any substantial projects from them. EDCU does submit opportunities to all the communities, and Murray submits applications. Mr. Tingey has had concerns with some of their staffing. One of their staff members lived in North Carolina recruiting businesses in Utah, and he doesn't think that was very productive. That has since changed. He does think it is a good partnership, and the proposed amount would be justified.

Mr. Shaver said that EDCU does a great job in broadcasting the Utah name. Even though, the interested party may not go back to the EDCU that is where Murray needs to solicit them to come to Murray.

Mr. Stam said that the EDCU selects the different cities that meet the criteria for a new business and allow the cities to bid on it. It is simply adding Murray to the invitation list with ten other cities. Mr. Shaver said that the intent of the EDCU is not to market for Murray. Mr. Brass said also some of the projects just won't fit in Murray, due to the lack of space. Mr. Tingey said the majority of projects that he sees need 20 acres for a manufacturing site. He said there are some projects for office space and Murray does apply for those.

RDA

Redevelopment Agency (RDA) has a revenue source that comes to the five redevelopment areas. That money comes in as the November 1st report is done and the projections are made. The revenue amounts are a little bit higher in 2014. That is accurate, and an increase is being seen, compared to previous years when the property values declined.

The big thing this year is that the reserve amounts are being dipped into to fund the State and Vine hotel project and other areas. This year, there was a request in the Fireclay area to do the additional improvements on the intersection with the rail. That is a \$225,000 expense that the City fronts with RDA reserves, and then reimburse the fund after Fireclay RDA produces revenue.

The depleting of reserves is good because it means the City is investing in projects, but that means that in the past two years, the City has taken the estimate of reserves plus the revenues and put it into the budget, so reductions will be seen in each of the areas because they don't have the reserves anymore. Mr. Shaver asked how that affects operations. Mr. Tingey showed the Central Business District chart and pointed out the operation amounts have dropped because the reserves are not there. Those reserves had previously been banked into the line items for potential projects.

There is a proposed drop in professional items, and a proposed drop in the property clean up because funds are being utilized for that this year. Many of these areas have a reduced operation amount because the reserves were not built into this budget. The revitalization grants have dropped from \$100,000 to \$50,000. There are not any major revitalization projects anticipated this year. That amount should be adequate.

Improvements have been dropped from \$585,000 to \$200,000. The State and Vine project will receive some of the improvements this year, and the remainder next year. There are some reductions in some transfers and other areas. The Murray School District remains the

same. Mr. Tingey pointed out page 196 that shows Fireclay and the reserves with that project with the rail crossing. On page 197, the Vine Street project and some decreases in professional, revitalization grants, and improvements due to the reduced amount in reserves; it is the same with Cherry Street.

Mr. Shaver asked about the administration fee. Mr. Zollinger said that number is based on a formula and will go up and down with the budget. As the amounts dropped, so did the administration fees. The smelter site has decreased in professional line items, but still has the required 20% added for low income housing. There has been a drop because of the investment with Neighborworks. This amount will continue to go towards that.

A couple of projects have been purchased and will drop the \$592,000 pretty quickly. Several properties might possibly be acquired for rehabilitation projects. Mr. Tingey said the administration of that project isn't increasing, the actual amount is decreasing. The revenue will be utilized for purchasing projects. Mr. Shaver pointed out that the administration fee is substantial when there hasn't been anything for a couple of years.

Community Development Block Grant (CDBG) was reviewed a few weeks ago. Mr. Tingey said that Karen Wiley said there would likely be an increase for Murray. It won't be certain for a few more weeks, but it is likely to be \$17,000 that will need to be reflected in the budget. Mr. Shaver said that when it was passed, it was recognized that it may change. The amounts were given based on the percentage of the total. He asked if a budget needs to be opened. Mr. Tingey said it needs to be reflected and is currently not since it just happened last week. Mr. Zollinger said it doesn't need to be a budget opening since this is a preliminary budget. Once the information and money is received, the amount can be plugged into the numbers and make adjustments before the budget is adopted. The number does have to be received before the final budget is approved in June. If it comes in after, then a budget opening would need to be done.

Capital Improvement Projects (CIP)

Capital Improvement Projects (CIP) are listed on page 133. Amounts are recommended by the committee for the general plan and that needs to be started this year. There is an amount of \$50,000 to start that general plan process. The Council Chambers recorder needs to be replaced, and that would be something that would be transferable to the New City Hall. There is also funding proposed for New City Hall plans, in case that is needed as the City moves forward in the process of a New City Hall. The utility billing printer needs to be replaced this year, as well as a vehicle in Community Economic Development. Also, the printer/copier/scanner in the public services building needs to be replaced. The IBM lease/purchase plan is being proposed and would be very good for this upcoming year. There was a proposal for a Websense upgrade. There would be cost savings if that is done. The cost is about \$17,000. Mr. White and Mr. Tingey have been discussing that. It is not currently recommended for funding. Mr. Zollinger asked if there was any savings from this year. Mr. Tingey said he would look into that and see if it could be a possible budget opening item.

Mr. Brass asked Ms. Lopez if CIP funds were on the agenda for the budget meeting. Ms.

Lopez replied that they were not and must be looked at individually in each department budget.

Mr. Zollinger said that if you look at the CIP in the ADS Department everything is outlined. Mr. Tingey complimented Mr. Zollinger and also thanked his staff for the great work.

Questions

Justin Zollinger-Finance Director

Mr. Zollinger said many issues have already been addressed. He stated that he has some financial tools available to him that help lower costs in the different departments, but is less money for the fund. For example, the Central Garage fund, and the Retained Risk fund are both Internal Service Funds. If the budgets in those funds are lowered, it costs the rest of the funds less money. In order to make room for the employee compensation, those funds were tightened. In the Retained Risk fund, it was decided that the reserves were where they need to be, that allowed for about \$100,000 extra.

Mr. Zollinger also reduced non-departmental budgets. The current amount would be \$600,000, versus \$2 million a couple of years ago. It was a huge reduction, and was made possible because some of the retirees no longer use the insurance. That was cut from about \$120,000 down to \$70,000. Once an amount is cut, it isn't there for use anymore. Mr. Nicponski asked if the City eliminated retiree health benefits. Mr. Zollinger said that is correct and OPEB insurance is no longer available. Mr. Shaver asked if that is why it was in non-departmental, because it wasn't considered a regular feature.

There were also departments that reduced positions in terms of dollars, such as the Council Office and the Court.

The Power Department was asked to help with streetlights, and that saved \$168,000. The Power Department is covering the streetlight costs, instead of the general fund.

All these cuts mentioned are one-time tools that are gone once they are used up. The Power Department should be complimented for their help with the streetlights. That was a big savings that helped provide additional funds for the employees.

Mr. Brass commented that Murray was one of the few cities with a public power that charged streetlights to the General Fund. Mr. Zollinger stated that Logan did also. Mr. Stam commented that Midvale changed their street lights to an enterprise fund. Mr. Brass said that is different because Midvale doesn't have their own public power. Mr. Zollinger said that they must be charging a fee to cover the costs.

Mr. Zollinger said the Library fund is getting tight. There have been six years of benefit and retirement increases that have hit the Library Fund. The Library Fund did repay the loan from the General Fund this year which provided them with some flexibility. Mr. Shaver asked if the Library is able to meet the demands of the budget because of this reduction. Mr. Brass commented that they are a taxing entity that makes them similar to an Enterprise fund. Mr. Zollinger said they function very similarly, with their own budget, own fund, and their own reserves. Mr. Brass said that they could raise their taxes. Mr. Zollinger replied that they could, and that is the only revenue they have, with the exception of minor fine revenue. Mr. Zollinger

just wanted to make them aware that the Library Fund is very tight.

The Waste Water Fund is quite tight also. There is about \$100,000 in capitol that is decreasing. There could be come cuts in operations, but a large part of their budget is Central Valley Water. Mr. Brass asked when fees were raised. Mr. Zollinger said it must have been three years ago, before he was here. Mr. Zollinger said recent studies were done on storm water and solid waste. Mr. Brass asked if there were built-in increases.

The Solid Waste Fund is very tight also. The contract with Ace Disposal increases a little every year. There were recent increases in that fund, but it is still pretty tight. Mr. Shaver said this fund also has a built-in increase coming. Mr. Brass said that would help them to know if that needs to be addressed. Mr. Zollinger said he believes an increase is scheduled for 2015.

Mr. Zollinger stated that the Mayor tried hard to bring a sustainable balanced budget to the Council. Those mentioned areas are of concern, but overall that was his goal to bring this to Council. He said all of the departments were able to keep their budgets pretty flat, with the exception of things that have to go up.

Ms. Wells commented that dollars for employee's increases were small, but Mr. Zollinger had been able to find the money to fund the benefit increases and also give the employees the increases that the Mayor's office has asked for. This work by Mr. Zollinger has made the employee increases possible.

