



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 Tuesday, January 26, 2010, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Krista K. Dunn	Budget Chair
Jared A. Shaver	Budget Vice-Chair
Jeff Dredge	Committee Member
Darren V. Stam	Committee Member
Jim Brass	Committee Member

Others in Attendance:

Daniel C. Snarr	Mayor
Pat Wilson	Finance Director
Michael D. Wagstaff	Council Executive Director
Jan Wells	Mayor's Chief of Staff
Janet M. Lopez	Council Office Administrator
Gabe Johns	Finance office
Greg Bellon	Power
Blaine Haacke	Power General Manager
David Frandsen	MCEA
Tim Tingey	Comm & Econ Dev Director
Rob White	MIS
David Larsen	MIS Director
Janie Richardson	MIS
Doug Hill	Public Services Director
David Carpenter	MIS
Mike Terry	Human Resources Director
Michael Williams	Courts Administrator
Dan Barr	Library Director
Jenifer Francis	Attorney's office
Frank Nakamura	City Attorney
Brent Davidson	Recorder's office
Gil Rodriguez	Fire Chief
Laura Lloyd	Fire
Craig Burnett	Police
Scott Stanger	Public Services

Anne vonWeller	Public Services
Gilbert Gonzales	Public Services
Danny Astill	Water/Sewer
Russ Kakala	Storm Water
George E. Hamer, Jr.	Fleet Services
David Carruth	Golf Course
Pete Fondaco	Police Chief
Kim Sorensen	Parks
Roy Kenney	Streets

Chairman Dunn called the Budget and Finance Committee meeting to order at 2:04 p.m. She excused Darren Stam, who would be arriving during the meeting.

Revenue Overview - Ms. Wilson

Ms. Wilson started the meeting with an overview of the budget position, and distributed a memorandum with a sales tax update, which is the major revenue source for the City. The sales tax dollars received were \$10,000 less than the previous month, however, it is good because it is closer to the prior year line on the graph. Comparing fiscal year (FY) 2009 with 2010, the City is down 13.5%. Last year the City was down 16%. The projection still indicates that the City will utilize the "floor" amount of sales tax, which is about \$12.2 million. Actual receipts would project to a little more than \$10 million at the current rate. The budgeted amount was \$12.6 million, an erroneous floor figure, therefore, receipts will be about \$400,000 below budget.

Interest is also coming in under budgeted amounts, Ms. Wilson explained. The State Pool rate is currently .62%. With Zions Bank, the City was able to invest in the Ultimate Savings Account, which was paying a little more than 1% interest. The City was just notified that the rate will be lowered to .75%, still higher than the State Pool. There is roughly \$8 million in the Ultimate Savings Account, and \$16 million in the State Pool. The loss in interest will probably be about \$200,000 below budget.

Ms. Wilson addressed a chart completed to analyze General Fund Revenue receipts for the six months through December. Using numbers through December FY 09, compared to the total of FY 09, she gets a percentage from last year that she projects into FY 10 to come up with projected receipts for the full year of FY 2010. In sales tax revenue the projection is about \$10.6 million, budgeted is \$12.6 million, and using professional judgement, the sales tax revenue from the floor is about \$12.2, therefore, the \$400,000 deficit is anticipated. Ms. Wilson has completed this process in every General Fund revenue line item, and highlighted in yellow are areas that will probably be significantly under budget. Permits, which are tied to construction, may be under by \$234,000, and fines at the court look to be over budget by nearly \$200,000. There are some positive numbers. Ambulance has no history to rely upon, therefore,

with current numbers projected, and professional judgement, there may be additional revenue of about \$400,000 there. Overall, with conservative estimates, Ms. Wilson anticipates a negative \$600,000 in the General Fund.

Ms. Wilson commented that she has vacillated on what to do about the revenue shortfall. Her conclusion is that because reserves are at the maximum of 18%, she does not feel a need to hold back this year, however, the City needs to look seriously at next budget year to cut back roughly \$2 million. That figure is based on a very slow economic recovery, and nearly \$1 million over budget this year. If the City picks up UTOPIA debt every month, it will amount to nearly \$700,000. The City has reserved \$1.2 million in the trust for UTOPIA, and \$250,000 were reserved in a special account last year and this year.

