



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2014-2015**

The Murray City Municipal Council met as the Budget and Finance Committee on Tuesday, February 10, 2015 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jim Brass	Budget Chair
Brett Hales	Budget Vice-Chair
Blair Camp	Committee Member
Diane Turner	Committee Member
Dave Nicponski	Committee Member

Others in Attendance:

Ted Eyre	Mayor	Jan Lopez	Council Administrator
Jan Wells	Chief Administrative Officer	Janet Towers	Exec. Asst. to the Mayor
Kellie Challburg	Council Office	Frank Nakamura	Attorney
Briant Farnsworth	Attorney	Mary Bahr	Attorney's Office
Charles Crutcher	Power	Bruce Turner	Power
Blaine Haacke	Power General Manager	Greg Bellon	Power
Craig Burnett	Police Chief	Joe Tarver	Asst. Police Chief
Justin Zollinger	Finance Director	Doug Hill	Public Services Director
Gil Rodriguez	Fire Chief	Laura Lloyd	Fire
Mike Dykman	Fire		

Mr. Brass called the Budget and Finance Committee Meeting Mid-Year Review to order and welcomed those in attendance. He commented that they were on a tight schedule with another group needing the conference room. He added that the Council and Mayor were present, and welcomed Mr. Zollinger, the Finance Director.

Finance- Justin Zollinger

Mr. Zollinger noted that he appreciated the opportunity to share with the Council and Mayor the progress and status of the City finances thus far this year.

Mr. Zollinger read a letter from a citizen that was addressed to the Mayor. The resident, Ginger Shaw, a teacher at Grant Elementary thanked the Council for keeping the values of Murray. She referred to the recent article stating that the City had saved money and already

purchased property for the New City Hall and appreciated the fact that the City lived within its means. He said it was always nice to hear positive comments from the residents and appreciated the letter.

Mr. Zollinger noted that a budget opening was coming up that he wanted to discuss and was happy to answer any questions during the meeting.

The financial statements show the reserves are highest during this period because the property tax money has been received. The General Fund is in a perfect position for mid-year.

The Library has received most of their money for the year, showing almost \$1 million in cash reserves and equivalents.

Capital Projects is down nearly \$3 million, which was expected due to the 5900 South, 1300 East and Vine Street projects which account for nearly \$2.5 million. He noted that work was done with mostly State money that the City had received.

RDA (Redevelopment Agency) is doing great and the Fireclay RDA area is now open, he noted.

The cemetery had a prior budget of CIP funds of \$300,000 for a new sprinkler system, which badly needs replacement. The estimates to repair the sprinkler system came in around \$700,000. The Cemetery Perpetual Care Fund has \$1.4 million available. Mr. Zollinger had hoped to grow this fund to \$2 million and allow the interest earned to take care of the cemetery long term. He believes it is more important at this time to get the sprinklers repaired than grow the fund. He would like to discuss moving \$400,000 from the Perpetual Care Fund to help get the sprinkler project done. Mr. Zollinger noted that the \$400,000 from the Perpetual Care Fund, plus the \$300,000 from the CIP fund would be enough to complete the sprinkler repair project. He said that if the Council agrees, the money would be transferred from the cemetery to the Capital Projects Fund in the next budget opening to complete the project. Ms. Turner noted that the Perpetual Care Fund would still have over \$1 million. Mr. Zollinger replied that was correct. Ms. Lopez asked how much was contributed to the Perpetual Care Fund every year from the General Fund. Mr. Zollinger replied that \$34,000 is contributed annually. He said that with an interest earning of approximately \$8,000 annually, the fund would automatically increase by about \$40,000 per year.

Mayor Eyre asked about the expense of removing some roads in the cemetery to allow for additional plots. Mr. Zollinger said that wasn't included in the estimate and would more than likely be next year. Mr. Zollinger explained that it has been proposed to remove two rarely used roads in the cemetery to create space for additional plots. The money from the sale of the cemetery plots would hopefully pay for the road removal and cleanup. Mr. Hales asked how many more plots would be available. Mayor Eyre replied around 140. Mr. Nicponski commented that it would most likely be a lottery for plot purchases. Mayor Eyre added that there would also be a large crypt for cremated remains. Mayor Eyre noted that it should be taken into consideration that the roads would no longer be there when installing the new sprinkler system. Mr. Nicponski asked how much it would cost to remove the roads. Mr. Zollinger said he would need to consult with Doug Hill on the pricing. Ms. Lopez commented that it would make sense to do it all at the same time if it was affordable. Mr. Zollinger noted that if the public is informed that

there are plots available, he expects them to sell out very quickly. He said he would like to fund the roads with the sale of the plots. Mr. Brass commented that it is getting increasingly hard to be buried in Murray, and he expects it to be an issue with the citizens at some point. He said it makes complete sense to add more plots. He commented that when there is a large funeral, the cars are pushed out into the road and across the street and may cause a traffic problem at some point. Traffic control may be an issue as more internal space is eliminated within the cemetery, he noted. Ms. Lopez mentioned that parking will not be included along the street once bike lanes are added.

Mr. Zollinger reiterated that he is proposing transferring the money from the Cemetery Fund to the Capital Projects fund, and spending the money from that fund. Mr. Nicponski asked if the roads would be done at the same time as the sprinklers. Mr. Zollinger said currently the proposal only involves the sprinkler system. He said it still needs to be determined how the sales of the plots are going to happen and the proceeds of the sales would then be brought to the Council for approval.

Mayor Eyre added that there is some land across the street adjacent to the Wagon Wheel and the owner would like to sell the land. According to Mr. Hill, the land would be too expensive for the purpose of the cemetery. He questioned if the land could be graded and possibly leased for a period of time to allow parking on that space. He noted that the land is currently sitting vacant and the owner is paying for weed maintenance. Mr. Nakamura stated that it is a discussion for a later time.

Mr. Hales noted that he would approve the transfer of funds to pay for the sprinkler system. Mr. Camp asked about the \$520,000 in the budget that was restricted. Mr. Zollinger said he would like to change the word restricted to committed instead. Council has committed that money to perpetual care. He noted that he had previously checked with Mr. Nakamura to make sure it was legal to use the money to fix the sprinkler system. As Mr. Camp has pointed out, this money is legally restricted by the City ordinance, only for perpetual care. Mr. Nakamura noted that it is also restricted by State law to ensure that there is money for future maintenance of the cemetery. It is permitted to use it for sprinkler repair. As people pay fees for the plots, a portion goes to perpetual care. As long as there is enough in reserves to ensure future maintenance, it is allowed he said.

