



MURRAY
CITY COUNCIL

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

The Murray City Municipal Council met as the Budget and Finance Committee on April 28, 2009, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

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

Member Excused:

Jim Brass

Others in Attendance:

Daniel C. Snarr	Mayor
Pat Wilson	Director of Finance & Administration
Michael D. Wagstaff	Council Executive Director
Jan Wells	Mayor's Chief of Staff
Janet M. Lopez	Council Office Administrator
Gabe Johns	Finance Department
Tim Tingey	Community & Econ. Dev. Director
Janie Richardson	MIS
Robert White	MIS
David Larsen	MIS director
Heather Miller	Treasurer's Office
Blaine Haacke	Power General Manager
Ken White	Power Department
Greg Bellon	Power Department
David Frandsen	MCEA President
Jaclyn Sadler	MCEA
Dan Barr	Library Director
Cory Plant	Recreation Director
Roy Kenney	Streets
Russ Kakala	Stormwater
Trae Stokes	Engineering
Danny Astill	Water & Sewer

Kim Sorensen	Parks
Gilbert Gonzales	Building Inspector
George E. Hammer, Jr.	Fleet
Mary Ann Kirk	Arts & Parks
Gary Healy	Golf Course
Jenifer Francis	Attorney's Office
Brent Davidson	Recorder's Office
Frank Nakamura	City Attorney
Laura Lloyd	Fire Department
Gil Rodriguez	Fire Chief
Pete Fondaco	Police Chief
Craig Burnett	Police Department
Michael Williams	Court Administrator
Paul Thompson	Municipal Court Judge

Budget Chair Krista Dunn called the meeting of the Budget and Finance Committee to order at 8:30 a.m. and welcomed those in attendance. Jim Brass was excused for out of town travel.

Ms. Dunn asked for action on the Budget and Finance Committee Minutes from the meeting held on March 10, 2009. Because all Members had not had an opportunity to read the minutes, approval was postponed until the next meeting.

Pat Wilson - Finance Director

Ms. Wilson has tried to institute some improvements to the budget documents this year trying to consolidate. The general format is to have revenues first in the book and then expenditures. In expenditures you will notice the first sheet from the HTE budgeting software showing last years actual numbers, this years adjusted budget, the department's request, Mayor's recommendation and a blank column for the Council's final decision. The second form is an in-house design to indicate which line items the department has asked to change, increase or decrease. There is room for a short note of justification. The difference is the number shown. Again, there is the Mayor's approval and a column for the Council.

Mr. Dredge expressed his appreciation for the methodology used on this format. One suggestion is to have the department heads include the line item number and description. Some departments only listed the department reductions, but not the increases and both should be included. He would also like to extend the numbers and description to the narrative explanation. Ms. Dunn agreed with these suggestions.

The suggestions were appreciated, and Ms. Wilson continued by explaining that the salary and personnel detail was contained on the final page. This is due to the lack of a payroll module that integrates with the HTE system. By way of further explanation,

Ms. Wilson said that x's in the third column indicate an empty position. Generally, those numbers will reflect the minimum of that grade for filling the position. The spreadsheet contains some coding for evaluations and insurance, the current pay rate and the fiscal 2009 salary. This year there are no merit or cost of living increases, so the total remains the same. The last columns contain benefits. The FICA did not change, a 3.75% increase was built in for health insurance, retirement includes the new rates, workman's compensation has a bit of a buffer for a possible increase later, and then there are the columns for total benefits, and total salary and benefits. These numbers are transported in total to the budget worksheet for each department.

Ms. Wilson complimented the department heads for submitting lean budgets, for the most part. A couple of items have increased for all departments. HTE support has a 4% increase across the board. The Central Garage will remain an internal service fund, which means that the bottom line should break even, revenue and expenditures balancing. What has been done was to weight the maintenance of vehicles and then distribute out the shortage of costs to the applicable departments. There will be a line item called fixed central garage costs. The garage will still bill user fees as in the past. The books show about \$100,000 shortage of revenue, so the fixed costs build in a small buffer to eventually clean that liability off the books.

Mayor Snarr explained his frustration with this department. If the City were to try to sub out vehicle maintenance, then it would be hindered when there are major storms and everyone needs maintenance. By having it in-house we avoid having to wait for maintenance and charging the departments will encourage them to use the service. The Fire Department has some great mechanics that are hired as firemen, so they can take care of much of that maintenance. One position has been eliminated in the garage, so it is wise to continue it.

Revenue is under tab two, Ms. Wilson continued. The General Fund is the only one where the total revenue equals the total expenditures. The enterprise funds do not balance at this point, although, after budgeting is completed the reserve fund balances will either be increased, or decreased, as necessary for the revenue and expenditures to balance.

In the General Fund the prior year's actual figures were not included. She asked if that information would be helpful to the Council.

Ms. Dunn commented that it would be helpful to see that.

Ms. Wilson estimates revenue by looking back at the last five to six years and uses her judgement on what she expects to happen in the coming year by each line item. Two kinds of payments need further explanation. The enterprise funds pay into the General Fund by way of payment in lieu of taxes, which are a percentage of revenues that are established by ordinance to be paid into the Fund.

Additionally, the cost allocation plan is based on a study completed in 2002, which determined how some City costs should be allocated out to the enterprise funds. This includes work from MIS and customer service, for example, that is done for the individual funds, and is charged back to them as a payment to the City. The cost allocation is shown as a decrease in expenditures. By looking at tab seven, line item #9999, called for services is a negative \$342,275 which is the amount being reimbursed from the enterprise funds. Turning the page to Customer Service, you will see that the for services line item takes that department to a zero balance. That is because the Customer Service Department exists entirely to bill and collect for enterprise funds.

Ms. Wilson commented that the cost allocation was based on a study that is now seven years, old and the study itself indicates it should be completed every five years. She stated that as soon as the City can budget for a new cost allocation study it should be recalculated to discern if the calculation is still reasonable.

The revenue projections Ms. Wilson planned are conservative. The General Fund revenue is based on sales tax reductions of 10%. Last month was not down quite that much, so she is hopeful that may be indicative of rebounding sales tax, however, the revenue was reduced from \$14 million down to \$12.6 million. The interest revenue has also been taken down because we are receiving interest of 1.2%, and that was previously 4%. Approximately two million dollars have been taken from the state pool to another investment, to obtain more revenue. The season is approaching when much of the City's cash is utilized.

In the General Fund, page four, are revenues that are somewhat unique, which Ms. Wilson will explain. Notice that item #365-12 is a reimbursement of vehicle expense, which is the Police Department paying for use of the cars. They are supplementing part of the cost of gas. Line item #365-20 is the loan for the Library, which is approximately \$124,000 per year, for six years, toward the \$750,000 that was borrowed for the remodeling. Item #365-20, contribution/other funds of \$400,000 is a payment from the bond proceeds. Up to about two million dollars can be reimbursed to the General Fund from the Smelter Site expenses. This is a one time payment from bond proceeds toward that expense.

Ms. Wilson pointed out five line items called bond reimbursement. These are shown in the General Fund because they are from the 2009 sales tax bonds payments of the refinanced bonds, and the new part of the sales tax bond from the non General Fund funds paying toward the bond.

Line item #365-40, contribution/fund balance, is \$1.9 million, which consists of the one million dollars awarded from the legislature last month for the Cottonwood Street work, and the \$900,000 is \$500,000 toward roads and \$400,000 using reserves to balance the budget.

The Treasurer's office has budgeted for an HTE Users Group (HUG) conference, although, if it needs to be put on hold it can be. Replacement of the terminal for the front counter has been budgeted for when it goes out, and because the Police Department is taking care of the deposit, there is a savings of \$2500 on armored car service. This is a savings that everyone has been very pleased with.

Ms. Dunn commented that throughout the City office supplies is an item that she would like to look at. When all the departments are added together, it is a significant amount. She likes to look at the actual previous year expense and base the new year on that rather than a budgeted figure that was unspent. Because of the need to decrease expenses this year supplies may be an area where departments could drop back instead of using the prior year budgeted figure.

Mr. Dredge added that it is 26% higher than the last year actual figure.

Ms. Dunn continued that this is a general statement about the entire City. She asked Mr. Wagstaff to put office supplies on contingency to consider overall. Another question was on equipment maintenance, and Ms. Miller responded that most of the office equipment is fairly new.

In all departments, Ms. Dunn would like to look at the telephone expenditures. Some departments combine cell phones and land lines and others have only the cell phones on the line items.

Mr. Johns agreed that it is itemized differently from department to department.

Mr. Dredge said that some departments increased the phone expense and others decreased, and it seems that in the past, Mr. Whetzel completed a study which resulted in decreased costs, so he wonders if the amounts are just being increased automatically or reflecting actual expenses. He asked if it is cell phone or land line that is being increased.

Ms. Wilson expressed a desire to have the line items more uniform in the phone categories and it is something her department is working on.

Ms. Dunn asked Mr. Wagstaff to add telephones to the contingency list.

The relief program is operated out of the Treasurer's office, although, it does not show on that budget, Ms. Wilson added. She confirmed that the same amount will be budgeted for the next year, then the City will be more in line with how the state conducts its program. There is \$17,000 budgeted for relief.

Ms. Wells explained that the qualification for poverty level was changed at the state. When Murray complies then the money will go farther.