An update on ambulance shows that for FY09 total billing is at about \$1.183 million. There are write downs for contractual allowances (\$412,000) and write offs (\$380,000) totaling nearly \$800,000. This means that 67% of billing is ultimately written down. Total payments to date FY10 is close to \$500,000. In cash, the City will bring in about \$1 million per year. Expenditures include lease payments on the ambulances of about \$143,000 per year for four years. The billing company Pride Mark will cost about \$64,000 per year. Personnel is \$744,000 for paramedics, and operations about \$60,000. Adding those expenses, the ambulance service will just break even this first year using just the direct costs.

Ms. Wilson explained about the costs of the courts. The expenses have been realigned to show up where they belong. For FY09 the revenue was \$1.7 million and expenses within the two budgets, prior to realignment, was \$1.5 million, leaving a net revenue of \$144,000, however, picking up the additional personnel for the courts, another \$114,000, therefore, the net income for last year was \$31,000. The first six months of the current year shows \$9,000 in revenue.

Mr. Dredge asked for an explanation of the 67% write down in ambulance service. Mr. Johns explained that contractual allowances are for Medicare and Medicaid. They only pay a certain amount, no matter what is billed. Mr. Dredge asked if we know what percentage of ambulance services are billed to Medicare and Medicaid. It is mostly Medicare, however, an analysis of that has not been completed. The write offs are people who are not paying their bill, and they are eventually sent to collection. Pride Mark does send these to collection aggressively.

Mr. Shaver asked if the payment to Pride Mark is a set amount or percentage. Ms. Wilson responded that it is a percentage of collections, which she felt was important when selecting the billing company. Others get paid by a percentage of billing. Ms. Dunn asked what percentage of people do not pay the bill. She wondered if by comparing companies, we might discover who has a better rate of compliance. Ms.

Wilson stated that more research can be done to determine answers to these questions. Pride Mark is one of the lowest billing companies.

Mr. Dredge asked when the original projections on ambulance were given, were they for gross revenue or discounted revenue. Ms. Wilson said that she believes the numbers were budgeted as explained. The City now has a one year history. Remember that there is a lag time from billings to receipt. Mr. Shaver stated that the only things the City has any control over are those who are not paying bills. Medicare and Medicaid rules leave very little that can be changed. Mr. Dredge added that he would be curious to know what sort of income other entities are realizing from ambulance services.

Ms. Wilson said that the ambulance service has now been in operation for a full year. It took a couple of months to get billing established, and the lag time in payment accounts for the poor revenue. It may take some time before that smooths out.

Mr. Shaver asked if comparatives have been done over a longer period of time than the one year shown. The economy was hurt at the end of 2008, and he wondered if a trend was considered for a longer period of time. Ms. Wilson generally compares with the immediate past year, however, on sales tax there is a graph back to 2007 showing the last positive growth month in 2008. As more budgeting is done, she can do that. Mr. Shaver would like to look at the pattern seen over several years to anticipate the future.

Expenditure Overview - Ms. Wilson

Ms. Wilson explained that there are some common issues that affect multiple departments. First, regarding *cell phones*, a new line item was created and cell phone charges are being reported there. There was no budgeted amount for that, however, after a one year history, the cell phone line will be budgeted and the regular phone line item adjusted accordingly.

Second, there is a line item in the budgets for *HTE* support costs that are allocated out to the departments based on their usage. When the invoice was received, it came in higher than budgeted, therefore, those line items will exceed the amount budgeted. David Larsen stated that he had been quoted the previous year's rate, however, the invoiced price was 7% more.

Third, a fixed cost line item was set up for the *Central Garage* in order for it to be self supporting. As an internal service fund it should break even. The fixed costs were established to break even, based on the number of vehicles each department has. She has watched this for the first six months, prior to making that charge to the departments, therefore, that charge does not show up yet. They are running a deficit and will require the funding. The Garage still owes the General Fund some money that

she hopes will be paid off this year.

Car allowances are another area where some confusion exists. Some charges are going into this line item for things other than actual car allowances. The allowances should be just the amount paid on a regular basis for car usage. Charges for mileage and other things are going in there. She stated that she does not want to put it into travel, as that should be reserved for out of town travel. A line item will be set up for mileage expense.

Credit card discounts is an incorrect line item label. It is for credit card charges. Usage of this item has increased over what was budgeted. Ms. Dunn expressed that it has been a popular feature to allow payment by credit card. Ms. Wilson confirmed that. The courts have this as a new feature, and costs are higher because of that.