Mr. Nicponski asked if market rate would be used for the price of the new plots. Mr. Zollinger replied that was correct, the price is right in the middle of the range.

Mr. Brass asked if the Council was comfortable using perpetual care funds in combination with CIP funds to replace the sprinklers. The Council was unanimous in their support.

Mr. Zollinger stated that they had just reviewed the balance sheet for the governmental funds. There is approximately \$26 million in reserves. That is a great place to be, he added.

Year to Date Statement of Revenues shows the General Fund and how it is performing. Sales tax currently is \$4.6 million, compared to \$4.2 million for the previous year. The previous year was 5% over the year before that. This year is coming in with an approximate 4.4% increase. Sales tax is showing strong growth, which is positive, he added.

He stated that most of the line items on this page are pretty consistent and not varying much. Parks & Recreation is down a little bit, due to memberships being down. Fines & Forfeitures are down. It is very apparent when the Court does not have full staffing, and is unable to process all of the cases and claims.

Intergovernmental includes such things as Class C funds and grants; that is money that Murray receives from the State.

He noted that across the board, most line items are coming in slightly better than the previous year, with the exception of a few areas.

Investment income is almost double what it was the prior year, due to a change in the investment policy.

He believes the most important number to the Council should be the net change in fund balance. This compares the revenue to expenses. The City has almost \$20 million in revenue and that is more than the expenses.

He pointed out the Police Department is the only department that had a drop in payroll expenses. This was due to the elimination of the Lieutenant position, and the reorganization of the Lieutenants and reassigned duties, including having the Chief and Assistant Chief take over some of the duties.

Mr. Nicponski asked if that amount was close to the recurring revenue. Mr. Zollinger replied that was correct and he strives to only have recurring revenue in the General Fund, because you can't plan on money that is not received on an ongoing basis. He also added that if the revenue drops off, the expenses must drop off also. For example, positions are not funded through a grant.

Capital Projects can be checked with the net change in fund balance. It is expected to be a negative number because the money is moved to this fund from the General Fund at the end of the year. Expenditures are programmed and the next year the money gets spent on the different projects.

There has been more money collected for RDA this year due to the new project area. That RDA project collected over \$400,000.

The CDBG (Community Development Block Grant) fund is completely blank because the County has taken CDBG in house and is controlling the program. The County still listens to input from the City but no CDBG money will flow through the City. Mr. Camp asked if the City would still have the Public Hearing on CDBG as it has in the past. Mr. Zollinger replied he did not think so.

The Perpetual Care fund shows transfers from the General Fund at about \$17,000 this year, and will result in \$34,000 by the end of the year. There is a small amount of miscellaneous income due to perpetual care fees and investment income, but no expenditures. When this fund is fully funded, interest earnings would be transferred to the General Fund to help pay for the care and maintenance of the cemetery.

Proprietary funds are looking great. The only one that has declining reserves is the Storm Water Fund. Some of those reserves have been used for the large projects happening in that fund.

The Power Fund has its last bond becoming callable June 1st, 2016. If the City would like to pay that bond down early, some money could be taken from reserves, possibly an extra \$2 million per year. Mr. Zollinger said he is open to any suggestions or ideas. Paying off the bond early could open doors for other things. When the previous bond was paid off, simultaneously UAMPS increased their monthly costs by \$100,000. Because the bond was paid off, customers saw no rate increase. The reserves are within the recommended 25%. If the Council chooses to pay off the bond early, it could be put in the budget this year. Ms. Turner asked what the advantage would be, besides saving interest. Mr. Zollinger replied it would save about \$1 million in interest. The amount paid would be \$6 million, but the City would save \$1 million. Mr. Brass noted that he would be much more comfortable when the agreement with IPP (Intermountain Power Project) is signed. He doesn't want to be stuck with 75 megawatts of electricity if everyone chooses to walk away. Although, he does like the idea of saving \$1 million, he added.

Mr. Brass requested to be made aware of the projects that are being done in Storm Water, especially projects east of 900 East. He added that it would be interesting to know what percentage of ILOT (In Lieu of Tax Transfer) funds are used to pave roads outside of the service area of the Enterprise Funds. That would be good information to pass on to the residents to show they are receiving benefits from ILOT, he added.

Mr. Nicponski asked why the assets don't equal the liabilities on the net statement. Mr. Zollinger replied because there is a net equity position in private enterprise.

Mr. Zollinger replied that an important line is the operating income. The Water Fund, Waste Water Fund, Power Fund are all in great shape, he noted. He added that even the Golf Course is doing great mid-year. The Solid Waste and Telecommunication Funds are doing well also.

There is a negative amount showing in the Storm Water Fund. He said there was a large blob of assets recorded, prior to his arrival at Murray. The assets will be fully depreciated in three to four years, and this negative amount would disappear. Prior to his arrival, assets were being depreciated on a very rapid pace, stated Mr. Zollinger. Those numbers have since been adjusted to a more realistic timeline.

Mr. Zollinger has been discussing the Internal Service Funds with Mr. Nakamura and the Mayor. The retained risk fund has \$1.6 million in it. Murray has a catastrophic policy of \$250,000 for the deductible. Mr. Zollinger said it would be neat to be proactive, rather than reactive on the claims. He believes it would be positive if the City could correct known problems before something happens. He would like to use approximately \$400,000 of the retained risk fund to help remedy known problems. For example, the swimming pool has tile surrounding it. He commented that tile and water do not mix well and that has been identified as a problem. He would like to use that money to remedy problems to avoid future claims. Mr. Nakamura noted that those areas that have been identified as risk problems could go through the CIP process as separate projects, possibly three or four. Mr. Nicponski noted that the same argument could be made for buckling sidewalks, but those are on a priority list and are getting done.

Mr. Nakamura said the enhancement of being proactive rather than reactive could greatly help claims. He added that his department has been handling claims with Jordan Knight, the Safety Manager. Mr. Nakamura said the City has made great strides in adjusting claims and handling them. He said he can't give a dollar amount that had been saved on claims, but believes it is a considerable amount. He complimented Jordan Knight on the job he has done and sees the large potential of safety programs.