David Larsen - MIS

To address office supplies, Mr. Larsen stated that included in his budget was green bar paper and general printout, which is not used much anymore. When the budget was submitted, it was requested, however now it looks like that could go down about \$1,500. The green bar paper is used primarily in utility billing and accounts payable.

A couple of points discussed on phone usage is that MIS takes care of internet for the entire City, the phone system, and the major access lines coming into MIS phone switches. There are some dedicated telephone lines that exist in some departments for fax lines, but generally those should go through the City switch. Most of the phone costs in other departments should be cell phones or interdepartmental charge back for services. Some departments do have direct dial phone lines unassociated with the city switch.

Ms. Dunn confirmed that the Council needs to break out interdepartmental cost for phones and the cell phone expense.

Mr. Johns added that a cell phone line item can be added, so that expenses are charged to that and it will be easy to see what the other expenses might be.

Mr. Larsen continued, stating that the auto allowance was going up \$300 this year and travel would decrease by \$2,000 by eliminating out of state travel. Equipment maintenance has decreased \$4,400. Vehicle maintenance has gone down \$700 based on historical usage. Software maintenance has gone up by about \$8,000 because of City usage. Telephone and internet has gone down by \$6,900 due to new state contracts.

Ms. Dunn asked about the telephone and internet being combined.

Mr. Larsen explained that Xmission is the current internet service provider and there are also costs for Qwest included in the same line item.

On cell phones there is a state contract from the Western States Contracting Alliance that has the best rates regardless of the carrier. This includes 13 different states and large volume. Mr. Larsen related that some departments do have carriers that give a discounted or free rate for talking among themselves.

Other reductions include education and training, which is down by \$12,000, due to reduction in out of state travel. There are still a number of technical courses and updates. The GIS training can be decreased to \$8,000 by taking out certain attendees that had been planned. Special department supplies are reduced \$2,000. These detailed items amount to a net operating reduction of \$28,094. Another chart gives the

breakdown specifically.

Ms. Griffiths mentioned that the Murray web site shows an open position in MIS. She asked if that was replacement of an employee.

Mr. Larsen confirmed that it is.

Mr. Dredge pointed out that the department is 36% higher than last years actual figures. It is a 6% increase over the previous budget year.

Ms. Dunn commented that the department head is referring to the budgeted numbers and the Council is comparing to the actual of the previous year. She asked why the budget needs to increase if that amount was not spent the previous year.

Mr. Larsen mentioned that expenses fluctuate and if there is a specific line item he will try to explain. In GIS training there was money for a former employee to attend, however, he did not go. Karma Timmons is the employee who left and she has been paid out. He stated that he was waiting for the payout to be even before rehiring.

Ms. Dunn asked about the professional line item where less than \$20,000 was spent, however, the requested budget is now more than \$25,000. In a year with a decreasing economy, she wondered if the additional \$5,000 was really necessary or could it be held to less than the \$20,000 that was spent the previous year.

Mr. Larsen explained that it might be possible. A variety of things come from the professional category, there are some consulting services to help keep the staff current and that runs about \$10,000 to \$12,000.

Ms. Dunn commented that as department heads you must feel that if the budget is lowered then you will never get it back into the budget. It is true that if the money goes unspent, then it returns to the General Fund, however, those funds also cannot be budgeted for a road project or something else that needs to be done. Several \$5000 amounts can easily become another road repair.

Mr. Larsen stated that historically the department heads would try to balance to the bottom line, over in some line items and under in others. It is hard for him to say what would go undone and how that would affect the MIS services.

Ms. Dunn would prefer that the department come back at mid year and request additional money for projects that really needed to be carried out.

Mr. Dredge added that this conversation needs to take place with all departments. As the revenue is down about 10% and budgets are level with last year then something must give. He stated that there are two options, cut costs or cut people.

No one wants to cut people if unnecessary. Even a 1% to 2% decrease is not going to be enough.

Ms. Griffiths responded that in the current year the professional and consulting services were used for the web site upgrade. She asked if there was something in particular that this would be used for this year.

Mr. Larsen said that the professional services for the consulting firm are about \$12,000, and the City has its imaging system upgrade that needs to be done to keep pace on the HTE upgrade, which runs \$7,000. Then there are networking services that get added on for fire walls and security. This is what make up the \$25,000. A \$28,000 reduction is good, however, it is not 10% and if that amount is necessary then it can be done and professional services can be considered for additional decreases.

Mr. Dredge said that certain things can be put on the contingency list and be discussed as a group or the Council may want to ask the departments to cut each budget by a specific percentage. He said that the City cannot have a level budget.

Ms. Dunn explained that the Council will be looking at what was spent and what is budgeted on each line item to set this years budget, and reductions may be requested in those areas where lower expenditures were seen in the past.

Mr. Larsen added that this practice is exactly what fuel the end of year spending by departments. Line items that are unspent will not be funded the following year.

Mr. Dredge commented that he hopes this would not be the case, but that, people perceive the Council as willing to work with the departments and what they really need will be funded.

Mayor Snarr pointed out that many cuts have been made from Ms. Wells and the Mayor's office to balance the budget. It is unknown what the revenue stream will be, however, certain things must be taken care of or the City will be hurt because of it. Major road repairs can sometimes be eliminated by conducting routine maintenance or overlay, and three of those can be completed for the price a total rebuild.

Tim Tingey - Community and Economic Development

Mr. Tingey complimented the Council for its support over the past year. He will focus on the increases and decreases, and point out some substantial changes that are reflected in the budget based on the time being spent in the Redevelopment Agency (RDA) work versus City planning and economic development. Upon consulting with the finance department, Mr. Tingey is proposing that the salaries be paid out of the General Fund and compensate with Redevelopment Agency funds through a City Hall expense. Now the community development planner is being paid fully from the RDA and yet not

spending much time in that area. A third of the Director's salary is being paid out of the RDA fund. This is a huge shift of expenses. The General Fund will then pay all salaries and a reimbursement will come from the RDA City Hall expense. This is not an even trade. Roughly \$121,000 in salary expense will go into the General Fund. The City Hall expense will be about \$60,000. This is an increase of about \$40,000 in salary in the General Fund. There is an additional cut of \$20,000, which is an associate planner at three quarter time rather than full time. This accurately reflects what is being done between the departments.

In summary, in the General Fund there is an increase of \$106,000 and an increase in EDCU sponsored grants. If the grant is not received, the money will not be spent. In reductions, you will see \$250 in uniform allowance, \$1,000 in books and subscriptions, and a Code Enforcement reduction of \$156,000. This is shifted into the Police Department budget. Professional services will be reduced by \$15,000 and the remaining amount will be spent on some of the regional studies that are being completed, such as the Taylorsville/Murray Transit Alternative study. There is the possibility of additional studies that will be entered into. Education and training will have a \$3,000 cut, although, there is another planner that requires certification updating. Weed control will see a \$1,000 decrease.

Ms. Wilson commented that the 2009 budget was an estimate before Mr. Tingey was with Murray City and prior to that there was not much activity in the department.

Mr. Tingey stated that this is a unique year in RDA as he has requested funding in three additional RDA areas for the first time. These are the East Vine, Cherry Street and the Smelter Site Overlay District. He has created a budget for that and been able to take part of the burden off the Central Business District. The Central Business District does show the changes with the salaries, and professional services have been reduced significantly. City Hall expense remains the same and other areas will compensate for that. Fireclay has no funding requested.

East Vine Street does have a request of \$5,000 for professional services, and City Hall, \$25,000. He has asked for revitalization grants of about \$9,000. This would be used for a business in the area that may want to do some expansion, curb, gutter and sidewalk, or some project related costs that go toward improving its facility. Improvements are for larger scale enhancements, water line break, or other needs in public rights of way.

The Cherry Street budget is set up the same way with a larger revitalization grant amount, due to the fact that one person has already come in from the area and would like to receive funding for business expansion. This is an opportunity to pique some interest in the area.

In the Smelter Site, nothing has been done other than the reimbursement for the

sales tax revenue bond. For low income housing the required 20% has been set aside and will help with some housing projects that have been discussed.

Mr. Tingey explained that the Community Development Block Grant (CDBG) department funds reflect the budget that has already been approved by the Council for this year. There are some minor changes in the budget to consolidate line items if an entity has requested funding under several areas. It is tracked separately in order to report back to the county.

Ms. Dunn asked if there was any word on recovery funds for CDBG. Mr. Tingey responded that housing funds are going through the state, but will trickle down to Murray through the county. Karen Wiley thinks there may be an additional amount for the City of about \$20,000 to \$30,000.

Ms. Griffiths asked for Mr. Tingey's opinion on the value of the services from the Economic Development Corporation of Utah (EDCU) and the Murray Chamber of Commerce.

Mr. Tingey indicated that EDCU does a lot of work in recruiting businesses with a potential for locating in Murray. Since he has been with the City, only one business has considered Murray. The services are important, however, the annual \$28,000 paid might be something that could be reduced, but he has not discussed that with them. The Chamber of Commerce does great work, however, there may room for some reduction and Scott Baker could be open to that.

Mayor Snarr added that when the economy is down business development is even more important. Manufacturing is one sector EDCU tries to attract and Murray does not have the land resources for that, however, the influx of people into the valley does help in jobs and revenue that may be spent in Murray. Economic development is the survival of every city. Job streams are created by businesses coming in.