Mr. Zollinger said the Department Heads have made great efforts to keep their budgets flat also, which helped make the increases possible.

Meeting adjourned for a 15 minute break.

Fire Department-

Gil Rodriguez

Chief Rodriguez said his budget remained pretty much flat with a few variations. Some of the questions concerned FLSA (Fair Labor Standards Act) in administration, and this has been discussed with Mr. Zollinger. This was due to the employees working shift work.

Mr. Nicponski asked about the Capitol grant and if the department had a grant writer. Mr. Zollinger replied that Chief Rodriguez and his department do a great job at finding grants. Those are not budgeted for until they are awarded. Mr. Nicponski asked if it was one grant or a combination of grants, and how many employees there were in the Fire Department. Chief Rodriguez and Ms. Lloyd answered that there were 55 suppression employees and 7 in administration, not including cadets. Mr. Nicponski encouraged the department to work in the grant process. Currently, there is not a grant writer, it is something that has been discussed. Chief Rodriguez stated that Mike Dykeman and Jon Harris are involved with grants. There is also another Captain that would like to be involved with grants. The direction that they are given is that if they can find grants for things that are already budgeted for, it makes the process much easier. For example, they received part of a grant for the lighting in the Battalion Chief vehicle.

Mr. Shaver said Mr. Nicponski brings a good point about having a grant writer for the City. That person can go after the grants for you, and is a professional. Chief Rodriguez agreed

that there is a lot of money out there in grants, especially city wide.

Chief Rodriguez said that there was an increase in overtime. In the past years, the overtime budget had been cut, and it was okay for the first year, but this year is very tight. The department lost two employees to retirement, one is currently in the military, and also there are injured employees. The Fire Department has an employee that is being treated for cancer. He complimented this employee and her amazing attitude.

Vehicle maintenance increased a little bit, this year the department went over budget. The main reason was because the engine was refurbished. It cost a little more, although, it will save a ton of money over the long run.

The fuel budget had been decreased. Mr. Shaver asked why this would be \$5,000 less, with fuel costs going up. Mr. Zollinger said he works with the Central Garage and Vehicle Maintenance budgets. Vehicle maintenance went up because the Central Garage assessment went down. Mr. Rodriguez said the ambulance fuel budget went up. Possibly, that could account for the shift in numbers for fuel for suppression. Chief Rodriguez replied that he wasn't aware of any problems with fuel, possibly the actuals brought it down. Chief Potter said it looks like it stayed flat because the shift in ambulance fuel was exactly the same amount. The fuel on the suppression side was reduced by \$5,000, but there was a \$5,000 increase on the ambulance fuel, so it looks like it stayed flat. Chief Rodriguez believes that when there is a problem with fuel, it is a trend city wide. In the past, the fuel budgets were increased for all the departments. Mr. Brass commented that fuel can be looked at later if needed.

The Central Garage budget went down because it is not used very much anymore, mostly just for the staff cars. Mr. Brass asked if the engines and trucks are too specialized. Chief Rodriguez said that a choice was made to take those vehicles somewhere else. Mr. Nicponski asked if the Central Garage was limited in its services. Chief Rodriguez replied it just wasn't working out.

The Fire Department is a different animal. There are three shifts with three engineers on each shift. Each engineer is directed to own that vehicle that they have for 48 hours. They are responsible for everything on it. The Central Garage didn't like getting information from three different engineers, and it became a personality conflict.

Mr. Zollinger commented that the VECC (Valley Emergency Communication Center) line did increase. Chief Rodriguez stated that VECC is still a moving target, and is unsure of the direction it will head. Mr. Zollinger said he received an estimate from VECC just yesterday. The amount had increased for fire, and decreased for police. Mr. Zollinger said the numbers from VECC have changed at least three times.

Mr. Zollinger said he is curious to see how the Sandy City departure would affect things. He said he has heard that Sandy would be part of VECC until the first part of November and would be charged up to that point. After that, the revenue will be gone. How is VECC driving their costs down, after that revenue is no longer there, he asked. Are they going to use up their reserves, or will they be able to drop costs, he questioned. Mr. Stam asked if they were still paying for bonding. Mr. Brass said there should be some obligation still there. Mr. Stam

commented that they participated in the bond to build it, so even if they leave they should still have to pay that expense. Ms. Wells said that their interest is in the building, so they don't get a share of the proceeds of the value of the building, when they leave. Chief Rodriguez said this has been a frustrating battle. Six months ago, the whole issue with VECC was the Sheriff merger, now with the Sandy departure that is all that has been worked on.

Chief Rodriguez said that there was some overtime in the ambulance budget. The vehicle maintenance went down, this is a concern because the ambulances are now out of warranty. There was some cost to refurbish and paint the ambulance from Sandy City. The ambulance itself was free, but there was about \$11,000 in repairs. That has been a great asset to be able to fall back on.

Mr. Brass commented that he saw a Murray ambulance being staffed by South Salt Lake paramedics the other day, and asked if this was due to staffing issues. He said he didn't see any Murray employees there. Mr. Potter said the Murray paramedics could have been in the back working on a patient, while the South Salt Lake employees drove the ambulance. Usually, a Murray employee would drive the ambulance, but it is possible that a South Salt Lake paramedic could drive if the Murray employees are busy in the back.

Mr. Shaver asked how the billings were going. Chief Rodriguez stated that they are at a level of 50%. It pretty much pays for the ambulance service. He said he wondered how things would have been without the recession. That is when people started to lose their insurance, and stopped calling as much. The Obamacare law will have an interesting effect also; with the requirement of mandated insurance, calls may increase. Chief Rodriguez said the ambulance is a great service to the community. He said his guys are career guys, and not just a stepping stone to get somewhere else. Customer service is stressed in the department. Mr. Brass said that customer service does make a difference.

Mr. Stam complimented the Fire Department on its understanding of the CIP process. Chief Rodriguez said that when the Fire Department needs something, it is usually big dollars. It is now \$1 million for a truck, \$600,000 for an engine, and even a grass truck is \$100,000.

Mr. Shaver asked why computers are on a constant rotation, but when the Fire Department asks for thermal scanners, does it then become part of the rotation. He said that it was discussed that 3 or 4 thermal scanners would be great. Chief Rodriguez stated that a lot of the things that are requested, don't necessarily fit in the CIP process. He said thermal imagers don't typically fit there because they are not expensive enough. Mr. Stam clarified that they were included. Chief Rodriguez said that was correct. The money that was saved in the previous year allowed them to go after some items, such as the extrication equipment. Mr. Brass said he was speaking to some of the fireman and they said that it is difficult to get into some of these new cars. Chief Rodriguez stated that their cutters won't even cut into some of the new cars. Mr. Zollinger said the extrication equipment will cost nearly \$36,000.

Mr. Brass asked if the imagers were considered specialized equipment. Chief Rodriguez said they are specialized and come from one of three main vendors. The price has gone down, they used to be about \$25,000 per unit. These new units are geared towards the

specific needs of the Fire Department.

Mr. Shaver asked about the rotation of the gear for a firefighter. He is aware of the staggering cost to outfit one person, and knows it is not a one size fits all. Chief Rodriguez said the CIP has been great for this reason. Previously, the turnout gear would be rotated about every five years. The turnout gear costs about \$2,000 per person. The budget is about \$36,000 annually for turnout gear that allows for a constant rotation. Mr. Shaver asked if that falls under the General Fund or a CIP project. He asked why the difference. He said he knows a police laptop is \$2,800, and that is an item that is rotated, and that falls under the General Fund, not the CIP. This turnout gear seems like it should work the same way. He stated that CIP funds should be for high priority items, and worries that turnout gear would fall to the bottom of the list. Mr. Brass asked if life-saving equipment should be on a CIP list. This line item could be on a contingency list, just to determine how it should be funded.

Mr. Stam said there have been several projects similar to this gear, based on a five year rotation. There have been times where money was needed for trucks or equipment and money was taken from that fund which may have impacted the money for turnout gear. Should those items be in the general budget, instead of the CIP, he asked. Mr. Brass commented that it would be unacceptable to have a failure with turnout gear because it wasn't a priority in the CIP process. That is a risk to the City and the employees. Mr. Shaver asked about the uniform allowance of \$29,000. Chief Rodriguez said that is for physical uniforms, and is the same for police. He said he agrees with what the Council is saying. The rotation is great, unless the rotation is stopped for other purchases. Mr. Brass said it would be good to put this on the contingency list. Mr. Zollinger said in order for those to be in the General Fund, there needs to be a funding mechanism. Mr. Shaver said it isn't a discussion as to whether to fund or not to fund, but what fund it should be paid out of. Mr. Brass said there would be a meeting to discuss the contingency list next week.