Mr. Nakamura added that if the Council chooses to enhance the risk program, then a risk manager would work with the legal department and the insurance companies to help adjust claims and also identify the risk areas. He noted that it is a significant program for the City. Mr. Zollinger said that they were hoping to get a list of the risk areas, but unfortunately it wasn't done this year. He would like Mr. Knight to do an evaluation and make a list of any possible risk areas and bring it to the CIP committee. He said the actual amount of money needed for repairs could be less than \$400,000. Mr. Nicponski asked what the total budgeted amount was for CIP projects. Mr. Zollinger said currently there was \$2.1 million reserved for CIP projects for next year, not including the \$400,000 being discussed.

Mr. Camp expressed his support for the proactive approach to claims. Mr. Nicponski agreed and Mr. Brass added that it would be using risk money to eliminate risk. Mr. Brass commented that there are exposed tree roots on the asphalt paths in the park, and the repair would be less costly than an injury. He also supports the idea.

Mr. Zollinger said the Central Garage Fund is doing fine.

He added that the year to date statement of revenues for the retained risk fund lists claims broken down by department. Police Department claims are way down. The Power Department had a few claims this year with unfortunate events, but overall the departments have had fewer claims. He added that he sends this information monthly to all of the departments. The change in net position is a positive \$130,000.

The DEA (Drug Enforcement Agency) Fund is now included in the financial statements, as per request of the auditors, he added. The DEA financial statements are very consistent, within \$20,000 of the bottom number.

The next budget opening would include an increase to the budget of \$9.5 million as per request of the State auditor. The reason for that is to disclose the money that is passed through to UTA (Utah Transit Authority) on the books. He added that the money doesn't actually come to the City but UTA does not have taxing authority. He said he isn't really in favor of this change because it looks like available money. In actuality, the money has already been spent, but it needs to be reported.

The financing options for New City Hall include the 2007 sales tax revenue bonds. If those bonds are paid off at the end of this calendar year, it would be \$3.6 million. If they are paid off at the end of 2016, the amount would be \$2.8 million. That money has been previously set aside, and when paid off, would allow the City to reissue bonds of \$10 million to build a New City Hall. Mr. Nicponski asked if there was a known price tag on City Hall, and if it was \$10 million. Mr. Zollinger said that was correct, plus about \$5 million in reserves, for a total of \$15 million. Mr.

Zollinger added that some property may still need to be purchased on the 4800 South proposed site, but trades may be available. Mr. Camp added that New City Hall would be discussed in detail at the upcoming Council Retreat.

Ms. Lopez asked if Mr. Zollinger could explain the \$9.5 million to UTA and how it would affect reserves. Mr. Zollinger said that was correct and it would affect reserves. Since the \$9.5 million would be booked as revenue in to the General Fund, it changes things. Reserves are 25% of the total revenue, so if the revenue increases by \$9.5 million, reserves could increase by nearly \$2.5 million. He noted that moving the reserve to 25% would eliminate any upcoming CIP projects for the future year. He stated that Council has authorized him to evaluate revenue and reserves at the end of the year and move money to CIP projects. He said that now the roof has gone up on reserves, it would probably not be hit, which means there wouldn't be any CIP funds available the following year. He calculated the reserves to be at 22%, which would still allow for CIP projects the following year. He added that the Budget & Finance Committee discussed whether to set up a separate fund for this UTA money or put it in the General Fund, and the recommendation was to put it into the General Fund. Mr. Brass added that the reserves are a certain percentage of revenue, which is a moving target. This \$9 million gave a little bit of flexibility in the General Fund. He said reserves could be up to 25%, but do not need to be 25%.

Mr. Zollinger noted that in good years when sales tax comes in higher than budget, it is a good thing. During the recessionary years, he would project \$12 million for sales tax. This next year, \$13.4 million has been budgeted for sales tax revenue, which is still less than the City most likely would receive this year. He said it is important to have some in reserves to account for the loss of revenue in the bad years. Those reserves could be used in the bad years and then built back up, if everyone is comfortable with that. He noted that sales tax revenue has the largest potential for variation and gives him the most concern.

Ms. Turner commented that hopefully the Legislature doesn't try and do anything that would affect the sales tax revenue either. Mr. Nicponski said for the most part, that bill is dead. Mr. Zollinger said he has called Bryan Kelley at Sandy City but hasn't heard back. He noted that if the bill passed, it would cost the City between \$3 million and \$3.25 million. Ms. Wells commented that the entire bill has a fiscal note of \$3.6 million, which is clearly inaccurate. Mr. Nicponski commented that he won't be entirely comfortable until the end of the Legislature but feels like the bill isn't going to get the support. Ms. Wells agreed with that and said the bill is being worked really hard, but she doesn't think it will go away either.

Mr. Brass said on February 17th, there would be a discussion regarding water quality, and Central Valley Water, which affects the Waste Water Fund. He noted that the calculations show that worst case scenario would cost the City \$1 million per year to cover the impact of removing phosphorus from the water.

Mr. Zollinger stated that the finances show the position and the performance of the City, comparing actual revenue to actual expense. The projections show how the City is performing compared to the budget.

Mr. Brass commented that the City is doing great and the departments are managing their

budgets well. This year, it was decided that it wasn't necessary to bring all the Department Heads to the meeting, just a few of the larger departments. He commented that everyone was invited to the lunch following the meeting.

Mayor Eyre commented that the Power Department had some unusual occurrences this year, such as raccoons and people damaging transformers, and he wondered what percentage of those costs were covered by insurance. Mr. Brass said he would guess that the breaker was probably covered, but not the labor. Mr. Zollinger noted that covers on the transformers would keep the raccoons away and is another example of a retained risk project. Mr. Brass replied there are a variety of covers available, and something could be done.

Mayor Eyre asked who would determine the priority of the retained risk projects. He commented that the walkway in the park is pretty bad. Mr. Zollinger said he would recommend that the CIP committee prioritize the list of retained risk projects.

Power Department- Blaine Haacke

Mr. Zollinger stated that he previously mentioned that the Power Department is doing a great job managing the budget and the reserves are just under \$14 million. The debt could be paid off next year if that is the decision. Mr. Zollinger said that the debt is callable on June 1, 2016. There is \$6 million that could be paid off early, saving \$1 million in interest.