Mr. Tingey said that Murray does need to be a partner with these organizations.

Mr. Dredge stated that he did not receive the page with the total numbers and the spreadsheet of wages for economic development. Mr. Johns responded that the total did not show up because the code enforcement was linked with that department and it was pulled off. The salary detail is on the last page.

Ms. Dunn asked if EDCU should go on the contingency list. Ms. Griffiths stated that it should be discussed because it is private industry mixed with the public. She asked to look at how the amounts are determined.

Mayor Snarr said that the governor had closed the state agency and decided to shift it all over to be contracted to EDCU. They have information in many different areas

to attract business.

Mr. Tingey said that the level of involvement can be discussed and he will get information on the amounts.

Ms. Wells added that \$2,000 of the Chamber fees go to the Youth Chamber of Commerce.

Following a short break the meeting resumed at 10:20 a.m.

Blaine Haacke - Power

Mr. Haacke stated that working with Finance, the Power Department has been able to consolidate work sheets and create a smaller presentation. As an enterprise fund the power department does operate a balanced budget of \$38.8 million. Metered revenue accounts for 91% of the budget in residential and commercial businesses. The other portions of revenue come from wholesale power sales of surplus energy, \$1.8 million, to the Utah Associated Municipal Power Systems (UAMPS) or other market grid entities. It is done on line via web site access, as well as, agreements signed at the beginning of the season. The Intermountain Power Agency (IPA) call back is an example of that. Murray has offered the call back to UAMPS members, and expects to receive about \$200,000 this year for those sales. Eight UAMPS members have agreed to purchase from Murray. The City has committed 30 MW to UAMPS over the next eight years.

The other major revenue source is from impact fees, in the amount of \$780,000. These are charges to the customer for their impact on the system. It could be a system upgrade or rebuild to help them out. The size of this fee is based on the fact that Murray has the ability to assess Intermountain Medical Center (IMC) with an additional impact fee. When IMC came onto the system, the initial impact fee was close to one million dollars. As it grows into the load there is a continual impact on Murray Power and the City can charge impact fees up to 10 MW of load. Over the past year, IMC has grown from 6.5 MW to 9 MW. Impact fees can still be assessed up to 3.5 MW. This fiscal year the City will charge IMC \$530,000 and then there will be one MW of growth remaining. This is just the hospital, not other Intermountain Health Care facilities in the City.

Mr. Haacke mentioned that there are some decreases in work order revenue, due to the slowing of construction.

In metered sales, 31% are residential, 16% consist of small commercial, and 53% large commercial. Commercial customers are almost 70% of power sales. Four hundred customers utilize 63% of the energy.

The budget includes the 3% general rate increase October 1, and the City power

is planning on that to balance the budget. Last July there was a 5% rate increase and another 5% October 2008 and for the next three years a 3% increase will go into effect each October 1. The budget is conservative in metered sales, because current year sales have been off a small amount all year long. When sales are down, then the purchase of KWh can drop off too, so that the two will balance.

Regarding expenses, Mr. Haacke stated that 59% of all expenditures are power costs, 25% are labor, materials, operating and maintenance for day to day operations. These expenses include \$1.5 million in contributions to City Hall services. Debt service amounts to 5.9% of expenses. In lieu of tax transfer (ILOT) is 5.7%, projected to be about two million dollars. Capital projects will run about 4%.

Power costs include a rate increase on the Colorado River Storage Project (CRSP) last October from the Western Area Power Administration in the amount of 8%, however, this year another 10% increase is expected. The Hunter coal fired plant looks to be about the same. San Juan is a small resource, but a 6% increase is expected. The Intermountain Power Project (IPP) resource costs will be up this year about 8%. A major overhaul in the spring of 2010 is scheduled. If Murray does not call back any of the resource then the California entities will have to pay for the overhaul. This is something that will need consideration around Christmas time when commitments for summer are planned. We do need part of the call back. The landfill gas plants #1 and #2 will be in full operation providing about 7.5 MW, at \$3.5 million. About 15 - 18% of the Murray energy portfolio will be renewable.

Natural gas turbines are budgeted at \$1.5 million. When the budget was developed, the natural gas prices were about \$6.50 per deca therm. This has fallen now based on the price of a barrel of oil. When oil goes down, there is more production on the electrical side, and the power market on the grid decreases. Now natural gas is \$2 and it is expected to be about \$4 next year. This may give the City a little buffer.

Overall, Mr. Haacke explained that the resource costs have increased 4.6%, about one million dollars. The 3% rate increase gives about \$900,000 toward revenue.

About 4% of the budget is planned for capital projects, stated Mr. Haacke. Back yard rebuilds and new construction will be about \$700,000, and these are projects estimated by Ken White due to aging infrastructure. During this present year, some of the back yard rebuilds have been put on hold. It is important for reliability to complete these projects.

Planned are \$375,000 in vehicle replacements, which includes one large bucket truck at \$185,000, and five smaller trucks. A stumper purchase is scheduled for the arborist crew, and a utility trailer. These purchases have been re budgeted because of cut backs in the current year.

Technician equipment has been planned for Mr. Crutcher's group, including a capacitor bank. This equipment is used to maintain a certain amount of power factor, to be in compliance with stipulations from Rocky Mountain Power. If the power falls under this amount, then a monetary penalty could be charged. The capacitor bank goes in the substation to monitor the capacity.

Mr. Crutcher stated that this will be budgeted for the next three years to reach the level necessary, and if the power load to the system changes, so too, could the capacitor needs.

Mr. Haacke commented that he feels he has scaled back, however, the back yard rebuilds are necessary to prevent outages.

To review, Mr. Haacke stated it is a \$38.8 million budget; a 3% rate increase will go into effect in October; power costs have gone up 4.6%; the ILOT is 5.7% of total revenue; natural gas pricing looks good; and, stimulus money is being sought to pay for landfill gas.

Mr. Robertson asked where the reserve account stands, and if anything is being added to reserves. Mr. Haacke responded that it is about \$3.5 to \$4 million, and there was no additional funding to add this past year. The fiscal year 2009-2010 proposes to add \$550,000 to the reserve account.

Mayor Snarr asked how much will be realized from the sale of IPP excess resources. Mr. Haacke said that \$250,000 have been committed and will increase in future years up to 2012. Nothing has been sold past that. It sells for about \$50, so he thinks other entities will want to purchase. There has been greater interest from Idaho and California entities than from within Utah.

Ms. Griffiths expressed her trust and appreciation for Mr. Haacke and his explanation of the budget. Additionally, she feels emotional about the employees and their dedication that makes the City what it is.

Mr. Haacke mentioned that the Hunter and CRSP are the biggest resources, about 60-70% of usage, and the Hunter debt will be gone in 2011. Then there may be other expenses based on federal legislation. Murray is well situated for renewable energy.

There was some discussion on wind, although, Mr. Haacke does not feel that it is reliable enough to invest in.

Pat Wilson - Finance

In Finance and Customer Accounts there has been some realignment of

positions, and salary and benefits have changed between the departments. Items are being coded closer to actual expenditures and the software request is for the HTE payroll module that was delayed last year. The HTE software support is the Finance portion of the computer continuing support allocated out to every department.

Regarding the payroll module, it would make it easier to obtain reports. The current payroll person has been able to write some Qrep reports to analyze some facets of the salaries. Since the majority of the budgets are salary and benefits, it is important to analyze these expenses. The home-designed system does have some advantages, however, a new integrated payroll module could be automatically detailed into the budget ledger rather than hand entered. Much MIS time is necessary to support the current system. She realizes this is a tight budget, however, being able to analyze salaries is important.

Mr. Dredge expressed his surprise at learning that the City uses a custom payroll system. His concern is that payroll rules change so frequently that if changes are not entered promptly, the IRS could give Murray a hard time.

Ms. Dunn suggested it be added to the contingency list to discuss further.

In Customer Accounts, Ms. Wilson mentioned a small increase in uniform allowance. The biggest change has been regarding the sorting machine. When the maintenance agreement was due to be renewed, there was an additional amount charged, because of the age of the equipment. Replacing it with a new mail machine and sorter, cost about the same as the maintenance contract. It has increased a little time for Mark Williams, however, now the accounts payable person, and others, can operate it. The rental and lease line item is the new machine. There is one full sized truck with more than 100,000 miles that is scheduled to be replaced with a smaller vehicle for \$15,000.

Mr. Dredge asked why trucks are needed by the meter readers.

The Mayor responded that wrenches and tools are needed by the meter readers.

Ms. Dunn would like to look at why pickup trucks and some SUVs are necessary in the departments, and would like that added to the contingency list.

As automated meters are installed, some of the meter readers could be phased out, commented Ms. Wilson. If it does not come through attrition and retirement then, she hopes, people may be absorbed into public services.

Ms. Wells stated that there is a vehicle committee who makes recommendations regarding vehicles throughout the City and there is a report that she will distribute so the Council can review it.

Mr. Robertson would not be present for a while due to an appointment.

Ms. Wilson pointed out the Central Garage fixed costs. She stated she will follow up to make sure a truck is necessary.