Mr. Dredge stated that the fee is negotiable with many lending institutions, and as volume increases the City may be able to pay a lower percentage rate. Ms. Wilson said that she would like to consolidate from the different vendors. Paypal has a different fee structure.

Insurance is another item, which is usually invoiced in February, stated Ms. Wilson, so that expense will be used in total at that time.

Overall, Ms. Wilson commented that what she sees as problems to stay within budget may be building repairs for City Hall, overtime particularly in Police, and the Power department cash balance. Department heads have been frugal in expenditures, and Ms. Wilson has suggested to them that they should not spend 100% of budgets if it is unnecessary. Overages will not be tolerated, Ms. Wilson added.

Ms. Dunn asked for some additional explanation on the risk retention fund. Ms. Wilson reported that the City has an internal service fund called retained risk. This is basically for liability claims, and contains a balance of about \$700,000 to \$800,000. Murray is self insured for the first \$250,000 of liability insurance. However, any claims have gone into the non-departmental fund. To try to keep track of these claims, the General Fund has put money into the retained risk fund to cover these claims. She said that she would like that fund to grow to one million dollars. The General Fund has moved \$250,000 into the retained risk this year, therefore, any attorney claims for liability issues would be charged to that account. The printout shows that the City is about 30% spent in that account.

Mr. Nakamura has asked Ms. Wilson to explain where the Attorney's office charges attorney fees. Some are charged in prosecution for professional services, and some are in the attorney budget under professional services, for any time outside counsel is needed for something involving the City only. This is not for liability matters.

The risk management is for a law suit when outside counsel is necessary. Non-departmental does have some money budgeted for items not known about at budget time. This gives Mr. Nakamura four different places to charge outside counsel, depending on the reason for that counsel.

Mr. Dredge asked that if the City has gone to a higher deductible policy for the liability insurance to keep premiums down. Ms. Wilson responded that the City is in the midst of a risk management study now, because the City needs to determine if there is adequate insurance coverage. The study will show if we can insure in-house, if a broker is necessary, and what level deductible is advised. In liability, the City does take care of the first \$250,000 before the state kicks in. For property damage, say a police car is in a collision, then the City just covers the expense. Results from that should be forthcoming in a couple of weeks. Mr. Dredge wondered if we could raise our deductible, based on the reserve, and save out of pocket expense in the retained risk fund. He asked to know what the difference in premium would be. Ms. Wilson will follow up on that.

Finance - Ms. Wilson

The *finance budget* shows that small equipment purchases (rotation of computers) have been held back to realize a savings there. The professional line item is for the outside auditor, and one more payment is due to him. A small amount will be left in that line item. Under software, \$58,500 was budgeted for a payroll module, however, since that time, we are reevaluating HTE to decide whether the City will stay with that vendor. This is one of the discussion items to be addressed after each department has reported.

In *customer accounts*, the department is holding down overtime by allowing compensatory time, although, some on-call payment is necessary. Citywide we are trying to lower this expense as much as possible. Uniform allowance will be saved if not needed. Training is something that Ms. Wilson would like to do, however, there has not been time to schedule it. Particularly, she would like to have some language training, but again, there has not been time with the work load and a small staff. Ms. Dunn asked if Ms. Wilson had considered "Language Line." Ms. Dunn explained that this is a service that would pick up a call from customers who speak foreign languages. With enough need it might be worth looking into. Gabe speaks Spanish and he can sometimes help. There was some discussion regarding teaching language to employees, with turnover, and language mistakes that could cause problems.

Non-departmental handles items that do not fit in other areas. The \$250,000 for UTOPIA is here. Professional consultants includes the risk management study, which will use some of those funds. Legal services has not been used. Miscellaneous is a general line for unexpected expenses.

The *capital projects* combine two departments. Road money and carry over projects have been moved into this category. Additionally, when the City sold the sales tax bonds, they went into this department and expenditures of those dollars will be shown here. The bank holds that money and the City asks them for reimbursement when payments are made.

Municipal Building Authority has a \$1000 budget just to keep it active.

Ms. Dunn asked what the Wellness Council is. Mr. Terry responded that it is a committee of volunteers from departments, headed by Glen Sidwell, who devise different health and wellness programs for the employees.

Ms. Wilson mentioned that the last payment for the Cal First lease was paid off, which was about a \$200,000 payment that hit three departments in the General Fund. It was the phone system in MIS (\$66,000), the fire truck in Fire (\$91,000) and the Park Center garbage truck (\$40,000).