Mr. Nicponski asked about the breathing apparatus. Chief Rodriguez said it would cost about \$300,000 to get new breathing apparatus outfits for the whole department. The amount of \$31,000 per year is being set aside annually in hopes of purchasing the units in about eight years. Mr. Brass asked about the lifetime of the breathing apparatuses. Mr. Rodriguez said he would estimate about eight to ten years, and they are continually tested.

Chief Rodriguez said he looks at the CIP as building a savings account, so the money will be there when they need to make a large purchase.

Chief Rodriguez said there are some medical equipment and software upgrades budgeted. Mr. Shaver asked what software the department is using. He remembers a discussion about software that was purchased specifically for the Fire Department. Chief Rodriguez said they under budgeted for it, and as a result didn't spend any. It is an adjustment and the budget was lowered this year, so that it could be used next year.

Public Services-

Doug Hill

There have been a couple of changes proposed in the Public Works budget. One is street lighting has been paid out of the General Fund and has been moved to the Power Fund

for the areas located west of 9th East. The areas that are east of 9th East belong to Rocky Mountain Power will be continued to be paid out of the Street Department budget. Mr. Brass asked if the City charges a fee for that, and the answer was no. That line item has been increased because those costs do go up every year, and that was approved by the Mayor.

The other major change in Public Works is the proposal of a new employee in the Engineering Department. That new engineer will assist in the duties of an engineer. Currently, it is difficult to manage all the projects, and perform the building inspections and site plans. It is really a replacement of a position that ended with the early retirement a year a half ago. Things are getting busy again, so it is hard to function without that employee.

Roadways and Class C Roads

Mr. Zollinger commented on the road grinder that was approved this year. That was paid for with some of the Class C money to pay for a road grinder lease. When county and governmental money are used, it is required to budget as if the lease money was received and spent. That adjustment needs to be made to the budget to gross up those two numbers. Revenue goes up and expense goes up for this asphalt grinder next year. That is one change that needs to be made to the budget, stated Mr. Zollinger.

Mr. Hill is planning to fund the asphalt grinder over the next five budget years, a lease purchase with Class C road money. The amount will be about \$90,000 per year.

Mr. Shaver complimented Mr. Hill on his presentation showing the different types of road repair. He noticed that the mulch budget had increased. He asked if that increased due to anticipation of addressing some of the road issues. Mr. Hill replied that Mr. Zollinger and the Mayor set aside a certain amount for CIP and roads. They basically said it was coming from various sources, including Class C funds. The Legislative appropriation the City received for 5900 South was for \$1.2 million. Murray also received a Legislative appropriation this year for \$1.8 million for 13th East and Vine. That money is not in the budget, because no one knows when it will be received. Once the money is received, there would have to be a budget opening.

Mr. Hill stated that they combined all the various sources of money and looked at the possible road projects. Some of the projects are accounted for in the mulch account, but are specific projects. For example, there is a project planned in the Cimarron Development to overlay that whole subdivision. Mr. Shaver asked if that would be mulch. Mr. Hill replied that mulch and asphalt are the same thing. There are also plans to overlay Spring Clover Drive. That road needs to be done and the Mayor has put it off for years to avoid showing favoritism. A lot of projects have been grouped in to the mulch account. Mr. Zollinger's office counts an overlay or a slurry seal as maintenance, not necessarily a CIP project. Mr. Shaver asked about any scheduled slurry seal projects. Mr. Hill said there is \$350,000 budgeted for slurry projects next year. He said his staff is trying to spread the money out between major renovations and maintenance. The department is trying to keep the good roads good and fix the bad roads.

Mr. Nicponski asked about the striping paint. Mr. Hill said it includes everything, such as speed limits, crosswalks, etc. He has three employees in that job position. During the summer, they are striping all summer long. In the winter, they spend time repairing and replacing the

signs.

There is about \$350,000 set aside for sealers and \$75,000 for salt in the Class C fund. There are some street improvement projects, including 5900 South, west of State Street. The City will provide matching funds to the State, because that came from the STIP. It is a percentage of about \$5 million. The money comes in over several years; as it comes in the City provides the matching funds, and can do a portion of the work. Last year the environmental work was done. This year, there will be some preliminary design and start the project in 2015.

Mr. Stam asked if the City ran out of road salt this last year. Mr. Hill said they didn't run out, but spent \$70,000 on salt.

There was a problem with overtime, and that has been adjusted for this year.

There is some road realignment work being done at 5600 South and 9th East. Mr. Hill said that came from a request by Mr. Shaver.

The big project next year will be the Winchester Street overlay from State Street to 9th East. That will affect a lot of traffic and businesses. It is just an overlay, so it should be fairly quick, and traffic could keep flowing. That will probably be done in September.

Another project that is in the CIP budget is 5900 South from State to 725 East. The design will be done this year, and the project will start in the spring of next year.

There is some sidewalk replacement money set aside in the CIP also.

Shop and Garage

Mr. Hill said there wasn't any changes to the maintenance account.

Engineering

In the engineering account, there was an increase to hire the new engineer.

Last year, there was \$70,000 budgeted from the engineering department to pay for the canal repair north of Winchester Street. Mr. Hill is expecting to be approached by the canal company to help fix the problem south of Winchester Street. There haven't been any commitments made, or any money set aside; however he wanted to make the Council aware of that possibility.

Mr. Stam asked how many shares the City has. Mr. Hill said he believes it is around ten.

Mr. Brass thinks it may be an occasion where they cannot not do anything, it may have to come from reserves, as a one-time expenditure. Mr. Nicponski said he agrees with that, and that would warrant a use of reserves.

Mr. Stam asked if it should be put on a contingency list. It was decided it was premature without knowing the amount needed.

Mr. Hill has received phone calls from the canal company and believes those

discussions will be happening soon.

Parks & Recreation

Mr. Shaver asked about the extended hours of the Park Center and if that was going to happen. Mr. Hill stated that the Mayor had proposed to stay open later on Friday nights in the summer months. In July, the hours will be extended from 6:00 pm to 10:00 pm year round. Those numbers are included in the budget.

There have been some line item adjustments made in order to increase the overtime budget that had been previously reduced. It has been difficult for the Park staff to work on weekends and after hours. They receive a lot of call outs to help on the weekends and evenings. It is recommended that the overtime budget be increased in Parks & Recreation this year.

Mr. Shaver asked about the last sentence in the explanation stating the majority of impact to the lower paid maintenance level. Mr. Hill said it is mostly the job positions of maintenance worker I and II that would receive the overtime.

The light poles at Germania Park at both of the parking lots have rotted out. The design of the poles allowed water to get inside the poles and rot them out. Mr. Sorenson met with the Power Department and a different pole was recommended. They could be repaired, but with no guarantee on future rotting. The recommendation was to replace all of the light fixtures and poles in the parking lots at a cost of \$25,000. Mr. Brass asked what type of pole was recommended. Mr. Sorenson said there is a local company that the Power Department works with that is putting together some poles made from a new and improved metal. Mr. Hill stated that the Power Department could give specifics.

Mr. Sorenson said that one of the poles was blown over in a snow storm. Mr. Zollinger stated that this pole project would be funded from the reserves.

Park Center

Mr. Shaver previously mentioned the temporary employee line item at the Park Center that has been increased by \$7,000, which will allow the Center to be open later on Friday nights. There have been other line item adjustments made by administration.

Mr. Shaver asked how the roof was holding up on the Park Center after the repairs last year. Mr. Plant replied that there is still some minor leaking near the skylights but it is better than before.

Mr. Hill stated that there have been some line item increases mostly related to the programs that are offered. For example, the costs for officials, equipment, trophies, t-shirts, and other items have increased resulting in an upwards adjustment. Mr. Plant adjusts the fees to help offset those costs also. Mr. Hill said there had been an increase in credit card use and fees across the City also. Mr. Nicponski noted that the line for awards had a substantial increase. Mr. Hill reminded him that those were offset by the fees.

There have been some increases to the arts budget to cover Fun Days. Stage rental, portable bathrooms, etc. have had some increased costs. The royalty for some of the summer performances have increased, but Mary Ann Kirk was able to adjust the budget to make those possible. The City did receive a CLG Historic Preservation Grant that provided matching funds. Ms. Kirk also writes and receives grants from the County ZAP programs. Mr. Nicponski asked about arts contract fees. Ms. Kirk replied that those are for the performers, lunch concerts, children's matinees, and the staff to produce the musicals. There is a touring company that is coming to Murray also.

There were no changes for the budget for the outdoor swimming pool.

Heritage Center

The only changes for the Heritage Center are some line items being adjusted to allow for the bus driver to receive a little more compensation. Mr. Shaver asked how many temporary employees there were at the Heritage Center. Ms. Gregory answered seven. There are two in the cooking department, one dishwasher that comes twice a week, and an assistant. There were some increased program fees to allow for additional trips. There are fees charged to offset those expenses. Ms. Gregory said that a trip to Cedar City to see the Shakespeare festival had been added next year.