Looking at the Non-Departmental account, Ms. Wilson explained that the first two items are running higher than was budgeted, and the retiree and LTD insurance reflect what she feels was an incorrect entry from last year. This is where she will allocate the funds for the OPEB study results that she is conducting for post employment benefits.

The professional and consultants line items may be used by the RDA consultants, and her OPEB study will be about \$10,000 from this account. The Mayor does utilize the Non-Departmental, however, detailed use of all these funds has not been fully tracked.

Ms. Dunn asked why there are office supplies in Non-Departmental.

Ms. Wilson remarked that she would like to research this, however, Mr. Johns stated that the General Fund postage was being charged to the office supply account. The amount was close to \$34,000. It will remain in Non-Departmental but under a specific account for postage with a new line item number. With that the office supplies can be tracked easier.

Ms. Dunn asked for that item to be added to the contingency list to be discussed further.

Mr. Dredge asked about the departments not being charged for utilization of postage. Mr. Johns responded that the new machine can track by department. He said in Customer Accounts the postage is strictly for utilities and this amounts to everything else. In the Non-Departmental the budget can be split with \$34,000 for postage and the remainder for office supplies. The new postage increase should to be taken into consideration.

Ms. Dunn remarked that postage should be charged to the departments it is used by and office supplies should not be Non-Departmental. Ms. Wilson asked to get a one year history before moving into departments.

Ms. Wells commented that there are things the Mayor's office does that are Citywide and charged into the Non-Departmental account. For example, when the Christmas bonus is prepared, the stationery and envelopes come out of this account. More specific numbers can be obtained if necessary.

Ms. Wilson talked about the retained risk line item which will be moved into its

own department. The Retained Risk fund has been used as a savings account with about \$600,000 to \$700,000. Mr. Whetzel used that only for large items and then this line item in Non-Departmental was used for small claims. It is her thinking to move the self insurance collision and self insurance liability into the Retained Risk budget, and fund it from the General Fund each year here in the Non-Departmental. The money can then be transferred into the reserve account where the claims will be paid. Hopefully, this account will grow.

Ms. Wells added that over the last year the insurance has been discussed at length and this line item gives the City the option to build the account and self insure in the future.

Council Members agreed with this thinking.

Ms. Wilson pointed out the UTOPIA funding of \$250,000.

Ms. Dunn asked why there are miscellaneous supplies, miscellaneous services, special department supplies, and office supplies. She feels the Non-Departmental should be limited to just a few line items. She also asked what the contribution in the amount of \$5000 was for.

Ms. Wells commented that there are groups that ask for donations such as Veterans flags and the Larry Miller advertisement came from that fund. Ms. Griffiths stated that many entities create the “feel good” honors and then expect the government to pay for it. Mayor Snarr commented that his office does decline on many requests that they receive. However, the Mayor added that the employees really appreciated the extra day off after Christmas last year.

Ms. Wilson commented that the employee Christmas bonus will be \$100 per person. The utility relief program is kept at the same amount. The Transfers and Debt Payments account which is the principal and interest on the sales tax, the Municipal Building Authority is just enough to keep that open. In Capital Projects, \$500,000 is un designated as road projects. The second account is the bond proceeds. After that sheet is the Retained Risk where the \$250,000 shows up, the funds from the Non-Departmental account. The Cemetery Perpetual Care fund consists of the money collected when a lot is purchased. The \$60,000 is a transfer to cover expenses. The final total on that page is the end of the report and the total of Citywide expenses.

David Frandsen - Murray City Employees Association (MCEA)

Mr. Frandsen distributed and read a letter addressed to the Mayor and Council Members. In brief, it stated appreciation for transparency and openness in dealing with the MCEA, willingness to consider employee requests, and trust in the elected officials decisions during this time of economic uncertainty. The letter encouraged the City to

maintain the 85/15 split in healthcare costs. A survey was conducted to better understand the members issues, and a list of suggestions were attached. The letter pointed out the idea that strong local governments thrive on innovative ideas and noted that Murray can become a better, more efficient place to work when elected officials and employees work together.

There was some discussion regarding the list of suggestions from the survey and the Mayor and Council pointed out that they know of no cities giving COLAs this year. Mr. Dredge mentioned that the employees might better know of waste and if it is seen, they would like to know. It was noted that flexible work hours were requested to drive less, and, in the water department, it would be more productive to work 10 hour days with less set up and clean up time required. It is something to consider for some areas. Ms. Griffiths commented about sick days, stating that when people are really sick they need to stay home.

Dan Barr - Library

The Library budget is based on revenue provided by Ms. Wilson, which is estimated for the year at \$1,651,818. The budget expenditure recommended is \$1,627,124. This budget is less than last year and he hopes to provide additional services with less money.

Mr. Barr explained that the regular employees' line item is an increase for a new full time position and this is budgeted for the last six months of next year so that he can wait to see the revenue numbers before deciding whether or not to fill the position. A reduction in temporary employees is a reflection of the renovation and desire to use staff more efficiently. Under equipment maintenance, there is an increase in expense of \$20,000 for the equipment that operates all the computers and it is past its shelf life, on an extended warranty now. One solution is to replace the hardware with new equipment and the other is to out source with a server in Salt Lake City to see if it would improve the system. Along with that is a \$5,000 increase in telephone to increase band width and connection speed. Mr. Barr is working with UTOPIA to utilize its network.

Ms. Dunn asked for an explanation of the young adult programming and young adult ps line items. Mr. Barr explained that the ps stood for a former employee who conducted that program. It can be eliminated. The difference between the two line items is that 4816 is the collection of books and 2110 refers to programming for printing, supplies and materials. The after school programming has increased with a new librarian. The circulation is up more than 12% from the previous year, and computer use has also increased. Two grants have been received. One is a federal grant in the amount of \$15,863 for the purchase of self checkout machines, and the other is \$15,693 from the state for Murray's certification, which is aid that is received every year.

Ms. Griffiths asked for an explanation of line item #5510. He noted that it is the

payment on the original building, which has gone from being a bond payment to a lease payment as it fell under the Municipal Housing Authority.

Ms. Wilson pointed out item #9210, roughly the same number, which is the reimbursement for the original 2007 sales tax, the MBA loan. Above that is the payment toward the \$750,000 loan for renovation. Instead of running debt through a rental and lease payment, it is now shown separately.

Ms. Dunn complimented Mr. Barr on his presentation and planning.

Mike Wagstaff - City Council

Mr. Wagstaff explained his method in completing the first budget was to make cuts based on actual spending. There is an increase under miscellaneous services due to the election year events that will be necessary.

Ms. Griffiths asked about training for new elected officials that is done by the ULCT. Ms. Wells stated that there is a line item in Non-Departmental for those training sessions and dues.

Mr. Wagstaff added that the communication supplies could be cut because only \$75 have been spent, and other areas could be decreased.

Ms. Dunn commented that there are some small items that can be cut here too, and when added with other items on contingency then they could amount to enough for an additional road slurry seal. That way funds can be budgeted and used as needed rather than left over at the end of the year.

Ms. Griffiths asked about the books and subscription's line item, and if some of the magazines the Council receives are complimentary or something we pay for. Mr. Wagstaff indicated that under that item, there are the code books and newspapers that are ordered and magazines are gratis.

Mr. Wagstaff said small equipment can be trimmed because one computer has been ordered in the current budget and only one will need replacement next year. Professional services would be used for training, an audit or other special project.

Ms. Dunn reiterated that items with no particular purpose now should be eliminated and added back in when necessary and when funds are available. Publications, professional services, telephone, and office supplies are items to look at closely. She will consider last year and the previous years for necessary expenses.

Ms. Wilson will prepare a three-year history of expenditures for the Council.

Ms. Dunn commented on the lobbyist that was hired last year with money taken from road funds. She asked for feed back on whether it should be included in the budget this year.

Mr. Dredge asked for the lobbyist to go on contingency.

Ms. Griffiths stated that her personal opinion has not changed in that regard and she feels the City would have been awarded the one million dollars without his efforts.

Jan Wells - Mayor's Office

Ms. Wells commented that the budget has been reviewed and some items have been taken out, such as, temporary employees, which was used for interns or specialty programs or facilitation. Travel has been reduced by \$2000. Special projects have been increased for the Hall of Honor, making the total budget reductions for the department \$11,000.

Ms. Griffiths asked about evaluating Valley TV. Ms. Wells responded that she is not happy about Valley TV and does not feel that there is cooperation with the college. It seems the program is at a standstill. The City survey results show very low interest, therefore, Ms. Wells is considering discontinuing TV and using other means to get information to the public. The web site is so much more valuable, especially since it has been updated and Whitney can do links to swine flu and other information to keep current. She would like to use the money to do some streaming information on the web site.

Ms. Dunn confirmed her desire to leave the money available for other uses. Ms. Wells agreed with that concept.

Mayor Snarr asked how the other communities are doing as far as participation. Ms. Wells said it is up and down for them too. It depends on the cable options in the area. Comcast makes it available to the citizens. Murray has many options and less than 40% of the residents have Comcast. The programs are expensive to produce. To do it well, more money needs to be devoted to it and there is a way to charge citizens a few cents, if that is the direction the City decided to go.

Ms. Griffiths concurred with Ms. Wells thinking and commented that there is much repetition on the channel.

At 12:05 p.m. the budget meeting recessed for lunch.