Mr. Haacke stated that the budget is \$37 million, of which \$21 million is for purchasing power. The power bill to UAMPS (Utah Associated Municipal Power Systems) and other entities is approximately \$1.6 million per month.

He stated that there were some shortfalls in the revenue. Residential sales have decreased, but other revenue sources have increased, including impact fees. Work being done for contractors has increased and is bringing in more revenue than expected.

Mr. Zollinger said that same trend has been seen across the City. The swimming pool revenue is down due to the rain in July and August. The residential water from the Water Fund was down also, due to lack of sprinkler use. The mild weather accounted for a decrease in various areas of the City, but the overall budget is fine.

Mr. Brass commented that it isn't necessarily bad to be down on revenue for services if the biggest expense is purchasing power. Mr. Haacke replied that was correct.

Mr. Haacke noted that Mr. Bellon has tracked month to month sales for the last year. The result is a decrease of about 2.7% in meter revenue for the last year. That can be attributed to a warmer winter and a cooler summer. He noted that the 2.7% decrease in revenue should be offset by less money being used to purchase power. Last month, revenue was down 1.6% from the previous year, he noted.

REC (Renewable Energy Credit) sales earned \$1. Those are credits from the landfill that the City can then sell. It is a marketable commodity he noted.

Mr. Haacke mentioned that Mr. Bellon, Mr. Crutcher and Mr. Turner would cover their separate

divisions.

Mr. Bellon stated that he is over buildings, administration, dispatch, warehouse and safety. A vestibule with a light up sign, was added to the front of the building. A new rock sign will be installed in front of the building very soon, he added. It was about a \$60,000 capital expense. The decision isn't final on phase 2 of the building plans.

Mr. Bellon noted that wholesale power sales are down, which is a good thing because that means that the City is long in the off hours and is selling back less power. Usually, when power has to be sold back, it is at a loss. The load at night is closely matching the forecast, he added.

Mr. Bellon noted that the item line, *Public Power Week* is actually showing over for mid-point but will be under budget for the year.

Energy education: The National Education Foundation (NEF) fund is a great program that educates students on efficiency and power. Mr. Haacke said the City contracts with NEF. Dan Stireman goes into the classrooms to talk to third and fifth graders and they make fun projects while also discussing energy conservation. It is a \$25,000 annual expenditure that the City has done for years. Murray School District really enjoys the program for their students.

Mr. Nicponski asked about the \$8,000 *advertising* budget. Mr. Bellon said that includes flyers, trinkets, and possibly public notices in the journal. He said it would be renamed with the new software because the term advertising wasn't really accurate.

FR (Fire Retardant) clothing, safety boots and supplies have been purchased. Those account for the minor overage in the *safety equipment* account. Mr. Camp asked if the clothing was only used for one year. Mr. Bellon said the FR clothing is replaced as needed, and the safety boots usually need to be replaced every year. Miscellaneous safety supplies includes defibrillators, air and safety monitors and other supplies, and that is over budget by a small amount. Safety is very important, he commented. Mr. Zollinger said the budget can be moved to the correct account to cover expenses that may come in over budget.

Mr. Turner stated that OSHA (Occupational Safety and Health Administration) has mandated that the City purchase new harnesses and climbing belts for the employees in the buckets. It will cost about \$42,000 for the new climbing belts which do not allow them to be unstrapped from the pole at all. It is called a "no-slip" belt that would hold the employee in that position if something were to happen. Also, each harness is specifically fit to each employee. New equipment mounted to the trucks is also needed; that would minimize a fall to two feet. Mr. Brass commented that this rule by OSHA came as a surprise to everyone. Mr. Turner said he didn't expect compliance to be required so quickly. Mr. Brass stated that a fall prevention harness costs about \$600 per person and requires a secondary strap also. They do not allow a person to be unhooked at any time.

Mayor Eyre asked about the federally mandated requirements and if the City bears all of the financial burden. Mr. Brass replied that was correct and it falls under the unfunded mandate program. Mr. Brass said that Rocky Mountain Power had some employees seriously injured from falling. He said the requirements will keep people safer and more confident while they are

working in bad weather. Mr. Turner commented that it is an expensive mandate, but still would cost less money than paying for injuries to employees. Mr. Bellon said these mandates would hit the *miscellaneous safety supplies* account. He commented that with the help of Mr. Zollinger, they try and put all expenses in the correct budgets.

There have been some HVAC units in need of repair and accounts for that area will be over budget. Also, plumbing repairs and new lights will be installed.

CRSP (Colorado River Storage Project) resource includes Glen Canyon Dam, Flaming Gorge, and others. The City can now schedule directly with WAPA (Western Area Power Administration) and that has resulted in a savings of approximately \$60,000 in administration fees. The City can also schedule WRP (Western Reserve Power) and buy directly from them at a really good price. It is the cheapest resource and the City will buy as much power as they are allowed from them. Mr. Haacke commented that the City is going around UAMPS to schedule CRSP power and also to purchase supplemental power. That savings could be closer to \$100,000 he noted.

Mr. Brass asked about the progress with IPP (Intermountain Power Project). Mr. Haacke said he attended IPP meetings the previous day and things are going well. There are four California entities that have yet to sign the agreement. The deadline is March 21st, therefore they have until that date to commit to this change of fuel option. He added that Los Angeles is already committed to being in this group. Mr. Brass asked what happens if the California groups don't agree. Mr. Haacke commented that nothing would happen until 2027, when the surplus would be picked up by Los Angeles. The other California groups are holding out and requesting items from Los Angeles, not necessarily IPP. He commented that it is more of a sibling rivalry between the California groups with some entities wanting free transmission, etc. Mr. Haacke believes the agreements will be signed. He confirmed that Los Angeles is the driving force behind it.

Mayor Eyre asked how soon the tear down would be, and if it would cost approximately \$300 million to tear down the plant. Mr. Haacke replied that they want the gas plant working in 2024-2025, so there are a few years before the coal contracts expire. Both plants would run parallel for a few years, he added. In 2027, the coal plant would be given back to Utah. If there is a market for coal, then the plant would be used, otherwise demolition would begin. Mr. Brass commented that they are growing tomatoes in Mona using CO₂, so there will be options available.