Mr. Dredge commented that he appreciates the addition of memos from the department heads. He suggested that it be in a standard format, making it easier to read and follow. Secondly, he would like to see that filed with each department's budget. Ms. Wilson accepted those suggestions and explained that the memo's were received at the last minute and included under one heading.

Mayor's Office - Jan Wells

Ms. Wells explained that travel will be spent later in the fiscal year. Equipment maintenance is an annual fee, which will be paid as due. In the small equipment line item, a lap top had to be replaced early in the year, and two printers were purchased.

Council Office - Mike Wagstaff

Travel will be spent in the spring for the Utah League of Cities and Towns (ULCT) conference in St. George. Office supplies have fewer expenditures due to a large surplus in many items. Small equipment was a personal computer that was replaced early in the year, explained Mr. Wagstaff. The Council budget is 47% spent overall.

Mr. Dredge commented that the Council has discussed utilizing a Lobbyist for the legislative session, however, it has not been indicated where that expense would be funded. The scope of services provided will be in the \$40,000 range, and it should be kept in the back of everyone's mind, as to which budget to use. Ms. Dunn asked if that is for next budget year. This depends on whether or not it will be done in the current year, Mr. Dredge added. The merits of that are not something to discuss during this

meeting, however, funding should be considered.

MIS - David Larsen

Mr. Larsen said that many of his expenditures occur either in the first part of the fiscal year or the later part of the year. Those may be maintenance contracts that are paid as one-time amounts. Education usually takes place in the spring. The final phone system payment of \$65,000 will not appear on the next budget request. One problem was the van that was painted due to a misunderstanding, which resulted in an unauthorized \$3,300. The van is a 1999, with about 20,000 miles and will now be good for another 10 years. The technology master plan is something that will be discussed later in the meeting.

Recorder's Office - Carol Heales

Ms. Heales commented that her three areas are all within budget. Some items are more than 75%, including HTE software which is over due to an increase in fees. The election line item was within budget. In *recorder*, purchase of some items will not occur until spring, however, the \$7000 budgeted for code codification is for updates as the ordinances are amended. It is difficult to know what that expense might be ahead of time. It is under now.

In *business license*, the budget is over in professional services due to a business license appeal that required a hearing officer. This was the first appeal hearing, therefore, the cost was an unknown amount at budgeting time. HTE software support was up here too. Special department supplies were for letterhead, which is a one time expense.

In *government building*, nothing is more than 75%. Some minor repairs included replacing 20 feet of sewer line down in the basement that was about \$2,500. The heating registers have had to be replaced in some areas. With the building being so chopped up it is difficult to control the heating. At this point, there is nothing anticipated that will take the department over budget. Roof leaks were taken care of last year.

Community & Economic Department - Tim Tingey

Mr. Tingey reminded the group that there are three funds he works from, RDA, Community Development Block Grant (CDBG), and General Fund budgets. RDA and CDBG are independent and there are no concerns to report. The RDA did expend some funds on Joiners Bench and that is a good project. In CDBG, you want to see the funds spent as soon as possible because it is serving people. Funds are being expended on the Heritage Center project.

The *General Fund* is over only in those areas where lump sum payments are made, EDCU, and the Chamber of Commerce. Weed control was spent to 56%, however, now the time of year dictates no expenditures in the line item. There was a seasonal employee account that was over, however, the employee is paid totally by CDBG, so it will be reimbursed, and is only an accounting issue.

Mr. Dredge asked about the weed control and if owners are billed for the service. Mr. Tingey responded that liens are placed on the property and some of them have been repaid by the county as they receive it. It is a revenue source. Mr. Johns explained that the City bills the property owner directly, and if they do not pay within 30 days, then it goes through the county and becomes part of the property tax payment. It may take up to a year to be reimbursed through the county. The Mayor added that if a property is sold, all the liens must be satisfied through the title company.

Mr. Tingey stated that some items are not expended until the end of the fiscal year, such as books and subscriptions, and APA memberships for the staff certification. Travel will be spent for the ICSC conference, and additional travel on the recruiting side for the downtown project.

Vehicle maintenance and telephone will be spent as needed. In the professional services line item, there are some things being considered, however, expenses will depend upon whether they are carried out. This includes updates on the General Plan, which may be delayed, if necessary. Transcripts are for legal issues that could be necessary. Department stationery will be spent later in the year. With the downtown and rezones, we anticipate spending more than is in that account. The uniform allowance is not needed as much this year. Overall, Mr. Tingey expects to be under budget and is working toward that end to save money.