At 1:00 p.m. the budget committee meeting reconvened.

Doug Hill - Public Services

Mr. Hill commented that a couple of items are consistent throughout the departments. The temporary employee costs will be higher due to a minimum wage increase on July 1 to \$7.25 per hour. That affects the part time scale that the City uses, with the lowest paid position at \$7.35 per hour, because traditionally Murray tries to pay a little higher rate. Particularly in Parks and Recreation, where the City depends heavily on part time staff, there will be an increase. Note the new line item for Central Garage fixed costs, which you may be aware of already.

Beginning with **Building Inspection** the budget is status quo to last years with no new items or increases.

Looking at the **Roadways** budget, you will see that this is a combination of the Roadways and Road Cuts budgets. A couple of minor line item accounts have been increased, one is painting due to the cost of paint, and the other is fuel to reflect current usage. Other items are status quo.

Ms. Griffiths asked if the City still paints the curb for No Parking. Mr. Hill responded that the department tries not to do so. The law is written so the Police cannot ticket for a painted curb, areas must be signed. Some places people request the red curb, for example, in Murray Park.

Class C Road Funds vary from year to year because this comes from the state, and mistakes are frequently made in the allocation process. In general, the City should receive about \$1.3 million per year. The budget is slightly higher which reflects a refund from Utah Department of Transportation (UDOT) on two projects. One is \$200,000 for the overpass project which will be completed, and widening Fashion Boulevard has begun. The agreement with UDOT is that Murray will complete the project and UDOT will reimburse the City for the signal cost of about \$150,000. Another change in this budget is for maintenance, such as concrete, sealer, mulch, and road base. The proposal is to move those expenses into the Road Construction budget. The road salt number has been increased to \$75,000.

In Class C Roads there are four projects proposed:

- 5290 South - 900 East to 1300 East - \$568,000
- Allendale - surface overlay - \$327,000 half from the current budget that is being rolled into FY 2009-2010
- Vine at Railroad Crossing - improvements for Frontrunner Project - matching funds
- Main & Big Cottonwood - bridge project ranked one of the worst bridges in the state - matching funds

The bond payment that is reflected on the budget is the final payment on that. Next year more money should be available for projects.

In the **Road Construction** budget, these funds come from the General Fund, in addition to the Class C Road Funds. Here you will see the items that were moved over from the previous budget. The department proposal is complete maintenance, including crack sealing for \$100,000, and repair pot holes for \$200,000, recognizing that money would be limited for major road projects. There is money allocated for ADA sidewalks and replacement. The Mayor included an additional \$500,000 for road projects that are undetermined, and one million dollars from the state legislature for the environmental study on Cottonwood Street. A pickup truck and a painter are included for replacement for \$48,000 under equipment.

Mr. Hill distributed a schedule of proposed road projects with detailed cost estimates done by the engineering department that conducted a physical examination of the roads. He stated that with \$500,000 one large road project can be completed or three or four depending on the cost. The staff thought it might be better to do more than one project, so the roads identified receive numerous complaints, are in poor condition, and many can be done by Murray staff. The City can do the projects cheaper and the desire is to keep staff busy, however, the state mandates that if the project is over a certain dollar amount, then it must be contracted out. This list of projects comprises the short term plan for next year only.

- 1430 East - \$93,000 - City crews
- Haven Chase Area - City crews
 - New Haven & Shenandoah - slurry seal - \$48,000
 - Haven Chase, Havenglen & Havenmoor - \$117,960 - Option 1
 - Haven Chase, Havenoaks & Havenbrook - \$66,550 - Option 2 with a contractor - \$40,050
- Sanford - South side - \$240,000 - contractor
- Silver Shadow - \$199,640 - contractor
- Walden Glen - \$83,000 - City crews
- Walden Wood - \$109,760
- Fairhaven - \$180,510 - City crews
- Creek View Circle - \$192,510 - City crews, a small section only.

These are the streets that are in need of work, and total much more than the \$500,000 in the budget. A package can be put together to equal about \$500,000.

Ms. Dunn asked if all these roads are failing. Trae Stokes commented that some are maintenance projects to extend the life of the roads that are not quite as bad.

Mr. Hill explained that about five years ago a pavement management plan was developed prior to the annexations. The staff has tried to add the annexed areas,

however, the plan needs to be updated. Engineering is working on that plan now, although, it will take six months to revisit all the streets. The prior plan may have shown a road as poor, but now it is failing. Once this plan is completed, Mr. Hill, along with the Administration, would like to put together a five-year plan that addresses the entire picture of road condition. Many of the Murray major streets are in very bad condition, such as 5900 South, 4800 South, Winchester, 1300 East, and Vine street east of 900 East. These are millions of dollars in work. The project at 5900 South, from 700 West to Van Winkle, is about \$7 million. Help from outside sources are necessary and requests have submitted to the Wasatch Front Regional Council requesting major projects be added on the Transportation Improvement Plan (TIP). Concept reports are being prepared to go along with those requests. Wasatch Front will prioritize Murray projects with the rest of the valley. This money will come from the federal government if approved, however, it could take five to six years to get the money and we may not be able to wait. As part of the analysis bonding will be considered, and there are advantages and disadvantages to bonding. The City would like to develop a comprehensive road maintenance program rather than fixing failing roads. This might help us move into maintenance to prevent roads from becoming poor and failing roads. A slurry seal can help a road last five to ten more years. In reality, constituents might complain that roads like Wookoak and 4800 South is getting slurry seal work when other roads need complete rebuilds. We feel this is a good investment into the entire five year road plan for the City.

Mr. Robertson asked if the City could lose the TIP money if it must complete a road project prior to funding becoming available. Mr. Hill responded positively. He also commented that when a number of the roads in a neighborhood need work and only half are done, then the citizens get really angry. A slurry seal looks like a brand-new road after being done.

Ms. Griffiths commented that 1430 East from the new homes back looks quite good, however, south to Vine Street is horrible. Mr. Hill stated that the \$93,000 would be for the portion from Vine street back to the new street.

Ms. Dunn said these would go on the contingency list.

Mr. Hill pointed out that Congressman Chavez has been quoted as saying he is not recommending any ear marks for roads, however, Matheson is doing ear marks. Congressman Matheson sent a letter to the City to ask if Murray would like to include any road projects for ear marks. A transportation bill will be authorizing projects, and the type they want to help with being major regional roadways. These projects are like Cottonwood Street or Main Street and require a match from the City, sometimes of 20%. The problem with that is the multimillion dollar cost and a required match will greatly decrease the ability for Murray to take care of local roads. That being the case, it was decided not to submit any projects at this time.

The **Shop and Garage** is the budget that takes care of the buildings at the Public Services Office, maintenance, utilities, and bond payment costs. It is status quo with the exception that equipment maintenance was increased by \$7,000 due to the HVAC system that constantly needs repair. This reflects the actual cost of maintaining that facility.

The **Engineering** budget is status quo with no line item increases or capital expenditures.

The **Murray Park** budget has been combined with the Neighborhood Parks and expenses have been merged into one department. There are a few items included in the budget, one is the increase in temporary employees and the second relates to a storm retention basin on Vinecrest that we accepted from Salt Lake County. The neighbors previously maintained it and Murray has agreed to take over maintenance which will increase costs in landscape services. Other than those items, the budget is status quo.

Mr. Hill states that the **Park Center** budget has a few increases: temporary employees, utility costs, and minor increases reflecting actual use. By federal mandate the City is required to replace pool drain covers. Nationally, in the past, some children have gotten sucked into the drain, holding them under water, due to cracking and breaking drains. The new law says that all pools must have new drain covers with specific certifications, which has affected every swimming pool in the United States. The cost is \$6,000 for the indoor pool and \$9000 outdoors. There are few choices in drain covers and they are not comfortable to walk on. Over time some better designs might be developed.

Mr. Sorensen has been working with the Health department and the City has until the end of the outdoor season to get them changed. He stated that the plans are to drain the pool to change them.

In **Recreation** there were a few line item increases to reflect the cost of programs. Mr. Plant will pass those costs on through fee increases.

Ms. Griffiths asked about the line item for Boys and Girls Club and if it should go through a separate hearing because it is a non profit organization. Mr. Hill stated that by going through the budget hearing, then it meets the requirements. Ms. Wells explained that she has used the budget addendum to explain other expenses that do not have individual line items.

Regarding the **outdoor swimming pool**, in addition to the drain covers and temporary employee increase, there is also a significant increase in chemicals.

Cultural Arts is a status quo budget, however, many line items have been

moved around because Ms. Kirk is trying to change the budget to better reflect the grants that she writes. There is an increase in temporary employees to take care of the Museum.

Ms. Griffiths asked about the amphitheater design and if it is on hold. Mr. Hill responded that the budget does not reflect money for the amphitheater. The downside is that Murray has identified two projects that the City needs the county to help with and they are the amphitheater and performing arts center. The amphitheater needs a concession area, dressing rooms, possible enclosure and cover. In order to know how much to request from the county, a conceptual design needs to be completed. West Valley City and Sandy have both received money from the county for cultural facilities. The county seems to be more willing to share money with communities. The \$10,000 was for an architect to estimate funding necessary so that the City could approach the county or look at other funding opportunities. Ms. Kirk stated that the Murray amphitheater was an additional priority added onto the county list. It is probably a six-month process, however, the county has no official plan.