Cemetery

The cemetery remains a status quo budget. Mr. Stam asked about the process of removing some roads in the cemetery. Mr. Hill said that is in the CIP, but hadn't been funded. It is an investment up front but would repay itself over time, with the 150 new graves. Mr. Hill said the cemetery is sold out, with the exception of a new niche that is being installed. Mr. Shaver asked about a mausoleum. Mr. Hill said there hadn't really been much restructuring done. Mr. Shaver admitted it isn't a popular idea here in Utah, but is in some of the larger cities for housing urns, as opposed to a whole body. Eventually the cemetery may become a total expense to the City without any revenue coming from that plot of land. This would not take up much room but would allow for some additional revenue. Mr. Brass said the Council should look at land acquisition to expand the cemetery. Murray residents love their City and enjoy their roots here, but are not able to be buried here. The citizens might support the expansion of the cemetery. Mr. Nicponski said he likes that idea, and believes it would basically pay for itself.

Mr. Hill said the existing cemetery is about 30 acres. Mr. Brass said the old Wagon Master property is right across the street and has been vacant for a long time. He believes the price may be a little high, but it should be looked into as an option. Mr. Hill said the Mayor felt like it would be very difficult for the City to buy land and have it pay for itself. The City has 100 years of experience in that cemetery and has never made a profit. The City would not make a profit in the land business for the cemetery; it would increase the subsidy. Mr. Nicponski said it is odd that a city cannot make a profit, but a private industry could. Mr. Hill replied that the political will is that a City cannot charge enough to compete with a private sector. That is the reason the Mayor hadn't purchased more land because it would cost the City money that would not be recovered. Mr. Hill said that when cemetery fees are compared between other cities

versus private cemeteries, the private cemeteries always charge twice as much. History has not allowed cities to do that.

Mr. Brass said a part of him thinks that some of the more prominent citizens haven't thought ahead to purchase a plot, and when they find out that they can't purchase one, attitudes might change. The City subsidizes a lot of things and should look into what the subsidy is on the cemetery. Mr. Hales commented that he has talked to residents that strongly desire to be buried in Murray. Mr. Hill agreed that many residents call the cemetery and wish that the City had more burial plots. He said he has had private cemeteries tell him that they have looked into purchasing that same land for a private cemetery, believing there is a great demand. Mr. Shaver asked about the possibility of trading a piece of property for the property near the cemetery. Mr. Brass commented that it should be looked into at a future date.

Water

This year, the budget has increased almost \$2 million for the water fund. The City is spending more than the revenue it brings in. There is a healthy reserve of around \$6 million. These are planned drawdowns of reserve funds. The big project is 5900 South from State Street to 725 East. When the legislature allocated money to do the road, the need to do the water line project in that road escalated.

There is nearly \$4 million worth of projects that will be done next year in the Water Fund. Some of those projects include: 5900 South, creation of a new well for McGee Springs, and several pump houses, roofs and windows repaired. There is a \$600,000 budget for local streets. For example, there is a water line project on Kenwood St. before it is paved.

There is about \$85,000 in equipment repair, which includes replacement of a surface truck, and purchasing a planer for the asphalt.

Some operating costs have increased for the Water Fund, mainly utility costs for those wells outside the city boundaries.

These projects will be paid for out of the reserve fund. Service allocations have been implemented and the cost has been incorporated into several of the enterprise funds. The Water Fund will decrease by the service allocations; other funds, such as Solid Waste would see an increase.

Mr. Stam said he receives calls from residents asking to eliminate fluoride from the water. Mr. Hill said he receives those calls also. It would save the City money if they didn't have to pay for the fluoride and also a half time employee to oversee the fluoride. Fluoride also is hard on the fixtures; the light bulbs have to be constantly changed because of the fluoride. Mr. Hill said Murray is compliant with the Salt Lake County Health requirement. Mr. Stam said some cities voted against it and it would be a legal issue. Murray could look into declaring itself independent from the County guidelines. The citizens haven't been surveyed for 10 years about the attitude of fluoridated water. The Murray citizens voted in favor of it by about 60%. He believes the majority still wants it. Mr. Stam recommended that the citizens get a set of signatures and put it on the ballot.

Waste Water

The budget decreased due to the completion of most of the bond proceed projects that the City received two years ago. Mr. Astill has some contracts out for some sewer line projects that were just started. It is likely that they would not be completed by the end of the fiscal year, and money would need to be transferred to the next year. They are not burning through reserves at this point in time. Mr. Astill said there were some things discussed at the Water Environment Association of Utah (WEAU) meeting that concern him, regarding the mindset of the state with nutrient removal. The State has decided to keep the Environmental Protection Agency (EPA) at bay and set new numeric limits for everything. They have suggested dealing with the non-point sources, which are acts, land, and irrigation. It would also pull in storm water into this as well. They have suggested raising bonds to deal with those issues via waste water raises.

Mr. Shaver commented about a waste water forum at the ULCT (Utah League of Cities and Towns) conference and stated that they want all the nutrients removed and the water should be clear and blue. Mr. Brass said it is a touchy subject. Mr. Astill said they are suggesting a \$3 fee per connection, homes and businesses would be the same. That is a 30-40% increase on everybody's fee. Mr. Hill said he asked Ms. Wells to bring it up with ULCT personnel. Mr. Hill said they are trying to blame it on the sewer plants. The state can charge the fee but the local entities are the ones that will take the heat when collecting it. Mr. Brass commented that Mr. Astill eluded to the fact that the fee will have zero impact on their views in our valley. Mr. Astill said that our fees need to be looked at. Mr. Shaver said that the knowledge needs to be passed on to the residents that this fee is coming from the state. Mr. Brass said that even in his discussions with Central Valley there is pushback.

Mr. Stam believes the CIP funds need to be evaluated. The policy behind the reserves hasn't been reviewed for many years. Mr. Hill said he would be happy to participate in that. Mr. Hill said the reserves in the waste water fund are remaining pretty flat. Mr. Zollinger stated that capital projects are being funded with reserves. He believes the reserves are around \$2.1 million.

Golf Course

The big change in the golf course is the outsourcing of the operations of the café at the golf course. The budget decreased because employees are not being paid, and food is not being purchased, but the revenue will decrease also by an amount a little less than the expenses. Some years the café nearly broke even, but most years the café lost money. The private business will pay the City a percentage of the gross sales. Theoretically, this should result in a profit, possibly \$10,000 to \$15,000. Mr. Stam asked if the contracted business would make enough money to justify returning next year. Mr. Hill said it is still early so it is hard to tell. Mr. Astill stated that based on the other numbers, it would be expected. This same company has operated the café at Mick Riley golf course, and made a profit of about \$80,000 there. It is possible to have \$150,000 in sales at Murray. Mr. Hill said there is also the same issue with the café in Murray Park. There is a lot of turnover in café operators. Mr. Stam asked if the Murray Park café was up and running. Mr. Astill said it would be open Memorial weekend.

The golf course is projecting the ability to put about \$65,000 into reserves. So far this year, the numbers are lower than last year, but the revenues have been projected low. If it is a good year, more than \$65,000 would be put into reserves to go toward Capital projects.

The most notable thing about the golf course in Murray is that it is one of possibly five courses in the state that make a profit every year. Most governmental entities are subsidizing their golf courses.

Solid Waste Fund

Mr. Hill stated that a truck is being purchased out of this fund. With that exception, it is a status quo budget. Ace disposal received a COLA (cost of living adjustment), which will result in an increase in costs. The State and City landfill fees have increased also. It was hopeful that a new employee could be added, but the money wasn't there, stated Mr. Hill. Mr. Hill said the increase by TransJordan for the landfill was \$1 per ton. Mr. Nicponski asked what that amounted to. Mr. Hill replied it would equal about a \$15,000 increase.

Mr. Stam noted that there was no increase or decrease to the reserve fund. Mr. Hill said the challenge is that an increase happened last August and another increase will go into effect this August. There are also two minor increases scheduled the next couple of years.

Mr. Shaver asked about the difference between solid waste that is going to the landfill and solid waste that is going to recycling. Mr. Hill said generally Ace provides a cost to pick it up and take it to either location. There is not a profit sharing program with Ace. For example, Ace takes the green recycling cans to Rocky Mountain recycling and gets paid from them, but the City doesn't get a percentage. Ace does return some of the money when they bid as part of their fees. There is different strategies from companies when structuring the bid. Mr. Hill believes it is probably best to get the lowest price possible and let the waste haulers deal with the recycling market. Those prices go up and down, so this way the City is not in a gambling position as to determine the market for plastic, etc.