There is a *SCADA contract* that gets paid once a year, so it is showing a little over budget for mid-year evaluation. Credit card fees are up; more people are using credit cards to pay their bills. Mr. Zollinger commented that it could be as much as three percent, and the amount increases every year.

Mr. Nicponski asked what percentage was going to retirement for employees. Mr. Zollinger replied the total benefit package percentage would be around 30%-33%, and retirement would be 21%.

Communication supplies account looks off because iPads are now getting charged to

communication supplies where they were previously lumped in with cell phone charges. Mr. Haacke said the guys use the iPads in the field and have real time maps available and they have proved very useful.

There was a Capital Project transfer in the amount of \$196,180 for an inner City software transfer. *Operational transfers* account for \$2.84 million and *administrative costs* are about \$1.6 million, so that equals about \$4.4 million annually transferred to the City's General Fund.

Mr. Crutcher commented that he is supervising the replacement of the foundations for the Central Substation. That project is currently under contract and would be coming in under budget. He noted that new breakers were purchased for the substation at the mall. Three of those breakers failed unexpectedly so the plan is to replace the rest of them. He noted that the cost of the penstock repair is over budget. The budget was for \$100,000 but costs came in higher than expected. There is money in other accounts such as the *gas turbine projects* and the *substation accounts*. Overall, the budget will balance out between several accounts.

A new test set was purchased to allow more accurate testing of the breakers.

Mr. Nicponski asked about the \$160,000 maintenance cost on the turbines. Mr. Crutcher replied that was correct and currently there was one VFD (Variable Frequency Drive) out for bid and that should come in about \$60,000. There are three VFD's, one on each turbine that help run the starter motors. One VFD would be purchased this budget year, and the two remaining in the following budget year.

Mr. Turner explained that he supervises the tree trimmers and linemen. His responsibility in Capital Projects included a new carport to cover the backhoe, and other equipment. That cost was about \$83,000. A new underground puller was purchased that allows cable to be blown through to pull the wires. It is a process that will save about 7 or 8 steps and a lot of time. The cost for that was \$170,000, but the old puller was sold to Santa Clara City for about \$22,000.

The tree trimmers were re-organized. There is now one team that only does street and park trees. It was a small expense to hire a couple new employees and purchase equipment. There are two employees per crew on that team, and three employees on the power line teams, for a total of nine on the power line teams. Mr. Nicponski commented that the employees do a great job in minimizing outages, and asked how many line employees Rocky Mountain Power would employ. Mr. Turner replied that Rocky Mountain Power contracts out for those services with tree companies. Mayor Eyre asked if that team was assigned specifically to the park. Mr. Turner answered no, that would have been too expensive, but they respond to all park calls. Their main job is to take care of the streets, and help in the park and with construction when they have time. They spend a lot of time removing trees for new curb and gutter in construction areas.

Mr. Turner explained that the three man crew for power lines involves one employee being up, one employee watching, and one dragging the brush.

A new trailer was purchased for the new crew. The budget for the trailer was \$12,000 but the actual cost was only \$4,000.

Forestry overtime is over budget. He believes it was an initial clerical error and should have been \$16,000 budgeted instead of \$6,000. The crew worked a few weekends in the fall getting ready for winter resulting in some overtime.

Police Department- Chief Burnett

Chief Burnett commented that expenditures seem to be right on, but is concerned with overtime budgets being high. Already, 71% of the overtime budget had been spent in Patrol. He said the problem is the Department is still thin on staffing. There are four new hires in the FTO (Field Training Officer) program that will be done soon and available to work. He noted that Jeff Anderson left at the end of the month. He had worked for the Department for 41 years. There is another officer that may be leaving soon to pursue another business.

Mr. Nicponski asked what the cost was to train an officer. Chief Burnett replied he didn't know the exact cost, but the FTO program is basically paying two people to do one job for three months. Chief Burnett said they have been hiring officers that are already POST (Peace Officer Standards and Training) certified. There have been four officers on light duty this past year and that has caused an increase in the overtime costs.

Mr. Nicponski asked what the starting salary was. Chief Burnett replied the starting hourly wage was \$19.00 per hour, about \$39,500 annually. Chief Burnett replied that Murray is competitive. Some other cities such as Sandy and others are in the process of re-evaluating starting wages. Most cities are within the \$19.00-\$20.00 per hour starting wage. He said Salt Lake City, West Valley City and Cottonwood Heights have all offered *one for one* to lure officers over. That means they would be paid for years of service. Two officers were lost to West Valley City. They were experienced officers that were offered \$2.00-\$3.00 more per hour. Other officers were lost to the District Attorney's office or the Attorney General's office. Other officers lost included four employees that were encouraged to leave. He believes that Murray is competitive and not losing officers to other agencies. Mr. Nicponski asked if he would prefer a pay increase for existing officers, or new employees hired. Chief Burnett answered that he definitely needs to take care of his existing employees. He replied that he would take both options if possible. The department is down six employees from a few years ago, but has been down five employees for several years, and has since restructured.

Mayor Eyre commented that he believes another reason that officers are not leaving is the positive morale that Chief Burnett has developed in the department. Mr. Nicponski agreed with that statement.

The department is right on with fuel and maintenance costs. The lower price of fuel has helped in that area, and the new cars have helped on maintenance costs. Chief Burnett was asked how he liked the new Ford vehicles. He said the detectives wanted them and really like them. He noted the newest vehicles purchased were Ford Fusion cars. They didn't purchase the hybrid version because it allowed for one more car to be purchased, when comparing prices. He said he has requested ten more new vehicles in the CIP program. He noted that ten vehicles a year is a great rotation. He said the Crown Victoria vehicles are looking old, but he has one officer that prefers that car to anything else.

Mr. Nicponski asked if the retirement was about the same as other departments. Mr. Zollinger replied that it was 34% compared to 21-22% in other departments. The Police have a 20 year retirement, compared to 30 years for other departments. Chief Burnett said the new officers are under a different retirement requirement of 25 years.

The Animal Control Contract is up for renewal this year. He has spoken with the West Jordan Department and they would like to continue the contract. They are putting numbers together and do not expect an increase in costs. He said they do a great job for the City and he has very few complaints.

He reiterated his biggest budgetary concern is overtime. The four officers coming off of FTO would help with that. Although, one of those employees is going active duty for three months.