Courts - Mike Williams

Mr. Williams explained that at the 50% mark in the year, the court is 53% spent on its budget. There were some unanticipated expenses, such as law books, which were purchased early in the year. Office supplies includes the Selectron, which set up the voice court and web court. Because of delays with the state, the contract came due six months late. The final increment was due in this fiscal year rather than the prior one. The voice and web courts are both doing very well.

Two court security officers were hired through the police department and they started two months late. Therefore, two months were covered by constables and paid from the professional services line creating an overage there. For the police, an office had to be set up and computers purchased, along with rewiring the court room security system. A desk with new window was installed. These items were not anticipated and created the overage in office supplies.

In building maintenance, there was a special assessment leveled by the property manager for the new exterior stairs needed on either end of the building. All the buildings needed that. The professional was for the bailiffs. The defense counsel contract from last year was submitted late, and shows up in the current fiscal year. The rent overage includes Murray's portion of the property tax, and will even out by the end of the fiscal year.

Mr. Williams commented about law books and memberships that can cross over between budgets. Ms. Dunn asked how much of these books could be utilized on line instead of actual purchases. Mr. Williams gets a disc for some publications and this can be downloaded on multiple computers. Other items had previously mandated that hard copies must be available for FBI agents. Last May it was decided that discs could substitute. In travel, some mandatory training will take place in the spring.

Jury fees are low because of a new system instituted. Those scheduled for jury trials must appear before the judge one week prior to the trial. Deals can be made at that time, therefore, avoiding the actual trial.

Mr. Williams felt good about the 3% overage with all the hits the budget has taken on unexpected expenses, and he feels that by the end of the fiscal year, the court will be within its budgeted figures.

Attorney's Office - Frank Nakamura

Mr. Nakamura brought his office manager, Jen Francis, along to explain a couple of items. He said he has two budgets, attorney and prosecution, to address. He stated that with Ms. Wilson's help the court operations are now separate from the civil side. Dues and memberships include Utah State Bar license renewal fees, which will be paid in May.

Mr. Nakamura stated that his office is using as many on line tools as possible to prevent purchase of some publications. Allocation between attorney and prosecution in books and subscriptions, and professional services has created some confusion, however, that will be worked out.

Ms. Francis explained a discrepancy in office expenses between attorney and prosecution budgets. They do share office supplies and when she thought she was over in the attorney budget, she began allocating to the prosecution. She discovered that there was a reimbursement for discovery that she charges defense attorneys, and that revenue was going back into attorney office expenses. It is actually under by 5%. Then office supplies ran over in prosecution. It is a bookkeeping matter only that can be straightened out with Mr. Johns help.

Mr. Dredge wanted to clarify the use of different accounts for office supplies as described by Ms. Francis. Ms. Dunn explained that both the attorney and prosecution budgets have office supplies and they do share supplies. Mr. Dredge just wants to make sure that purchases are coded items as they should be.

Mr. Nakamura responded that Ms. Wilson has helped to allocate revenues and expenses in the courts. He further said that they are trying to line up costs with the revenue source. Ms. Wilson stated that the office supply line item in prosecution is new.

Human Resources - Mike Terry

In reviewing the budget Mr. Terry commented that he is over in professional services about \$2,000 on a total of \$5,000 budgeted. That money is set aside for employee appeals and hearings where an outside attorney must be hired. There was one hearing with a total of \$7,000 necessary. Software maintenance is over for a couple of software programs for employee evaluations, and the Wasatch compensation surveys. The prices increased a small amount. Small equipment is over currently for the purchase of a personal computer and office chairs, but will be in line by the end of the fiscal year.

Mr. Shaver asked that knowing when you cannot foresee when there will be an employee issue, would it behoove the department to have a reserve for that should it occur. Ms. Wilson explained that, if necessary, it could have come from the retained risk account.

Mr. Terry noted that in the exam and test rental line item, nothing had been spent, although, a police test will be given in February and quite a bit of that will be utilized.

In accounts running below the annual budget, Mr. Terry does not expect to spend much more. One item is newspaper ads for job openings, which we do not have. Office supplies are tied to job applicants and new hires, so that will follow to remain below budget.

The Mayor asked about typewriters. Mr. Terry stated that they do have typewriters with annual maintenance contracts for service and cleaning. There are some forms that must be type written.