Wasatch Front Waste and Recycling District (WFWRD)

Mr. Hill and Mr. Brass are meeting with the WFWRD next week and plan to propose to them that a survey be distributed to the residents that live east of 9th East asking the residents what they want, whether they would like to stay with WFWRD or to be part of the service with Murray. The survey would include comparisons and costs between the two entities, so the residents can make an educated decision. Mr. Shaver asked if this came about due to the separate billing issue that recently occurred. Mr. Hill said there are some people upset that would like Murray to provide their services. The discussion with the Board would be to determine if the WFWRD would allow Murray citizens to de-annex if the majority decided that on the survey. Mr. Shaver asked about the existing cans that the citizens have. Mr. Hill said that the cost of new cans needs to be evaluated, as well as a possible new provider. Mr. Stam asked if the survey could pose the question asking if the residents were willing to pay a one-time fee for a new can.

Mr. Brass said that WFWRD periodically offers the roll out dumpsters, and is looking into

establishing a green waste program. Depending on how these programs work out, it may be financially beneficial to allow those residents to go to service with Murray. He asked how their trucks would be routed through the area if they don't have customers there. The citizens may like some of those services that Murray doesn't provide, but Murray's rates are lower and will remain lower. WFWRD will have to have a rate increase in the near future.

Storm Water Fund

This year it is proposed to spend \$1 million more than last year, as a result of the bonded projects. This year would be the first year of spending bond proceeds. The main project is the 5900 South and State Street to 725 East. That road will have water and storm drain lines, as well as, the road being constructed. The Cherry Street area has had some flooding problems that need to be resolved. There is work that needs to be done at 665 West and Capri, and also Anderson Avenue. Mr. Brass said this is good information to know for when the citizens call. Mr. Hill reminded everyone that there is a rate increase on July 1st that they may receive calls on. The impact fee for storm water increased on January 1st and the developers are now starting to figure it out and complain about it. Mr. Brass said that everything that can be mitigated hopefully lowers the impact.

Central Garage Fund

The biggest change is the manner that Central Garage is allocated. The fixed costs, including salaries and associated overhead costs, would be allocated to the departments. Those departments would transfer funds to the Central Garage to pay for the fixed costs. The maintenance costs, including repairs and parts, would have a line item in the budget.

The budget remains mostly the same, down a little bit; only the way the money is collected is changing.

CIP Public Works

There is \$182,000 budgeted for general asphalt. This allows the Street Department to solve problems that arise as the funds are available.

There is money for sidewalk and ramp replacements.

There is \$10,000 for radar speed signs. Mr. Nicponski would like to increase that amount, and asked to have it placed on contingency. Mr. Hill stated that each radar speed sign costs about \$2,500. The City would install them.

Roof repairs need to be done at Public Services.

There is money available for the Cimarron subdivision overlay project.

Engineering is planning on buying a large format plotter/scanner to be shared with GIS.

Mr. Nicponski had requested a trail beacon on the Jordan River and Bullion Street to notify drivers of pedestrians crossing. That was determined to be a good project, and that would be funded and installed. Mr. Stam asked how that was activated. Mr. Hill said it is similar to the

crosswalk by IMC, by pushing a button. Mr. Stam asked about a motion activated trigger for the joggers there. Mr. Hill said that it could be looked into. Mr. Hill said the joggers probably have to stop anyway because it won't change simultaneously.

Mr. Nicponski asked to put the Taylorsville pedestrian crossing on contingency. Mr. Hill stated that Taylorsville requested \$75,000. Mr. Nicponski suggested possibly paying a lower amount.

CIP Parks and Recreation

The roof needs to be replaced at the outdoor amphitheater in Murray Park, as well as, carpet in areas of the Park office building and the Park Center. The Heritage Center has a couple pillars that need to be repaired.

The cemetery needs some fire and waterproof cabinets. The Heritage Center would receive some exercise equipment, and a new oven and steamer. The Murray Park Office building needs a new roof. The competitive pool at the Park Center would be re-plastered. Park maintenance would receive two new pick-up trucks.

There is \$200,000 set aside for new crossing arms for the Fireclay development to comply with UTA and UDOT requirements. There is \$1.2 million set aside for 5900 South. The asphalt grinder needs to be budgeted for.

The meeting was adjourned for a lunch break.

Library- Kim Fong

The Library is trying to do a couple of things to improve their services; one would be to add a full-time library aide. This would give some stability and better scheduling. The money to cover that would be taken from the seasonal budget. The seasonal employees are really part time employees that have been working for the library for a very long time. Many of the very good seasonal employees have recently left for full time benefitted positions elsewhere. Ms. Fong would like to have this position be a full-time position. The library is also planning on adding a couple of positions that would be intended for current employees promoted within.

The other major change is in the materials budget. The materials budget is the budget most often pillaged and results in fewer allowable purchases. There is a significant difference in the money allotted to purchase books, dvd's, etc.

The Library board has approved a \$10 collection fee. In the past, the policy stated that customers may be referred to collections for non-payment. The policy will change to state that customers in arrears on their payments will be referred to collections and will be charged an additional \$10 fee. The reason for this is the new collection company charges the library \$8.95 per account that they take for collection purposes. Mr. Hales asked if this was charged whether they collect anything or not. Ms. Fong said yes and it is a flat rate and this collection company only works with libraries. The emphasis is to get the materials back, and keep the customers as patrons using a softer approach. There is a new line item of \$7,500 for that in the budget, based on the estimate from the collections company.

Mr. Shaver asked about the number of late fees for patrons, if it is decreasing or increasing. Ms. Fong said it is hard to tell looking at the statistics. The library has a very high loss rate. The national rate for loss is about 1%, and the Murray library has about a 3.5%. The goal is to get that under control. Hopefully, with an increased vigilance, the message will get across to the customers. Utah Code classifies this loss as library theft, and is considered pretty serious.

Mr. Shaver asked about the e-books. Ms. Fong said there has been an increase in the use of e-books and there are no fines for those. Still, e-books only account for about 2% of the circulation. That number should increase over the years.

The Library Board has also approved a program associated with the summer reading club. The library is hosting a "read down your fines" program. This is mainly geared towards teens and adults. At the end of the summer reading club, patrons have a choice of receiving a book as a prize for completion or a \$5 fine waiver. This has been tried before with "foods for fines" and has shown to be a substantial increase and effective way to collect fines. When a customer is given the \$5 incentive, they will often just pay the whole fine.

The Library used money from the reserves to pay off the debt to the General Fund. The reserves are a little on the low side, but it was a good thing to do, considering the 10% interest on that loan. There is a lot more money available for operational costs.

Mr. Stam asked about the increased budget for equipment maintenance. Ms. Fong said there is a plan to replace computers, especially the ones that the public uses. That has often been pushed aside and many of the computers are well past their warranty. That increase will allow for the purchase of new computers. Some of the current computers are nearly 10 years old. Mr. Stam asked if the Library purchases those through the City and the IT Department.

Mr. Shaver commented that he loves the computer teen section. Ms. Fong stated that the students make a mad dash from school to get to a computer, and it does bring them into the library. Mr. Shaver complimented her on the quality of the Library staff.

Court- Mike Williams

Mr. Williams said the court is currently at 80% of the budget, with 92% of the year passed. There were some remodeling disasters that turned into major repairs. Three security cameras went out about three weeks ago, and those cost \$3,000. He feels happy that the Court is at that point in the budget.

The Court is down one employee, but that has been consistent for about a year now. Things slowed down with the economy and fewer citations, tasks have been realigned and seem to be working okay.

The prisoner transport has increased, due to a 20% jump to go with the jail. Currently the budget is at \$70,000 and actual is at \$73,000. Mr. Williams said he can make some adjustments on what prisoners really need to come to court but that fluctuates. Some people could possibly appear using Skype, and not have to come in to the Court. There are a lot of arraignments using

Skype now.

The jail was not able to do out-of-county transports, without a three day notice, which is impossible. Sylvan will still be used for out of county transports, and that cost increased also. In talking with Lieutenant Kirk, she agreed to do the abutting county transports for \$75 instead of \$145-\$160. That cost was transferred to the defendants anyway, but always takes some time to actually collect. Court costs get paid before the fines, and get shared with the State. It did take some rearranging so all the transport vans don't show up at the same time.

Beginning on July 1st of last year, there were state orders to get the recording system in the court; even though they are not a court of record. That was paid for at the time, but the Court still needs a server; because it didn't work out to share the server with the Council Chambers. It probably is at the very maximum right now. The Netgear server is \$4,500 and the Court needs that now. Mr. Brass said that item would be added to the contingency list.

There is another issue with the print machine. The Court has not had a service contract for over a year now. Updates have been done with Cogent, but may have been warranty work. He believes the price for the annual maintenance contract with Cogent was \$3,730. Mr. Shaver suggested looking at other contracts with the Police Department to see if the Court could be added to an existing contract. Cogent has stated that they would cover the costs until this contract went into effect on July 1st.