Mr. Brass commented that it has always been a good Police Department.

Mr. Nicponski asked about the trend with body cameras. Chief Burnett said two or three years ago the department purchased body cameras with the beer tax money. He said all of the first line officers, with one or two exceptions, are required to use body cameras. He said the video is saved to the servers, and that contract is with Taser. The camera itself only costs about \$500 but ends up about \$3,500 when you include the storage cost. The contract with Taser is about to expire and that could be an increased cost or require the City to purchase a server. Mr. Nicponski asked how long the video was required to be stored. Chief Burnett said currently it is the department's call; usually three to four weeks if it is uncategorized. The officers should record every interaction with the public. At the end of their shift, the officer tags the video with case numbers, etc. and saves it for court purposes. Mr. Zollinger asked if he has been in contact with IT about a server. He replied that he has not because they are okay until about the end of 2016.

Mayor Eyre asked if there was any reimbursement received from Spillman. Chief Burnett replied that the cost of getting the equipment back is about equal to the cost of upgrades that they are giving the department in the spring. Negotiations are on-going with Spillman.

Mr. Nicponski commented that the Police Department is invaluable due to the positive appearance they project in the City. He received a very nice compliment from a resident regarding the department.

Ms. Turner asked about the crime victim emergency fund and remarked that it appears more money is needed. Mr. Zollinger replied that the victim advocate salary is in a grant account.

Mr. Brass thanked the Chief and announced a quick ten minute break.

Administrative & Development Services/RDA- Tim Tingey

Mr. Tingey said his department is very comfortable with their budget and evaluates it monthly.

He noted that there are a few basic things that need to be addressed; mostly dealing with

software support, telephone, books and subscriptions. Mr. Nicponski asked if there were expenses related to the voting booths. Mr. Tingey said those funds have not been expended yet, not until the actual resolution for the voting is passed.

Equipment maintenance is currently at 75% for mid-year, due to the fact the maintenance contracts come in periodically throughout the year and funds are paid out at various times. Small equipment is at 89% because all of the computers were purchased at one time, but that account should be fine at the end of the year, he stated. It is the same situation with special department supplies.

In the GIS budget a printer was needed and that put that account over by about \$470.00 in the *small equipment area*. There would be a transfer done to address that shortage. *Education & Training* should be complete because all the conferences have already been attended.

The *engineering consultants* in the building inspection category are at 80% of budget. They provide expertise on structural plans and give assistance on structural elements of reviewing plans. He said there is more discussion needed on addressing that issue for next year's budget, but it should end up under budget this year. Mr. Camp asked if the department was short a plans examiner and if they were recruiting for that position. Mr. Tingey replied that he interviewed several candidates but wasn't happy about any of the candidates so the hiring was put on hold. They are trying to decide the best path for the future and that is why there may be some implication in next year's budget. He said they won't ask for additional funds but might possibly restructure some duties within the department.

Mr. Tingey moved on to discuss the RDA (Redevelopment Agency). There are five RDA areas:

- Central Business District- Mr. Tingey pointed out the \$270,000 in the *Capital Outlay Improvements*, which is 93% expended. That is due to the agreement with State & Vine, and the funds were expended when the hotel project was completed. Also, the *Murray School District* is still showing an annual budget of \$400,000. That amount would be paid to the District in March 2015 as a lump sum, as per the agreement with the Central Business District and Murray School District.
- Fireclay District- Reimbursement has not started yet on the development agreements, but those payments would begin in March when the full increment revenue is received from the County. The breakdown for the three RDA agreements would be shown at the next RDA agency meeting, Mr. Hales asked who the three agreements were with. Mr. Tingey replied: Fireclay Investment Partners (Miller Development Group and Colin Wright), Hooper-Knowlton group, and Mike Broadsky with Hamlet Homes. Mr. Brass commented that one criticism about RDA's in general is that money is taken from education, which isn't true. There was a separate agreement made with the School District on both the Central Business District and Fireclay, based on the approximate number of students that they might expect in those areas. The City basically held them harmless, and watches out for the School District. Mr. Tingey said that in March they would give the School District approximately \$450,000 from the two areas. Mr. Zollinger said they are essentially opting out, because they are collecting the same property tax, plus some of the increment. Mr. Tingey said the nice thing about the \$400,000 from the

Central Business District is that the amount has been capped.

- Vine Street- There is an amount over budget of \$257 that would be covered by a transfer from another area.
- Cherry Street- Mayor Eyre asked if there had been any responses to the letter offering help with improvements to landscaping and fencing. Mr. Tingey said there had not been any response so he would make personal phone calls soon. Mr. Brass said that is unfortunate because the City helped a few years ago with similar improvements.

Mr. Tingey discussed the different divisions in the Capital Improvement Process. He said the funding has been very beneficial in addressing some of the needs. The Treasurer had an annual budget of \$25,000 for a vehicle and that has already been acquired. It was greatly appreciated by John Christensen, an employee that was using a car that was showing the springs in the seat.

There was \$13,000 allowed in the Recorder's office budget for a new copier. The City is currently getting bids for that and should make a purchase soon.

There are some big dollar amounts in the IT Department. They include a server, the Tyler Technology software, and other enterprise systems.

The GIS Department had set aside \$5,000 for some modeling projects for urban planning projects. The GIS staff recognized that the system would require more input than what the City would get out of it. Those funds will not be expended and most likely transferred to a different area.

Professional services has a budget of \$50,000. Those funds are for the General Plan and are starting to be spent.

Mr. Tingey noted that the County will now expend the funds for any CDBG projects.

Public Services- Doug Hill

Mr. Hill said currently everything looks in line with the budget. Most of the purchases were done through the CIP process.

Mr. Hill said he would discuss any upcoming projects. There are still several road projects awaiting maintenance this spring or summer. The biggest project is 5900 South, east of State Street. The contractor still has to put an open graded course on top of the existing road, as soon as the weather reaches about 70 degrees.