Ms. Griffiths asked to have this item added to the contingency list. She asked if there is a liability issue with crumbling stairs. Mr. Hill pointed out that as the facility ages those matters do become important.

In the **Heritage Center** budget a new membership module was purchased so there are some additional software maintenance fees to go along with that next year. The bus that is used for trips is aging so vehicle maintenance has increased, and the costs associated with the programs Ms. Gregory runs have gone up, although, the fees collected will offset that expense. Other items have remained the same.

The **Cemetery** has only a minor increase in temporary employees and other items are status quo.

Ms. Griffiths asked the location of the Rice property that was a proposed purchase. Mr. Hill responded that it is on Baker Street where there are two lots. Adjacent to Springtree Condominiums the cemetery has a low spot that collects water, doesn't drain, and is used to store dirt from the graves. The condo association would like to see this developed. The drainage could be improved with a storm drain that goes out to Baker Street. There are no easements and the Rice family had not been willing to sell an easement, although, this year Mr. Rice passed away and the family has the property up for sale. The \$950,000 was the price for both lots. It is promising, and there may be a way to get an easement from new owners.

Doug Hill - Water Fund

The Water Fund is in great shape with a healthy reserve of about \$6 million. The City has been saving for installation of automatic read meters. Mr. Astill would like to

begin to change these out this year. It will be less expensive for the water crew to install the meters than to lease the work out to another company. You will see some increases in overtime and temporary employees to accomplish this. The majority of the residential meters and easier commercial meters can be completed this year. Most of the other projects are standard pipeline replacement projects. The bottom line shows that the Fund will spend about two million dollars more than the revenue due to the reserves that have been saved for this purpose.

Ms. vonWeller stated that this is a consolidated budget so there are some new line items and eliminated items.

Ms. Dunn asked who the City purchases water from. Mr. Astill responded that there is an agreement with Salt Lake City, and Murray has some water rights in Big Cottonwood Canyon where Salt Lake City has the treatment plant. We can purchase water from them at their cost to treat if we need to. If we have a well go down, we may need it, however, for three seasons there has been to need to buy water.

Mr. Hill stated that Murray also has an agreement with the Jordan Valley Water Conservancy District to buy water from them in an emergency. We are not eligible for member rates, because they want a guaranteed take for that price to become available, however, this is a backup if needed.

Doug Hill - Waste Water Fund

One large equipment item is scheduled for purchase, which is a vac truck to replace a 1999 model. This budget is balanced and uses about \$30,000 from the reserve account, which is roughly two million dollars. It is a consolidated budget with items combined to create streamlined accounting.

Mr. Astill recently gave a report to the Council on Central Valley and we feel good that some of the projects at Central Valley have not cost as much as originally planned, and no rate increases or budget adjustments are requested.

Doug Hill - Golf Course

This is a balanced budget with equal revenue and expenses. There are some equipment purchases and line item adjustments made to reflect actual past use. A turf utility vehicle and reel grinding machine are included in equipment purchases. Other items are status quo.

Doug Hill - Storm Water

This fund is also a balanced budget, in fact, the fund will add about \$100,000 to reserves this year. This will go toward some larger projects in the future. One major

purchase proposed is to replace an aging street sweeper. Smaller equipment purchases are planned, such as a root cutter and snow plow. Two small projects are planned, one is Holstein Way, and that has begun. Holly Avenue is more of a curb and gutter project. Money has been set aside because problems surface as rain and flooding occurs, therefore, these funds will be available for those unanticipated issues when they arise.

Doug Hill - Central Garage

The matters with Central Garage have been discussed earlier and one new equipment item included in the budget is replacement of compressor and air lines.

Mr. Hill took a moment to thank all the division heads who have contributed to the budget process and he is appreciative of the support Council on the various projects. He expressed his willingness to help the Council Members in the districts whenever necessary.

Doug Hill - Solid Waste

Mr. Hill distributed hand outs to go with his report. Bids for solid waste collection were received a few weeks back. You can see those bids in the second box on the page and the City has decided to award the contract to Ace Disposal, which is, by far, the lowest bidder. Murray worked with Ace about 10 to 15 years ago, as solid waste contractor. The agreement has not been signed, however, Mr. Hill does not anticipate any problems.

The bid costs for the first can, second can and weekly recycling are listed. A bid has been made for yard waste, should the City decide to offer that service. If so, the City would purchase the can and there would be an expense for Trans-Jordan to sort, because, from past experience, not everything that comes in is yard waste.

Ms. vonWeller explained the summary, which is proposed with no change to the City's current service, and the total increase in costs would amount to less than \$50,000. The plan is to pay for the increase from fund reserves and not increase fees for a while.

Mr. Hill reiterated that there would be no changes for at least six months. At that time reserves can be evaluated and adjustments made. Currently, solid waste expenditure is a little more than revenue. Even in this fiscal year, the City is using some reserves. About \$200,000 remain in reserve. In the contract, the City will propose to add any of these services if desired in the future, yard waste or weekly recycling.

The Mayor commented that he has had citizens request weekly recycling. His

response is for residents to buy a second recycling can, because some people do not use it as much. This is a better way to allocate the costs.

Ms. Dunn agreed that she does not feel this is a good year to increase costs, if it is not necessary.

Ms. vonWeller stated that the contract has been drafted to be a five-year agreement. She pointed out the list of costs for other services that might be considered in the future. A large expense would be \$600,000 for new containers for yard waste, if the City decided on weekly pick up from April through November. Ace has a compressed natural gas fuel truck and one will be allocated to Murray so that there will be no fuel charge when that vehicle is used. Ace will go through the City facilities and design a specific recycling program for each facility. Public services will have different recycling than at the Park Center, for example.

Ms. Dunn added that many citizens have commented about the lack of recycling at the Park. Ms. vonWeller stated that where no one is watching there is much contamination, because people use them as garbage cans. Ms. Dunn said that it does improve over time.

Mr. Hill reminded the Council that the City will be reducing reserves and cannot go forever without a fee increase. Ms. Griffiths stated that it should be reevaluated at mid year budget time.

Mike Terry - Human Resources

Mr. Terry stated that usually the department tries to replace one computer per year, although, due to a new contract, this year two computers can be replaced for the former price of one, so that is an equipment request. He has also budgeted for two front office chairs to be replaced. There is a new line item for a department head cell phone, and increased amount for office supplies, which goes to print applications and files.

There are new police and fire recruiting guidelines which have prompted an additional \$2,000 request in exam and test rental for a total of \$5,000. The plan is to test every six months so that there is always a fresh list of applicants.

Software maintenance has increased for the employees' evaluation system. An additional \$1,000 for drug and alcohol testing is needed due to the increased number of employees tested when hired and random testing. Travel and education outside the state has been decreased.

Ms. Griffiths asked if on line applications are utilized. Mr. Terry stated that he would like to look at that in the future, depending on payroll systems and if that might be a program add on that could be instituted.

Ms. Dunn asked about the overtime. Mr. Terry responded that it is not being used, any extra time is being taken as compensatory time.

Mayor Snarr stated that all departments, except water, have been asked to use compensatory time for any necessary overtime hours worked. Ms. Dunn asked that overtime be on contingency.

Ms. Wilson said there is a new report going out to department heads on compensatory time. The City is required to pay out any compensatory time that is more than 15 months old, or more than 230 hours on the books. The report tells when there is six weeks left to take it. The report also shows any overtime being paid out, additional compensatory time on the books and compensatory time used. This really helps the management to be aware of the time being accumulated. She said that it is a privilege of government to use compensatory time, although, it could be paid out at a higher rate, if it is paid after the employee has received an increase in pay. The rule states that it must be paid out at the employees' current pay rate or if they leave employment.

Ms. Dunn asked about books and subscriptions and if there is a reason to keep it at that level. Mr. Terry stated that it can be lowered based on past years. She also asked about vehicle maintenance. Mr. Terry answered that the department requested a new vehicle, which was denied, and the 1996 vehicle requires increasing maintenance costs.

Mr. Dredge asked about the car usage. Mr. Terry explained that the Health and Safety employee works with all the crews to insure proper safety and attends safety meetings.

Mr. Dredge asked about retirement and how much is 401K matching versus other retirement costs. Mr. Terry said the pension is about 11.8%, which is mandatory and 4.2% is 401K at Murray's discretion.

Ms. Griffiths asked if the public safety employees' pension fees vary. Police is up to 23%, but they receive no 401K. Fire is similar to other employees at about 13% pension and 3% 401K. Judicial is the same as other employees.

Mr. Dredge asked how many positions have been approved, but remain unfilled at this time.

Mr. Terry responded that the City is down three police officers, one is public service, two new bailiffs, one MIS programmer, so that amounts to less than ten.

Mr. Dredge commented that the current payroll software requires a lot of programming assistance and he wondered if by purchasing the new payroll software the need for an additional programmer could be eliminated. Ms. Wilson stated that with

the purchased module as much time would not be necessary, although, some would be. Ms. Wells commented that the position description has been altered to include some time on the web site with the programming.

Brent Davidson - Recorder's Office

On the Recorder/Purchasing area most items remained the same with the exception of public notices, which has been decreased by \$5,000. The office supply budget has been decreased. Elections have been moved from Business Licensing into the Recorder's budget.