IT came to the Court and reassessed the printers. With the exception of one printer, the other equipment is over eight years old. The equipment needs more and more maintenance. That was part of the CIP request. The server is the most pressing need, then the maintenance contract but the equipment is wearing out.

There was a Senate Bill 111, that everybody missed, that takes effect on July 1st. This bill requires all the courts to e-file. Mr. Williams is unsure of the cost to the Court, but knows there will be costs for the Police Department also. The Police Department is addressing it right now. The Court doesn't get misdemeanor crimes e-filed, only traffic citations, and not from the motor officers. According to this code, it says everything must be e-filed by July 1st or the court is in non-compliance. He looked at the code with the Attorneys, and there is nothing about what happens if the court is in non-compliance. Right now the Civil and District Court e-files in the State system. Murray just e-files traffic citations, and that is only citations from Murray City and UHP (Utah Highway Patrol). There are still DUI's, domestic violence, poaching and the other agencies that do not e-file. After reading the bill, there doesn't appear to be a penalty if it isn't done by July 1st. Ms. Wells said she would speak to the League about this issue. Other courts weren't aware of this new bill either.

The case numbers now have a barcode attached to them, so a bar code scanner would also be beneficial.

Other than those two items; the server, and the maintenance contract, the budget remains pretty flat.

Mayor's Office- Jan Wells

The budget is very status quo for the Mayor's office. The budget dropped a little in special projects. Mr. Zollinger made the minor adjustment to add to another line. The Mayor just has about seven remaining months, this budget will only be in effect until the end of the year. The new administration may have additional needs and requests. The existing office furniture is old, and possibly the new administration may want to make some changes.

Mr. Zollinger said that the Legislative position is still budgeted for, even though Zach Fountain resigned. This is to help cover compensated absences, vacation pay-outs, etc. so the next Mayor has some budget remaining. There is still money in the budget for employee appreciation day, and some other things. Ms. Wells said some kind of planned celebration will take place for the Mayor's retirement.

Finance Department- Justin Zollinger

The wages and benefits line has decreased due to the turnover in his department. There was a death in his department, and that position was filled with a person promoted within the department. The rule applied to the promotion, that if a person was promoted within, there could only be an increase of 10% in wages.

There is also a new AP (Accounts payable) clerk that has opted out of the insurance that is about a \$13,000 annual savings.

In addition, the audit services were bid out this year, resulting in a savings of \$14,000. The interested parties responded well to the RFP (request for proposals) and understood that it is a 3 year agreement with the City's option to renew.

The non-departmental budget had originally been \$2 million; currently the budget is \$364,000 for Murray fiber transition costs. That budget would continue to go down, except for that one item. That cost is being paid for out of reserves.

The miscellaneous services budget has also gone down because the \$200,000 payment to the School District is done.

Ms. Wells stated that the non-departmental budget allowance of \$364,000 would go to a utility model. It would go to UTOPIA; and is the remainder of the operations shortfall for the next year to finish up and create a utility model.

The Christmas bonus had also been paid for out of non-departmental. Those funds have been separated so they are paid for by each Enterprise Fund.

There was a resolution passed to help with the Homeless Shelter. This came from a request by the Salt Lake Council of Governments. That is non-departmental also. Mr. Brass asked if it could be looked at as part of the 20% increment for low income housing out of RDA. Ms. Wells said Mr. Tingey thought the challenges of paperwork may not be worth it. Mr. Brass suggested funding it this year, then looking at moving it next year. Mr. Stam suggested putting it on the contingency list. That would give some time to find out if it is an ongoing expense.

Mr. Nicponski asked if the Boys & Girls Club budget was in addition to the CDBG funds. The answer was yes. Mr. Brass asked to put Murray fiber on contingency.

MCEA- Jackie Sadler and Darren Wiseman

Ms. Sadler brought the newsletter from the Mayor to discuss some of his statements about pay increases and options. There are some good starts here to handle some of the problems that have arisen from not having pay increases from the last few years. Ms. Sadler questioned the 5% increase on the health insurance. Mr. Zollinger said that there is a small increase for insurance for employees. Both the employee and the City's portion will increase, but remain at 15% that the employee pays.

She asked about COLA (Cost of living adjustments) or merit increases coming back this year. The Mayor had proposed \$1,000 raise for full-time employees across the board. She asked if the employees that would receive the compression adjustment also receive the \$1,000 raise. The answer was that it was one or the other, whichever is greater.

Mr. Nicponski said the \$1,000 raise isn't fully set yet. He would like to see a more substantial increase. He asked about how many employees would be affected by the compression issue. It appeared to be the employees that started three to four years ago and haven't received raises. Apparently, there are some employees that started before that and are still on the same compression level.

Mr. Wiseman passed out some charts. This was informational to demonstrate some of the budget challenges. He had three areas to discuss, constructively:

1. There were variances in the Wasatch Comp Study. Mr. Wiseman compared grade 19 in the Fire Department, which also translates equally for many employees throughout the City. The survey actual average compared to Murray's actual average shows that Murray is .20 higher than surrounding departments. There are a couple of inaccuracies. Those numbers aren't weighted by the number of employees in the department. When comparing departments, it should be more representative of departments within the valley and not outside smaller departments. Also, when the data was pulled, they only compared Paramedic I, and not Paramedic II and III also. That is a significant difference in the amount. That average wage of \$23.37 for a firefighter in Salt Lake Valley is about \$5 to \$7 off. Mr. Shaver clarified that was due to only taking the entry level of paramedics. He asked if those position classifications are consistent throughout the cities. Mr. Wiseman said there are differences and he kept those in mind as he tried to list the specific job duties for comparison.
2. Mr. Wiseman has been with Murray for 11 years, and makes \$25.68 per hour. There are employees that have been at Murray, in the same grade, longer than him, and are making less than Mr. Wiseman. One of the employees listed trained Mr. Wiseman and currently makes less. Mr. Shaver asked if the differential is due to the hire date. Mr. Terry said it could be from higher marks on evaluations which led to

merit increases. Mr. Wiseman said that at least one of the employees shown has had stellar evaluations and is number one on the Captain's list. In 2008, the salaries were compared, with evaluations considered, and it seemed to come down to timing.

3. Salt Lake City Fire Department is a highly paid department. Mr. Wiseman compared four Murray employees with four Salt Lake employees with the same amount of time, and the difference between pay is substantial. A Salt Lake City fireman would reach the maximum pay in eight years. Murray has some employees that have worked between ten to twelve years and have not reached mid-point. It is a slow progression for Murray employees. He is not sharing this information with Murray firefighters to not hurt morale.

Mr. Brass said the Council recognizes the issues and would like wages and benefits added to the contingency list. He stated that it has been difficult and the City is just now working out of the hole it has been in. He said the problem is if there is another glitch in the economy, there would be nowhere to cut. The City has worked really hard to retain people and/or benefits. Mr. Nicponski said to put it on the contingency list and try and solve this compression issue.

Mr. Zollinger asked Mr. Wiseman if some of the employees that he compared were getting the compression adjustment. Mr. Wiseman said that they are not, he did look into that. Those employees don't fall into the bottom quarter. They are not to midpoint yet, but are above the 90% level.

Mr. Shaver said one of the issues is that the majority of funds come from one source, which could be volatile. If Murray's tax rate is compared to Salt Lake City's tax rate, there is a huge difference. It isn't just a matter of agreeing to the raise, if the City draws from reserves to pay for increases, it is a onetime thing, and then the reserves are no longer there.

Mr. Wiseman said he is a Murray resident and is vested in the City also. Mr. Brass said the employees are the greatest asset and the Council is seriously looking at employee compensation. Mr. Shaver stated that every Council Member is on board to take care of the employees.

Mr. Zollinger said for the record that Murray's tax rate is .001817 and Salt Lake is .003574, almost double.

Mr. Hales said it is tough because the percentage for the increase has a different value when salaries are higher. He believes the best investment is in the employee base.

Mr. Brass said that it will take longer than one year to fix everything, but they are committed to working towards it. Ms. Sadler thanked the Council for listening to them.

Mr. Zollinger said it is tricky to compare because Salt Lake City employees are members

of a union.

Mike Terry- Human Resources

Mr. Terry said he doesn't disagree with Mr. Wiseman's statements, but Mr. Wiseman is looking at actual salaries, and not ranges. Murray has always compared ranges and compared midpoints against other midpoints. This survey is done every year to ensure that grades and titles are correct compared to the market, but since 2008 nothing has been done with the survey because market adjustments weren't made. He doesn't believe the City is as far out as others, but some areas need adjustments.