Murray City Employees Association (MCEA) - David Frandsen

Mr. Frandsen thanked the City Council on behalf of all employees for what they have done for Murray staff. He feels they have been pro employees, open and willing to share what is happening. They continue to ask for transparency. Employees get worried

when they hear things and rumors begin. The MCEA vision statement is to keep open communication with the Council and his intent is for that to continue. Mr. Brass mentioned that any employee with a concern should call the Council Members to talk. Ms. Dunn confirmed that invitation.

Ms. Dunn noted that Council Member, Darren Stam, joined the meeting.

Library - Dan Barr

Mr. Barr stated that there are four areas he would like to address. He said nothing had been spent in adult programming, but there are plans to promote an author series coming up in the spring.

Small equipment has been overspent due to a 50% match grant, and they decided to overspend the line item, rather than to give up the grant. This is a challenge every year to anticipate grants that have not been applied for or planned on. A development grant is coming so that money will be spent once it is received. The Library Science and Technology grant (LSTA) is completed, however, a second one will be coming, therefore he will discuss with Ms. Wilson how to best handle those funds.

In the Library budget the regular employees line item is 48% spent. A new full time position was approved in the budget, however, he has waited to make sure the revenue will be there to support the position. Now that he is confident the revenue will be available, this position will be advertised and filled, contingent upon future funding.

The last thing is building improvements where nothing has been spent, however, it will be used in the spring to patch and repair the parking lot.

Ms. Dunn asked what the school district is planning for the library. Ms. Wells responded that they are not planning anything.

Ms. Dunn announced a recess for ten minutes.

Fire - Gil Rodriguez

Chief Rodriguez stated that his account is separated into three different divisions, administration, suppression, and paramedic. The ambulance service is under paramedic.

Under *administration*, the travel budget will be utilized for a symposium that is planned on in the spring, however, he will try to keep those expenses down. With public safety, when things are needed, it is urgent, therefore his effort is to keep everything as modest as possible, because with equipment and apparatus problems can happen, and

if repairs are necessary, he wants the money available to take care of it. Education and training is low, however there is a leadership class in the spring and most of that will be used. The funds for the cadet explorer post will be spent for uniforms.

In *suppression*, the telephone expense was for telecommunication expenses, but has been divided out to cell phone and air card accounts. For small equipment no funds were allocated however costs for a computer used by the Fire Prevention division have been transferred and deducted from this account.

In rental and lease payments, the lease for the old station #82 and the tower (the big truck) come from this line item.

Equipment maintenance is used in both the Fire suppression and the paramedic division and has been charged to the suppression division to date. Much of this is charged by fleet service.

Ambulance billing service is in a new line item, although, no budget was allocated there. It may take until about April to determine a pattern in the ambulance revenue, especially the billing side.

Education and training is to cover two paramedic certifications that will be billed in the future. Mr. Shaver asked if this is regular training or initial training. The Chief confirmed it is initial training for certification. It may be done every couple of years. In house training is EMS that the City pays for. With other entities there are trade offs between the departments with mutual aid. With West Jordan, we may do confined space training and they come here for water rescue.

The lease payments are for the three ambulances.

Ms. Wilson spoke up to clarify an item regarding ambulance billing service on the memo written. All the revenue is being recognized, as are all the billing service expenses.

Mr. Brass asked why trucks go to the hospital with the ambulance. The Chief responded that this gets the ambulance through quicker, and helps the ambulance with equipment. The engine is ready for service if they get a call.

He also explained that the new program on overtime has worked really well. Previously, the ambulance and apparatus were separate, so the man power was split four on apparatus and two on ambulance. Now they are run in tandem with three and two staff members together. If the manpower goes down, then only one ambulance is operating. When they are busy it does not work. But this has kept the overtime hours to a minimum. The Council thanked Chief Rodriguez for thinking out of the box on this.

Police - Pete Fondaco

The overtime has been cut by about 10% in all accounts. Overtime is now at 43%. A lot of flex time has been done, with time off in trade. This began to cause some problems, as officers did not want to work for trade. The department will still come in okay. The report from finance is helping him keep on top of it.

Administration is spent-out on desktop computers because they have been purchased for the year. In-service training budget is underspent because the Chief has prohibited travel outside the county for training. That has not been a problem this year, however, by next year some outside training may be necessary. Miscellaneous services at 90% included the police banquet that was held earlier so it should be fine.