The City is working with UDOT on the project west of State Street, and getting that project ready to go to bid. The biggest challenge with that project is buying property. The City needs to purchase 36 parcels between State Street and 700 West. So far, the City has purchased 11 of the 36. The remaining parcels are mainly smaller corners or properties that reach out into the road. Construction on this area would most likely take two years, and would cost about \$5 million. Mr. Camp asked if the City anticipated any eminent domain issues in that area. Mr. Hill replied that he doesn't believe so, and the City has already acquired the most challenging properties. Mr. Nicponski asked how much of the \$5 million was for property acquisition. Mr. Hill

replied that he didn't know the amount, possibly around \$200,000. The biggest single purchase was for \$100,000, he stated. Mayor Eyre asked what portion of the \$5 million came from Federal grants. Mr. Hill replied that 93% of the funds came from the Federal Government, and those funds have already been deposited.

Mr. Hill said the City made a commitment to the biking community to install bike lanes on Vine Street between the Trax station and 900 East. It has been decided that it would be best to put down bike striping after a new surface has been put on the road. The City plans to do a slurry surface this spring, and then paint the stripes. The challenge is that money wasn't budgeted for Vine Street in the CIP budget, so they are hoping to use money saved from other projects. Depending on the bids, it may come back to the Council for more funds. There is money available from last year's CIP and unspent funds that could be used for Vine Street, if needed.

Mayor Eyre asked about the cost savings this year on salt for the roads. Mr. Hill replied that he would discuss that shortly.

Mr. Camp asked what the anticipated cost was for the slurry coat on Vine Street. Mr. Hill said it could be \$150,000. Ms. Turner asked what a slurry was. Mr. Hill replied that it is one of the processes used to maintain the roads. The lowest and cheapest form of repairs is called a crack seal. A crack seal is simply putting tar in the cracks. The next one up on the level is called a rejuvenation. A rejuvenation is adding oil and sand into the asphalt to give the road new life. The next layer up is a slurry. A slurry is basically a ½ inch to 1 inch coating over the top of an existing road that seals the road and adds possibly 5 to 10 years of life. It is a liquid form that is poured out over the top of the road. Slurries can have different components such as polymers and gravels. The next step would be an overlay which is brand new asphalt, about 2 inches on top of the existing road. The most expensive form of road repair is a reconstruction and the existing road would be removed or pulverized and the road base would be completely new. He said that overlays have recently been done in District 4, and slurries were done in District 5. He said in his own neighborhood, a poor quality slurry was done previously that didn't work well. Last year, a slurry was done around 6100 South that had great results.

There are a few neighborhood streets in Districts 4 and 5, such as Zenda Avenue, 1830 East, 5935 South, 5985 South and 1320 East that will all be repaired soon from the CIP list, he added.

The department should be receiving a ten wheeler excavator this spring. He noted that if the warm weather continues, there would be about \$65,000 left in the salt budget. He said there is a shelf life on existing salt, and it would be good for next year. He would like to propose purchasing a new salter with those funds, or put it in the CIP budget for next year.

Mr. Hales commented that residents in his area are very happy with the road repairs. Mr. Nicponski added that a good system is in place for prioritizing road repairs.

Mr. Nicponski asked Mr. Hill what his total budget is, including Class C and Federal grants. Mr. Hill said it would probably be close to \$7 million, including the \$2 million for the big 5900 South project.

Mayor Eyre asked if the more expensive sharrows that are sealed in the road would be used for the bike lane on Vine Street. Mr. Hill said the City received a grant from Salt Lake County for painting the bike lanes. There is only enough money this year to paint the lanes. Sharrows would be requested for 900 East to VanWinkle on Vine Street in next year's CIP budget. Those sharrows would be plastic film that adheres to the asphalt.

Parks and Recreation has a large project to reconstruct trails along the Jordan River Parkway. Money was allocated through the CIP process for that purpose. That project would begin this spring. Mayor Eyre asked if areas would be patched or if the whole trail would be resurfaced. Mr. Hill said the plan is to spot repair the bad areas and then overlay as much of the trail as possible. He said that not all of the problem areas have been identified yet.

The amphitheater is in the process of getting new plans for improvements. Depending on the cost, it could be included in the budget for next year. He said he believes it is a perfect project for TRCC (Tourism, Recreation, Cultural & Convention Facilities) funding and he would like to get some County funds to help with the improvements.

The Heritage Center has ordered a new bus and is awaiting delivery.

He said his department is getting ready to start the project at the cemetery, as was previously discussed. He has met with the Mayor and the Park Board about expanding the cemetery to allow for additional burial plots. That information would be presented to the Council at a later date. He stated it should allow for approximately 140 more plots.

He said there is about \$3 million in reserves in the Water Fund. Reserves have been spent recently on large Capital projects. The biggest recent project was the McGhie well replacement. It is now pumping water and the pumps are being built in the pump house.

There was recently a bid awarded for a new water line going under the freeway at 4500 South. That project should be starting soon. It is adding additional capacity and replacing an old water line, he added.

There is money available in the CIP for stabilizing the Little Cottonwood Creek banks at 500 East, near 5300 South. There is a well house there adjacent to the Willows condominiums. He said the City is also concerned that the banks would erode and contaminate the well house. There may not be enough funds for the project this year, and if not, it would be moved to next year's budget.

The City is finishing up the design to remove the Riverside Lift Station, which is near the public services building. A new design of the system requires it to be higher in the ground.

There was money set aside for a scrubber, which removes the smells from a wet well where the sewer collects. The City has a scrubber on Fairborn Avenue near the mobile home park. It may need to be in next year's budget, due to the fact that some improvements need to be made at the Cimarron Lift Station.

He said the last item involves issues that have come up with Central Valley Water and those would be discussed in detail at the Committee of the Whole.

The golf course has had a great winter and made about \$70,000 in December and January, due to the warm weather. Mr. Hill commented that typically a warmer winter won't affect the City's water supply too much, because the City doesn't rely on reservoirs.

He added that Gary Healy is retiring at the end of the month and would be recognized at the next Council Meeting.

The big item approaching in Solid Waste is the contract with Ace Disposal. It expires at the end of the year, so the City will need to go to bid this year. The City will bid everything: weekly recycling, curbside green waste, neighborhood cleanup programs, and waste pick up. The Mayor and Council would decide what programs they would like to implement and if it requires a fee increase. Mr. Nicponski asked if the disposal site is included in the bid also. Mr. Hill replied that all of the waste goes to TransJordan, and would remain there, because Murray is a member. Ms. Turner asked if recycling in the parks would be included in the bids. Mr. Hill said he would include that in the bid if the Council would like.