Business Licensing stayed basically the same. There is a new computer for use there. There is \$1,000 for professional services if it is needed.

In Government Building the expenses are about the same. The maintenance line item is at \$70,000, and with no roof repair that should be enough. Small equipment of \$6,000 is for a small HVAC for the computer room. Minor building improvements have been budgeted at \$40,000, which is about what was spent the previous year. Minor improvements are a remodel, however, new walls or carpet is maintenance, like has been done in the police department.

Frank Nakamura - City Attorney

Mr. Nakamura stated that personnel resources have been moved between the civil side and the prosecution side. He wanted to show a better reflection of costs versus revenue. Justice Court services amount to 75% of personnel costs. Ms. Dunn asked if the Prosecution budget is related to the justice court. Mr. Nakamura commented that his staff does all the discovery, puts the files together, and files the pleadings. His staff does not do the traffic violations.

Ms. Dunn said that her point is that when the attorney's costs are added in then the court comes close to breaking even. The court is not a big money maker. Mr. Nakamura agreed with that comment. Mr. Dredge stated that the Court income is \$524,000. The Prosecution budget is \$408,000. Mr. Nakamura said that with his time and police officers testifying then it basically breaks even. He complimented his prosecutors and the job they do for the City.

Mr. Nakamura pointed out some reduction in travel and other items are status quo.

Ms. Dunn pointed out her appreciation that the department had budgeted according to previous expenditures and not according to the previous budget.

Jan Wells - Cell Phones

Ms. Wells stated that she would present her information on cell phones. She distributed a spreadsheet showing current fiscal situations by department. These are City issued and paid for phones. You can see the providers, and all are part of the Western States Contract Alliance. She said that we get government prices which are probably the best price available. The departments use different providers for different reasons. Public Services uses Sprint/Nextel because of the push to talk feature, and AT&T is used by Power. There are 214 cell phones with the services provided, although there is no detail on the texting. Some of the departments buy a quantity of minutes, which are used by all the phones in the department. The cost per month and the general cost per phone are shown. One discussion was to break the cell phone expenses out from land line costs, and that will probably give some good ideas on the way programming is looked at.

There are two options on cell phones. One is the option just described to have a City cell phone at City cost. The other is to utilize personal phones and receive a stipend toward the expense. The second page shows that cost, which is usually used by upper management and department heads. There are 16 phones on this plan. This is the information gathered to date, and Ms. Wells stated that she will be working on an internal cell phone policy.

Gil Rodriguez - Fire Department

The major item asked for in the Fire Department is an Assistant Chief Position. This is really contingent upon how the ambulance service works out. The Mayor has asked the department to wait on that. The other item requested is additional overtime for new employees hired. He mentioned that over the last year the administrative overtime has really increased. Battalion Chiefs accrue overtime for training and call backs. When analyzed they were asked to take this as compensatory time and everyone was fine with that idea.

Ms. Dunn asked how many firefighters Murray has now. The Chief responded that there are 54, including the new hires for ambulance service.

To give more detail on overtime, Chief Rodriguez explained that daily staffing is 18, fully staffed. With that the department runs two engines, one truck, and three ambulances. Minimum staffing can fall to 16 and then only two ambulances can be in service. At 17 a "jump crew" is run with one ambulance having a three-man crew and the other two with two man crews. The big problem with overtime is to cover vacations. The employee breakdown shows six employees with 20 or more years having maximum vacation, five employees with 15 to 20 years, seven that are 10 - 15 years, 14 with five or more years, and 22 with below five years. This is a total of 368 vacation days that can be used plus any that is carried over. The policy has always been that the department will allow up to three employees off in one day, however, overtime must be paid to bring someone in to cover that third position. When people are sick, it is a

problem, and with mandatory certifications, sometimes overtime must be paid for coverage. Long term illnesses are difficult too.

Ms. Dunn mentioned that the overtime averages about \$5,000 per employee.

Ms. Griffiths asked if with the ambulance service it is necessary to have as many men on the trucks. The Chief said that the two ambulances run out of the old station. Trucks run in tandem with the ambulance.

Mr. Robertson asked how often both ambulances are out at the same time. Chief Rodriguez said he does not have that statistic, however, it is more often than he thought and he is pleased to offer this level of service to the residents, because it is better service with long term professionals. Mr. Robertson said that other cities agree on the benefit of better service and financial profit. The Chief is anxious to see that become reality.

Ms. Wilson stated that the estimated revenue for ambulance is \$900,000. The Chief said that there are about 200 billable calls a month. That would be \$200,000 a month, unfortunately, not everyone pays, the average is about 50% to 70% collected.

Ms. Wilson mentioned increased costs for Valley Emergency Communications Center (VECC), which is higher than budgeted funding. Fire expense for VECC needs to go from \$123,000 to \$135,000. The City has no control over that.

Pete Fondaco - Police Department

Chief Fondaco reviewed that the department is requesting eight patrol vehicles, the K-9 vehicles have been put on hold, an animal control vehicle is approved, and the other line items are ongoing for replacement rotation every year. There are laptop computers requested, which are on a three-year replacement rotation. Requested is the desktop computer replacement and an increase in clothing allowance. This is raising the officers up to \$1,000 per year. Working with Finance, these uniforms will be put on a credit card program to control what is purchased. Now it is buried in the officers net income so it is hard for them to go out and buy a \$250 winter jacket. This will not impact the finances at home and purchases can be made as necessary.

The department has requested handgun replacement, as per manufacturers' recommendation to rotate handguns every five years. Taser replacement was not funded last year; they are all out of warranty, and cost \$600 each. Police are required to follow Taser International regulations, so live cartridges must be fired during training and each of those cost \$5, amounting to about \$3,000 just to get the entire department through training. Old tasers are crushed when they go out of service. The radar gun replacement is to keep them rotated and functioning.

The speed trailers work for the speed itself, what is not operational is the solar panel that counts the cars and keeps track of the high speed, low speed, and the average speed. The Mayor asked the department to get by with the two it has now, and then when the economy changes the replacements could be funded.

For ballistic vest purchase there is \$5,000 in the budget, and the City receives a \$5,000 match so that will be \$10,000 to replace on a five-year rotation. The \$5,000 VOWA grant is for the Victims Advocate training and equipment. The total grant is actually \$38,000 for salaries and other items that he allows Ms. Wilson to take into the General Fund. The Justice Administration Grant (JAG) was \$13,000 last year, and this year is \$185, 556. Salt Lake City is the housing department for that grant, so applications have been submitted.

The Chief commented that this budget is about \$112,000 below the previous budget. The two Code Enforcement officers have been moved to the Police budget so with those salaries included, the Police budget is probably closer to \$200,000 less than the previous year.

One item not included is \$10,000 for the Station #83 changes. It will become a Special Operations Center, housing Narcotics and Vice, the Sergeant, and the warrant officers. Special Operations briefings will take place in the basement, and this allows the Police to keep the speed trails, armored personnel carrier (APC), and motorcycles in the bays and out of the weather. SWAT team will work out of this location. The only problem is that there is no line item for maintenance. Some of the sub-flooring needs replacing, and holes had to be made in the sheet rock, just for fire to move equipment out of the building. The Chief is requesting an additional \$10,000 for building repairs and maintenance. The new budget does reflect the utilities for the building.

Mr. Robertson asked about monitors for the briefing. Chief Fondaco responded that he is requesting this from the JAG grant funding. Additionally, there is a lot of equipment for narcotics and vice, the SWAT team, and patrol requested on the JAG grant. Mr. Robertson mentioned that he has a sort of can on his sniper rifle that he would like the Chief to consider having on the guns for additional benefits.

Ms. Dunn stated that the \$10,000 for building maintenance be put on the contingency list.

Chief Fondaco has requested a grant from the seizure money for a vehicle for narcotics and vice. This is a panel van, to be equipped with surveillance equipment, and an immediate response vehicle for SWAT. This will only be purchased if the grant is awarded. Over the last three years, with our narcotics people Murray has been putting some money into this fund, so the department hopes to get some of it back.

The Chief mentioned that the VECC line item will be \$3,000 more than originally

budgeted.

Mr. Dredge asked if other agencies are charged when they use the Murray training center.

Overtime charges did get out of hand this year. All overtime has been cancelled, and only flex time is being approved. Mandatory training will be done and flex time taken. It has never been this high and won't be next year. Vehicle equipment is another line item that is over in the current year due to new equipment being necessary for the Chargers. Usually light bars and cages are just switched over to the new vehicles, but they did not fit in the new cars.

Chief Fondaco is meeting with the IT staff at Intermountain Medical Center to work out the details for the installation of the redundant triangle system to VECC. The equipment was able to be purchased from the DEA money, and Finance found money for the installation.

Ms. Griffiths asked about the increase in temporary employees for the Cadets and Reserves. This is just the minimum wage increase that is mandatory this year.

Ms. Wilson pointed out that in revenue there is \$10,000 from the Police training center. The Chief said that estimate is way under actual income, which is \$6,000 from West Jordan, \$6,000 from Sandy, \$3,000 from the college and other agencies pay depending on the number of officers training. Cottonwood Heights, Taylorsville, the LDS church, and the University of Utah, among others, use the Murray center. The Chief will put together a realistic estimate of that revenue.