The *Patrol* budget includes handgun and radar gun replacements that have been ordered but not invoiced. K-9 supplies are under budget because Sam's Club donated \$3,500 for this line item.

Ms. Dunn asked if the donation plus the budgeted amount will be spent. The Chief said that no, the \$3,500 was deposited in that account. He explained that a dog had to be put down, which was injured in the line of duty. That \$3,500 was used to replace the dog and the grant came in later so it was put into that account.

The crime lab equipment, in the *criminal* budget, includes an aphis machine that was requested in a JAG grant. It has been approved so that will create a \$7,000 difference in the amount. He is keeping everything lean to pay for the machine.

The criminal investigations at 11% was a line item that was increased last year due to multiple needs for DNA testing. Major cases have not required use of funds thus far. The money must be there in case it is needed, but will only be used if necessary.

In *narcotics and vice* the SWAT team had to purchase a lot of equipment on the main grant, and this is basically for vests. Vehicle leases have been paid for the year. They use four undercover narcotic's vehicles, and can be replaced every two years.

Metro narcotics are in transition. The City has put two other officers there. It is operational with four undercover narcotic's officers and one sergeant. The funds for equipment will be expended now.

Ms. Dunn asked how Murray compares with other jurisdictions regarding the number of officers in metro narcotics. She thought that were a lot of officers. The Chief said he has not compared with other entities, however, he does not feel that it is high. The cases are backing up, and there are big troubles with "spitters." They do work narcotics and vice. Recently, they worked on the internet gambling issues.

The Chief was asked what spitters are. It is a vehicle that comes into a neighborhood selling heroine balloons. They are there for about 30 minutes, calling their customers ahead of time, making sales and then gone. They usually drive a \$1,500 car, with about eight balloons, and \$300 to \$400 cash. As soon as that person is arrested and taken to jail, usually illegal, he is replaced. It is ongoing. They are called spitters because they keep the balloons in their mouth, and when the police pull up, then they just swallow them.

Mr. Shaver asked about the shared time that the police department does. He wondered if that is for cross training and if they are downtown, who pays them, our budget or another. Chief Fondaco stated that there is an opening in the gang unit, there is a DEA metro person, and the City is cross trained for the violent crime apprehension. The salary is Murray's responsibility, and the overtime is reimbursed under the grant.

Under *communications*, the software maintenance of \$8,000 is due the first year to the federal government.

Crime prevention has been turned over to the special operations, old Station #83, where there are four motors, four narcotic's officers, two warrants officers and a sergeant all housed out of that location. Two patrol officers now do the neighborhood watch. This is their operations budget. Park patrol will draw from this area in the spring, and that is the reason for only 20% expenditures now.

Building maintenance at the training center refers to repairs of the roof, and the main hallway carpet will be replaced.

Animal control has experienced a lot of issues with the drains, and the building is 20 to 25 years old, therefore, there are more maintenance costs to address. The adoption program is way over, the spay and neuter program was not budgeted for, but the dollar figure is not great, as the budget was originally only \$1,000.

Ms. Dunn commented that last fiscal year there were personnel issues and confusion regarding which accounts were charged. She asked if that was straightened out. Ms. Wilson said that it has been taken care of. The Chief said that the only area where there was some concern was in narcotics, which was 52% spent, and should be 48% to 50%.

Power - Blaine Haacke

Mr. Haacke thanked Greg Bellon, Charles Crutcher, and Ken White for their attendance, and responsibility in the good economic report of the power department. As an enterprise fund, there is revenue coming in at the same rate as expenses go out. The first six months have seen some good numbers, and materials have sent out to the

Council and Power Board so that you have the ability to track that, as well. There has been close to a \$2 million turnaround to the positive since last year at this time. Some of it is artificial, although, part of it is due to wholesale power costs being down more than expected. Natural gas prices are tied to our gas turbines, and also the wholesale market of energy when gas prices are down. Power has been purchased cheaper than expected on the wholesale market.

After working on the numbers, the department decided not to call-back Intermountain Power Project (IPP) power, this has resulted in hundreds of thousands of dollars of savings. High load hours have been purchased on the market creating the savings, rather than calling back a 24-hour resource. Resource costs are down close to 25% from what was expected. Power sales are where the money goes out. A \$1.5 million power bill was received just this week. That is the kind of money we are talking about in power.

Metered sales are off about 2-4%. We are not too worried about that, as it compares to 8-9% last year at this time. As metered sales go down, power purchases go down accordingly. The difference is close to a \$2 million turnaround.