Storm Water has two projects that require funding this year. One of the projects is accounted for in the CIP process and the other is not. The first project is the Capri storm drain project that will be finished in the spring. The other is part of the 5900 South headed west project; it was discovered that a storm drain needs to be extended near 300 West. It will cost about \$250,000. There may be money left in the CIP storm water budget to cover that cost. Otherwise, it would be in the budget for next year.

The update on the Taylorsville/Murray Bridge is that no money has been spent on the project. The property has not yet been acquired. He is working with the property owners and they are not responsive, and haven't signed the paperwork yet. He added that Taylorsville is frustrated, but the process is delayed due to the property owners.

Mr. Nicponski asked about the estimate on recycling in the parks. Mr. Hill replied that the informal bid by Ace Disposal would require recycling containers to be purchased for approximately \$8,500. The contract with the hauler would be about \$70,000. A person would need to be hired to go in front of the hauler and check the garbage cans for about \$46,000. The total of those costs is about \$130,000 annually if the City contracts out the services. If the City chooses to do it in house, it would have about a \$200,000 start-up cost, and about \$65,000 annually. Mr. Nicponski asked if a new truck could be purchased with reserves. Mr. Zollinger replied that was a possibility and mentioned that the City is also looking into buying a new garbage truck with the salt reserves. There is \$500,000 in reserves in the Solid Waste Fund, and the truck is \$270,000. Mr. Nicponski thanked him for the information and commented that \$60,000 annually sounded better than \$130,000. Ms. Turner added that other bids could give different prices also.

Fire Department- Chief Gil Rodriguez

Chief Rodriguez stated that there are two areas that predictably cause concern every year. The first area is *overtime*. *Overtime* has been an issue since the budget was cut several years ago. The Fire Department made significant cuts. Other unforeseen events included losing one employee to the National Guard for a year, and two other open positions that have never been

filled.

Chief Rodriguez stated that it is to the point now that requires shutting down an ambulance. He said that the previous day there was a working fire and UFA, West Jordan and Unified helped to cover. Murray City still had the first response which was great, he added. He commented that the ambulances are busy and go on a lot of calls. He anticipated the *overtime* expense, but added that the department is at 91% of budget, while at 58% of the year. Suppression and Paramedics are at 74% of budget, while also at 58% of the year. Suppression and Ambulance are interchangeable, he noted. Collectively, the department is at 80% of *overtime* budget spent.

Mr. Brass commented that the City is in the Health, Safety & Welfare business and would prefer to have the City's ambulances taking care of the citizens. Chief Rodriguez agreed and hates to lose an ambulance also, but knew it was a possibility with things remaining the same.

Vehicle maintenance is another issue. Tires, brakes and unforeseen breakdowns of vehicles add up in costs. Mr. Nicponski asked what amount he would need to make the department whole and keep the ambulance running. Chief Rodriguez said the amount needed was close to \$50,000. He believes he cut \$100,000 from the *overtime* budget several years ago. He said currently the department is at 80% of *overtime* spent and it is hard to determine where to make cuts. He said the other areas fluctuate, but *overtime* and vehicle maintenance consistently go over budget.

Chief Rodriguez stated that the Fire Department doesn't bring in a lot of revenue, although the ambulance service helps in that area.

Mr. Camp commented that this was one of those areas that had unintended consequences. When there wasn't enough money for raises, an extra day off was given. In the Fire Department, that just adds to the overtime burden because staffing is still needed. Chief Rodriguez replied that was correct and they have to give the employees their vacation also. The department is on minimum staffing and doesn't allow everyone to take vacation at the same time. They try to monitor staffing, but when an employee calls in sick it is tough to cover, especially with vacations. He has tried to project the busiest hours of the ambulance service.

The recommendation is to have four employees per unit. Occasionally, they need to drop down to three employees, but never have fewer than three. Less than three employees on an engine becomes a safety issue, he added. Murray has had three fire calls that have been on the news recently and have done a great job. He said the recent fire on 4500 South was a large fire in a strip mall and the firemen were able to keep the fire damage contained to one business. Chief Rodriguez complimented his crew and also the way they cooperate with other agencies. He said his crews enjoy putting out fires and morale increases.

Mr. Zollinger commented that the Fire Department has had employees on active military duty for the last two years, and that put some pressure on the overtime budget also. Chief Rodriguez said that was correct and the City pays the differential amount in salary also.

Mr. Camp asked how much it would cost for a new hire, compared to the amount of overtime that is being paid. Chief Rodriguez said he could research that issue. Currently, his ideal staffing

is four and two at a station, which doesn't happen often with vacations and sick calls. He added that he is also two employees down with the early retirement. He agreed that a new employee would fill part of that void. Mr. Nicponski asked what the starting salary was for a fireman. Chief Rodriguez replied that it was approximately \$45,000.

Mr. Brass commented that the ambulance issue is critical. He stated that he does not want to impact response times and the citizens expect a quick and efficient response. Mr. Nicponski asked if the ambulance designed for larger people had arrived yet. Chief said it had not. Mr. Brass noted that he recently saw that larger ambulance with the lift in West Valley and it was interesting.

Chief Rodriguez added that the priority for the budget next year would be a new engine. He said that the engines last for a long period of time, but have a million little things that can go wrong with them.

Mr. Nicponski asked how many years an employee could work before topping out in the salary range. Mr. Zollinger commented that it depends on the merit pay and if there isn't any merit pay, they may never top out.

Chief said the intent is for all of the firemen to become paramedics also. There are only about two or three firemen that are not certified as paramedics. After a year of two of employment, they are sent to paramedic school. He said they run them through Mount Nebo and the paramedic ride-alongs are done as part of their instruction, so it is a fairly quick process.

Chief Rodriguez is concerned that Laura Lloyd's position will at some time be left vacant with nobody to fill her spot. He complimented her on her great work.

Discussion- Jim Brass

Mr. Brass excused the Mayor who had to leave for another meeting.

Mr. Zollinger stated that Brenda Moore helped tremendously in getting the budget information together. He said he has a great team that is cross trained and works well together.

Mr. Brass said there are some areas of concern, particularly with the critical services of Police and Fire.

He thanked everyone for their comments and attendance and adjourned the meeting.

Kellie Challburg
Council Office Administrator II