Mr. Brass said they are aware that the City is losing employees, particularly in the Police Department, and there are costs to that. Several years back, the City was losing journeyman, and those salaries had to be increased. There have been a lot of suggestions made, and he appreciates that.

Mr. Shaver asked if other cities had made market adjustments. Mr. Terry said that all the cities survey each other, and it is similar to an arms race. Ms. Wells said she meets with the City Managers regularly and everyone has had a different philosophy, and everyone had a different way to make it through the last four years. Some cities have stuck with only merit increases. Murray has gone away from that. The challenge is dealing with where the City is now with limited resources. Mr. Brass said the City needs to make as many people healthier as possible and then come up with a plan for moving forward. Ms. Wells said a lot of effort went into the Mayor's proposal.

Mr. Stam stated that when comparing employees, one City could have an employee close to red lining, and another city could hire him at the same experience, at a higher grade. Are there several people that could get a grade increase, which would give more room for growth, he asked. He suggested that it may improve morale knowing that there is more room for growth. Mr. Terry said the rule is that if a grade is found to be inaccurate, then all the employees in that grade would be moved up a grade. The difference between the grades is 5%, but all those employees would receive a 2.5% increase. That is called a market adjustment. That would only affect those in that specific job title. Mr. Stam said it would be nice to know which grades should be looked at. Mr. Terry agreed, but said it only benefits a handful of people.

The remainder of the budget is fairly flat. The only thing that increased was the cell phone budget due to the new cell phone policy. The training budget decreased to \$4,000. There is some City wide training planned that isn't expected to cost that much. The Police and Fire testing remains the same. It would be preferable to do the testing every two years, but the list gets exhausted, and it is usually more like every year. Testing for employees becomes very costly, but \$10,000 should be adequate.

Mr. Hales asked about the evaluations. Is the Mayor's proposal consistent across the board, not determined by the score received on evaluations, he asked. He had an issue with giving the same amount to people with less than adequate evaluations. That issue was also determined to be part of the contingency discussion.

Blaine Haacke- Power Department

Mr. Nicponski commented that it was so nice to have a Power Department. He said that Salt Lake City is a different animal with the Airport and Water; it may be hard to compete with that.

Mr. Haacke has asked Charles Crutcher, Bruce Turner and Greg Bellon to attend today also. Those individuals have helped formulate the budget, along with Mr. Zollinger.

The budget is very similar to last year. A conservative approach has been taken concerning revenue. There will be increases in metered sales, due to growth in the community.

The budget is \$37.3 million, of which \$19.2 million is allocated to purchase the power to pass along to the residents. That is UAMPS, and natural gas contracted services. Natural gas prices are expected to be within the \$4.00 - \$4.25 range, and the generation costs are based off of those estimates, even though natural gas may not be generated, due to the turbines. That is what runs the market on the wholesale market in the United States. Purchases from other places are expected to be about 4 cents a kilowatt hour. Wholesale sales are not expected to increase much over the next couple of years. Things can change; for example, if fracking is determined to be environmentally unsound, then the market would change.

Mr. Brass commented that he saw something about exporting natural gas. Mr. Haacke said that they are trying to get the pipeline from Canada which would bring more natural gas into the market, which would be great. Liquefied natural gas (LNG) is a big issue. It is shipped to Hong Kong and changed from liquid back to gas.

The budget is about \$1 million more than last year due to the principal of the bond. Mr. Zollinger stated that the Power Department is continuing to try and pay off some bonds, the \$1 million would go toward that. The Department is trying to knock down some of the high interest rate bonds, which are at 5%. The bonds are callable, which means they can be paid off early. That would amount in a savings of \$137,000 a year in interest. Mr. Shaver commented that the money that would have been paid for the bond can now be split; or be aggressive and put it back into reserves, but at a better interest rate. Mr. Stam said it is interesting because the money isn't shown as going back into reserves at this point. Mr. Zollinger said the numbers are conservative, so most likely there would be extra money going back into reserves. Mr. Haacke said they believe they will sell more and buy at a less expensive price. Mr. Haacke likes the idea

of the Power Department getting out of debt before he retires. Mr. Haacke said the key to remember is that the loans are being paid off and not just refinanced.

The Power Department took advantage of the early retirement a couple of years ago, and is still living off the laurels of that. Seven employees retired, and the Department is still running down five employees. Two arborists have been rehired, and an employee in GIS. The department now has 46 employees, instead of 52 before the retirement and peaked around 61. Through re-organization, John Christensen moved to City Hall staffing

Mr. Nicponski asked how many employees were in the arborist department. Mr. Haacke said there are seven now. The position of City Forester has never been filled. The arborist supervisors have taken on that responsibility.

The Capital budgets have increased. This is an enterprise fund, and not part of the CIP. Mr. Stam agreed that it is reviewed but is different.

There has been a request for more vehicles. Mr. Shaver asked if the whole new vehicle is requested or just different vehicle parts. Mr. Turner said that the whole vehicle is replaced. For example, the trouble truck has rusted out bins and the truck has over 100,000 miles. There is a line truck that has the boom and the auger that was done last year, and it was better to replace the whole thing. Mr. Nicponski asked about #128, the bucket truck. Mr. Turner said that it would be a total replacement, the scrap would be auctioned or possibly given to the school.

Mr. Zollinger asked if there was anything in the purchase ordinance that said anything about donations. Mr. Shaver said that a saleable property could be declared surplus, and then given away. Mr. Turner told Mr. Brass he had never thought of that but that the school called recently looking for a bucket truck.

Mr. Turner said it is a possibility to combine the brush truck and the bucket truck. It would be a wash between that and two separate vehicles but that the newer employees love the one unit truck. The rest of the vehicles are dump trucks, and the tree trimmer/chipper. Mr. Haacke said that the budget amount requested for vehicles has doubled, but if you compare the actual costs, you can tell that money hasn't been spent. Mr. Nicponski asked if the City tries to buy vehicles from Murray dealerships. Mr. Haacke said no, but this had been brought up last year. There are no Larry H. Miller dealerships on the State list. Mr. Haacke said it was requested by the Vehicle Replacement Committee that he purchase a Ford, and there are no Ford dealerships in Murray. The money went to dealerships in American Fork. Mr. Turner said that the Larry H. Miller dealerships do not know how to get on the State contract.

Mr. Crutcher talked about the first item, which was CP1. That is the cost for providing service to new customers with their requirements not known. Mr. Shaver asked if they look at the new hotels being built, etc. Mr. Crutcher said that some of the big customers are returned

back under work order revenue, which is under the revenue strata.

The replacements of existing facilities increased because it is budgeted to re-conductor the hydro line that runs up Fort Union Boulevard. A few years ago, new conduit and boxes were put in Fort Union, but not new conductor. That is around \$180,000 to \$200,000 of the \$500,000. The other projects would be smaller projects, backyard rebuilds, etc.

Transformers include the larger ones that cost over \$5,000, so \$50,000 will buy six or seven of them. Those are items that a Hotel would use, and those would be purchased and kept in the inventory.

There is a north and a south bus, and two transformers at the Riding Substation that come off the north bus, and if there was a problem with the north bus, the distribution would be lost. The Department would like to take the south bus and bring it over and feed one transformer off the north and one off the south. The bus is an aluminum bus pipe that carries 138 kb volts that is distributed to the different breakers that go to the other stations. It is a delivery system that gives more redundancy and backup in that station.

Some foundations need to be replaced in the Central Substation. If you look down the aluminum bus pipe, you can see the foundations are settling and putting strain on the bus. Those need to be straightened up to relieve the strain on the bus, so the insulators don't actually break off. There would be a section of the bus removed between two sections, kill that bus section, and take out the supports, then put the new supports in and the foundation also. Mr. Shaver asked if that was due to settling. Mr. Crutcher confirmed it was due to settling because the substation is sitting on about 25 tons of garbage. The substation is located right behind the office.

The next item is to re-conductor the URD (Underground Rule Distribution) to Winchester Estates. That is the primary cable that feeds that. All of the cable within Winchester Estates had been replaced already, but the four runs that come across Winchester need to be replaced because the conduits are damaged. The cable that was in there was a single strand in the middle, then insulation, then the neutral on the outside. It was a bare concentric neutral that had deteriorated. It is replaced with cable that has another insulated jacket over it. Mr. Nicponski asked how he was aware of the problem. Mr. Crutcher said they had experienced problems in other areas and noticed it was bad when they tried to pull it out. They pulled out all of the non-jacketed cable to check when people had reported getting shocked from their bathroom fixtures. Mr. Brass said that the neutral acts as the return and if it is corroded then that current has to go somewhere. If someone has metal piping, the current gets up into the plumbing and you stand on the drain and go to adjust the water temperature, you instantly know there is a problem. Mr. Nicponski said he was interested since Winchester Estates was in his district. Mr. Brass said it is common and happens everywhere in the state. Mr. Crutcher said that the code wants you to

ground to the water pipe, then to the ground rod. The older areas did not require ground rods when the services were put in. This will finish the four main runs into Winchester Estates; the bore is the majority of the cost.