The Chief commented that he has been tracking the officers serving warrants and there is more than \$60,000 in revenue from the warrants. There are millions of dollars on the list, however, when the ticket is paid it is actually much less.

Following a short break the budget meeting resumed at 3:50 p.m.

Mike Williams - Municipal Court

Mr. Williams commented that the Court has decreased its budget substantially from the previous year, due to the economy. For example, in professional services, the line item was split into two items, the other being defense counsel. The professional service line will be \$80,000 and defense \$100,000, which is actually being reduced to \$50,000.

The equipment and building maintenance line items have been reduced, and small equipment was eliminated because most of the equipment has been replaced over the last three years. The bailiff issue has not been decided. One idea is to take the

remaining \$50,000 from the defense counsel funding and use it for the bailiff expense.

To give details on the bailiff issue, the former bailiff retired. The court thought it could work with the Constable's office, which takes care of night court and transports. It was mentioned that this needs to be through the Police Department so Chief Fondaco decided that there would be two bailiffs hired, although only one and a half are necessary. It is Utah code that security should be under the police department, although, not all cities abide by this. The requirement is that the bailiff should be post certifiable #2. It will be easier to go through Murray for the training and the City will maintain control.

After the last set of reductions the Court is 9% below usage for this time of year. The programs put into effect are working and ample.

Ms. Dunn asked about the building maintenance, and if the expense is for the stairs, as discussed before. Mr. Williams replied that it is. She wondered why the condominium fees don't cover that repair. Mr. Williams stated that the fees cover common areas on the exterior maintenance, however, as an owner the City is responsible for interior maintenance and upkeep issues. The Mayor concurred on this matter.

Judge Paul Thompson

Judge Thompson stated he had enjoyed a little over a year of employment at the Murray Court. The Judge reviewed his recent memorandum commenting that Utah law indicates that the governing body shall annually review and may adjust compensation of judiciaries in a city or county. In his case, he considers this a continuation of the hiring process. When the position was vacated and he applied, legislative proposals were being discussed at the Capital as to whether municipal court judges would be state employees or remain city employees, the selection process, and retention process were issues unresolved. He accepted the position at the salary given and assumed there may have been a good faith disagreement between the administration and himself as to the ultimate compensation. His understanding, given his experience, was that perhaps after a year of seeing whether he could do the job, and after the legislative proposals were finalized, then the salary issue would be looked at again. He was present to ask the Council to look at his salary at this time.

The Judge presented several points:

- There is significant involvement by the administrative office of the courts, not only in the certification regulation of municipal justice courts, but also, in the area of salaries. When the legislature looked at justice court salaries, the maximum was increased from 85% of a district court judge to 90% of that amount.

- His opinion was that the case load was considered. Statewide, four out of five cases are resolved at this level in the judicial system. The Murray Court consistently ranks in the top ten courts in Utah for work load. He feels the statutory minimum was meant to apply clearly to the urban courts with the high case loads.
- The Murray court is the largest volume court in the state with only one full time judge.
- The current salary is fully legal. The statute says that a full time justice court judge should be paid between 50% and 90% of a district judge's salary. Numerous justice court judges throughout the state, some in rural areas have only a high school education, case loads have grown, and full time courts may have a judge with no legal training. The complexity of cases, suppression hearings and dealing with attorneys, may not be faced in those courts. The state office defines a full time justice court as one that has 500 cases per month. Last month Murray had twelve hundred cases. Technically this court could have 2.5 full time judges. If another full time judge were hired, the City would be looking at, at least, 50% of \$132,000 to compensate that judge. The Judge cited his experience in being able to handle this case load without the need of hiring another judge.
- The Judge expressed his sensitivity to the tight fiscal situation the City is experiencing now, wanting to retain employees, and not giving any raises. He said he sees his situation as a new judge more as an adjustment pursuant to the statute following a probationary period.
- The Judge pointed out the City policy to pay comparable salaries in the Wasatch Front and Salt Lake County area. He noted that West Jordan pays the 85% of statutory maximum, as does South Jordan, Sandy, Provo and Ogden. Some Judges also receive a car allowance. The West Jordan judge receives a \$400 per month auto allowance. He has been told that Ogden and Midvale judges will be raised to the maximum based on legislative history and implied recommendation.
- Judge Thompson related that he finished Judge Brown's term in Midvale in 2007, which was as a senior justice court judge, and as such, he could fill in for other courts. He did fill in here in Murray and, additionally, he could still practice law. His salary here is greater than what he was paid in Midvale, however, it does not reflect the other outside income he was earning. Now, as a full time seated municipal judge, he is not a senior judge, can no longer practice law, and fill in is based on the time to do so, which is rare, due to our full calendar. Midvale hired a former prosecutor,

Mr. Dredge asked the Judge if he was given a specific time table for being brought up to those maximums. The Judge stated that there was no promise, he relied on the City pay policy, which is in the personnel manual, based on the average salaries for other cities in the valley. He felt the City was entitled to a year, or so, of performance and time for legislative issues to be resolved. This is the highest volume, one judge court in the state, and he feels there is as much state regulation and policy here as there is municipal policy. If the highest volume urban court isn't paid the maximum, then the law should not apply to any, Judge Thompson said.

Ms. Dunn asked if we do employ a night court judge. Judge Thompson said that Judge Rigby is brought in. Mr. Williams said that there is not criminal night court, there are only civil, small claims. About 40 cases are adjudicated each month.

Ms. Griffiths said that historically, Murray has always had the highest volume court. Her husband was a municipal judge prior to being a state court judge, and sometimes there were justices of the peace making a greater salary. She can empathize and knows there is a lot of value in the Judge's training and experience. She also understands that he is precluded from other ways to increase his income.

It is also psychologically difficult, with the heavy calendar, to gear up to go to another job. Making a difference, for the single mom, domestic violence cases and DUIs requires a psychological investment.

Ms. Dunn stated that the Council will put the matter on contingency, will talk about it, take the Mayor and Judge's comments into consideration, then make a decision.

Mr. Dredge added that to take the Judge to the 85% mark, it would be an 11% raise, and to go to 90% in July would be a 18% raise. In terms of returning one million dollars to the City, that needs explanation. He sees that the projected revenue versus projected costs would net \$524,000, however, the department is not burdened by the prosecution. If that were truly a revenue center, it would be burdened with those expenses and then the court nearly breaks even.

Ms. Griffiths commented that even though the position is esteemed highly, in these economic conditions, favoring the position over the others is difficult.

Judge Thompson stated that he felt there were some contingencies at the time he was hired, and if the state legislation had passed, then there would be two judges in Murray. The other judge would be paid \$118,000.

Mr. Dredge said that the representations came from an administration and Council who would like to treat all the employees fairly and pay them as much as the City can. If specific things had been said regarding an increase, it was important to

know. When the money is there, salary adjustments can be made, as they were last year.

The Judge stated his appreciation of the Council's time.

Ms. Griffiths asked if the justice court judge's retirement is with the judicial retirement system. Ms. Wilson confirmed that Judge Thompson's retirement is with Murray City.

Ms. Dunn asked Ms. Wells about the \$2000 the Judge received in February. Ms. Wells stated that it was a salary increase. Further, she did not realize at that time that the \$2000 was not a sufficient raise. It was thought that over time, he would be increased more.

Mr. Wagstaff reviewed the items placed on the contingency list beginning with the most recent:

- The Judge's salary
- Courts, bailiffs issue, check code requirements. Mr. Nakamura stated that his office interpreted that the rules specified the police to be responsible, however, the court has the right to contract it out. If the police are responsible then they should have control, as well. After discussion, it was decided to remove this item from contingency. Ms. Wilson added that two bailiffs were budgeted in the salary positions in the courts. This would include uniforms and firearms.
- Police, building maintenance for Station #83
- All departments, books and subscriptions reductions
- All departments, overtime reductions
- Cultural Arts, amphitheater architectural drawings
- Roads, allocate \$500,000
- Council, professional services
- Non-Departmental, contributions, \$5,000
- All departments, review vehicle recommendations
- Finance, review HTE payroll module
- Community & Econ. Development, EDCU and Chamber fees
- All departments, telephone
- All departments, office equipment
- Enterprise funds, look at in lieu of tax transfers
- MIS review, equipment

Mr. Wagstaff will send this list out to everyone.

Ms. Dunn asked that all Council Members look through, and keep in mind the projection of additional sales tax losses. When the next meeting takes place, she would

like to talk about possible solutions and how to make it all balance. The other item of discussion is a possible second meeting on May 12, for continued reconciliation, and to give an overall theory regarding funding.

Ms. Wilson confirmed that the Council Members would like to have a three-year history of actual expenditures, and she will get some detail on Non-Departmental line items. She can also get a spreadsheet on the payment in lieu of taxes.

Mr. Johns asked, to clarify, if the Council would like FY 2009 year-to-date and the three prior years. It was decided to have all the above.

The Council Members all thanked Ms. Wilson for her support, and for Mr. Johns and the Mayor's staff.

Ms. Dunn would like everyone to change the methodology from looking at the previous year budget to looking at what was actually spent and considering current needs based on that. The purpose of this is to eliminate any need for looking at employee furloughs or layoffs in the future.

Meeting adjourned at 4:45 p.m.

Janet M. Lopez
Council Office Administrator