Another capacitor bank will be installed in the Central Substation to increase the power factor. The department is hopeful that this will bring the power factor to where it needs to be. WEC is still in the process of writing the standard for power factor. Mr. Brass asked what the power factor is. Mr. Crutcher believes the power factor is around 88%. The agreement with Rocky Mountain Power requires 94% on peak. Mr. Brass said it is a factor of loss when power is delivered. Mr. Crutcher said WEC is in the process of writing a policy as to what the entities that report to an RRO are required to have.

Mr. Brass asked what the demand charges are on the Water department for the pumps that kick in. There was an increase in rates from Murray Power and Rocky Mountain Power which were attributed to demand. Could that be fixed with capacitors to level it out, he asked. Mr. Crutcher said the wells have motor starters, so the impact shouldn't be as bad as if they were coming across the line.

There is an increase for street lights in the annexed area near 13th East. These streetlights will be LED. Murray pays for all the lights in the annexed area right now. They will allow Murray to install lights, and will charge a set fee for the energy charge, but not the full blown rate for a regular street light. Murray will install the lights and connect them, and they will charge Murray a few dollars each month for the energy cost. Mr. Shaver asked why the City is doing that. Mr. Crutcher replied that 13th East is dark and needs additional lighting. The City thought this street might be a nice attempt at LED lighting. Mr. Stam asked if Mr. Hill had talked about street lights in his budget. Currently, the lights are in the General Fund, but are coming back to the Power Department. Mr. Stam thought that Mr. Hill was still paying for the street lights in the annexed area and the East side, so it would be an increase for the Public Services Department utilities bill. Mr. Brass said that Murray doesn't serve the East side, but are paying for street lighting. Mr. Shaver said that the power usage of a LED light is less. If the City was to do the same thing on 9th East, it would reduce the amount of energy used in the end. Mr. Crutcher said it would be about 15 LED street light installed, and would be a good test for LED lighting. Mr. Crutcher said sometimes LED have bright spots and are directional. Mr. Brass said they are expensive and longevity is still questionable. LED lights have less spillage of light into a house for example, this will be a great experiment stated Mr. Brass.

Mr. Haacke said the capital is about \$2.2 million, with an increase of \$400,000 over last year. The ILOT is about \$2.8 million, a little higher than last year, based on previous years audited figures. It remains at 8% of the revenue. Ms. Lopez stated that Provo was at 10%, and increasing to 11%. Price is at zero percent and is at the whim of the budget.

There is \$500,000 set aside to change out the commercial remote meter readers this year. Residential is already on remote read, and commercial is in phases. Every meter in the City should be read remotely with this additional money. Mr. Shaver asked if there were accuracy issues with those. Mr. Haacke believes it is at 99% accuracy rate.

This Thursday is the lunch with retirees, Council Members, Power Board Members, former Council Members and Mayors to celebrate the continuation of 100 years. There have been 24 employees that have retired, and about half of them are coming to the lunch.

The Power Department has helped out with the scoreboard, the fireworks, and has sponsored a portion of the float this year.

Mr. Bellon and Mr. Haacke reiterated that the Power Department is making ends meet, and still putting away an extra \$1 million for bond repayment this year.

The meeting recessed for a 15 minute break.

Police Department- Chief Fondaco

The budget submitted was exactly the same as last years. There were no increases in any line item, with the exception of possibly VECC (Valley Emergency Communications Center).

Chief Fondaco had already discussed the salary problem, and the vehicle problem. He feels beat down on the budget. He is aware that there isn't money to deal with his problems. Chief Fondaco said the compression increases will help, but is not enough to fix it. Mr. Zollinger said there is the 3%-3% increase in the budget for the new hires. Mr. Nicponski asked why this increase will not fix the problem. Chief Fondaco showed a sheet with employees highlighted in red, as not being fixed. Mr. Brass said salary has been put on contingency to be addressed later. Mr. Shaver said the Council would like to look at his sheet with his numbers also to address. He is aware of the training costs when employees leave. Chief Fondaco said he understands there isn't any money to fix things. His department has kept the budget flat, and keeps expenses in line. Mr. Brass said they recognize that the Police Department is unique with the expenses to train a new employee. This is a problem throughout the City. The goal is to take care of the employees, and the Council feels the pain. The Chief said he can't cut anything else from his budget. Mr. Brass said that is the same fear for cutting from the City's budget and he never wants to have to cut personnel.

Chief Fondaco said he is still five officers down from retirement, but knows the money isn't there to replace them. He still has three motors working in patrol. Isaac just sent the stats from the first quarter, and the response times are up by about 45 seconds. His department prides themselves with priority one response time. Priority one is a crime in progress and that response time has increased to over seven minutes. That is a direct impact from not having enough officers. The bike patrol hasn't started yet. Last year, he filled that spot with motors, and

now doesn't even have the motors.

Mr. Zollinger said that the Chief had asked for a 3%-3% increase for the Police Officer 1 position. That entry level position has stayed at the \$18.00 range and the rest of the cities around Murray were paying \$21.00. That was to help address the attrition of new officers. Mr. Shaver said that some of those valuable officers that the City wants to keep might have to be addressed separately but is aware that creates contention among the employees. The question was raised earlier that the same increases are being given, no matter what the performance is. Mr. Brass commented that not everyone will ever be happy. Mr. Stam said he would rather have the unhappy employees be the ones that are not performing.

Mr. Stam asked if the 26 new police cars helped with morale. The Chief said it certainly helped with the patrol officers. The department has received a lot of comments on them. Although, the department should replace 12 to 15 cars a year, and replaced 26 in a five year time period. The department is still way behind on fleet. The Chief cannot even look at new cars until the next budget begins in July 2014 and even then the cars wouldn't arrive until January or February of 2015. It still is not working. Chief Fondaco himself went back to a 2001 car, so he could give his car to a detective that had 120,000 miles on his car. The canine truck has over 100,000 miles on it and in two years will probably be around 130,000.

Mr. Zollinger said the Council has tried to address this with the budget savings program. There is a good savings to date in the Police Department and hopefully that will come up for use. The Chief said if you lose an officer that has four years experience and replace him with an \$18.00 per hour officer, that results in savings, but that is not a good way to acquire savings. Mr. Nicponski asked what the savings would be used for. The Chief said probably vehicles and radios. If it goes back in to the CIP program, then it becomes a CIP conversation and how it is spent. Mr. Shaver said the issue is that the department is still down officers.

There are four motorcycles in the CIP, four were traded for basically two replacements, but that had to be done before they got any older. The motorcycles don't have a lot of miles because they aren't ridden in inclement weather.

Council Office- Jan Lopez

The budget decreased in wages and benefits, by about \$58,000. The lobbyist salary change went from \$40,000 to \$30,000. That item was put on the contingency list. Mr. Nicponski said he was impressed in the meeting with the lobbyist.

Mr. Stam asked about the line item for \$25,000 for a grant writer. It is listed under consultants and service audits. Mr. Stam said it was seed money for a grant writer. The decision was made to leave it there for now.

Ms. Lopez said that the budget was increased to allow for two Council members per year to attend the National League of Cities. It is believed to be in December every year.

Mr. Stam said that he noticed the Council was highlighted in the staffing document, and that the top three Council Members are listed differently than the other two Council members.

Mr. Zollinger said that the \$125 Christmas bonus was inadvertently left off the other two Council Members salary. He would make that correction. The other variation is due to the difference between Tier I and Tier II retirement levels.

Mr. Stam mentioned that an iPad would have to be replaced at the end of the four year term anyway, so maybe it should be a gift for them to have while in service and then just retain afterwards. They would be outdated after four years anyway. Mr. Stam asked about the short time that possibly he and Jared might have in service and what would happen at the end of the term. Mr. Hales said his opinion would be to let the Council Member take the iPad with them. Ms. Lopez said that IT suggested that the Council Member could purchase it at the going rate at the end of the term. Mr. Zollinger said the decision to be made is whether this is part of the compensation for a Council Member. Mr. Brass commented that the City information can be easily deleted. Mr. Zollinger asked about the policy if it gets dropped and broken. Ms. Lopez said that if the decision is made to let the Council Member keep the iPad upon leaving, it should be changed in the Council Rules.

Mr. Shaver asked if there was an increase for the Council reflected, based on what the employees are getting. The Mayor and Council do not typically get a raise, unless it is deemed a Cost of Living Adjustment (COLA). Mr. Shaver believed the pay rate should remain the same, considering the benefits discussion. The decision was unanimous.

The Meeting was adjourned

Kellie Challburg
Office Administrator II