Overall, the power department has been very frugal in purchases. The capital budget entering this year was \$1.6 million. Vehicle purchases, backyard rebuilds, updates to supervisory and sub stations, and remodel projects were budgeted expenses, however, they have been delayed and the power expenditures are only at \$150,000 so far this fiscal year. Seeing how we are here at midyear, plans will be to go forward with some of these expenses. Some small pick-up purchases have been put off for three years, and those will be bought. Backyard rebuilds, are basically to put 40 year-old poles and conductors on retirement, so these will be done. The department will certainly be on budget by the end of the year. Mr. Haacke wanted the Council to be aware of these projects that will be prioritized over the next six months.

Mr. Brass asked if the department is considering underground rebuilds at all. Mr. Haacke responded that in some places boring has been done to get under some difficult places, however, the cost to go underground is almost ten times as much as overhead conductors.

Mr. Shaver asked Mr. Haacke about the truck purchases. Knowing that the City wants to be more green, he asked if hybrids or small trucks would work. Mr. Haacke responded that the power department owns four Prius vehicles, and the last few trucks have been small Colorado trucks. The Colorado does save on gas mileage.

The artificial part of the \$2 million revenue has to do with \$200,000 received from the American Recovery and Reinvestment Act (ARRA) Energy Efficiency and Conservation Block Grant (EECBG), which is federal stimulus money. This is one time

money. Also, power received a large impact fee from Intermountain Health Care for their growth on the campus. That was a budgeted amount of more than \$500,000. As their power load has increased, by contract, they buy into that load to pay for the infrastructure.

Mr. Haacke explained that his memo describes some individual expense items. He has a \$40 million budget, and expenditures for public power week was \$9000, which will not be over budget by the end of the fiscal year. It comes early in the season, therefore, for year to date it appears to be overspent. Training is a one time expense for sending a GIS analyst to Atlanta. Landscape work comes at the end of the calendar year. Mr. Crutcher has had some people working on the hydro. The winter time has no water flow so November to February is when that work is done. Overtime has been controlled, and salary benefit overruns may be seen, however, payroll and benefits are right on target. Everything looks favorable in power.

Mr. Haacke commented that his intent is to put some money in reserve by the end of the year.

Ms. Dunn asked how power is doing in terms of meeting plans to rebuild reserves. Mr. Haacke responded the goal was \$500,000 per year, which was not possible the previous fiscal year or the one before that. The cash flow is rebounding, however, when bond payments are due there is a big dip in cash. He said that he may be able to do that this year. It is a budgeted item.

Ms. Dunn asked where the reserves are currently. Mr. Haacke explained that anytime a purchase is made for inventory, it is considered reserves. The inventory is close to one million dollars. Meters are considered reserves. Cash reserves are something he is not sure of. There is an item on the shelf for the gas turbine that is a \$200,000 part.

Mr. Shaver commented that the variety of prices in the market makes it difficult to do what the power department does, and he expressed his appreciation for their work. Mr. Haacke stated that if there is a cold spell for a week, then the natural gas prices can go up \$2. That really increases the cost of power. It is challenging.

Public Services - Doug Hill

Mr. Hill complimented his capable staff members and commented that they continue to spend City money wisely.

Mr. Hill addressed road construction project savings that have come in under engineers estimates. The City has realized a savings of about \$160,000 in completed projects. Additionally, four street project areas will be spent in the spring. It is not too

late, if necessary, to stop those projects. He anticipates that a couple of projects might be over the engineering estimates. Analyzing them, there are some unexpected challenges. One is the Lincoln Street project that may not be completed at the \$130,000 budgeted. Fairbourne is being funded through Salt Lake County CDBG funds, and it looks to be \$20,000 to \$30,000 more than budgeted. Because the county is funding \$90,000, he would not want to give up that project, however, Murray will need to pay the overage. There are savings to draw from for completion of these projects.

Mr. Hill expressed that the biggest and most immediate concern regarding the budget is with the City's street paver. It is 18 years old, and has had difficulties over the last two years. At this point, it is no longer usable, and parts are not available. The staff has been looking at alternatives. No used paver has been located, however, a smaller new one would work. These cost about \$250,000. One alternative is to not purchase a paver and contract out all of the street projects. The City can save \$30,000 to \$50,000 on a neighborhood street project by having City crews complete them. A paver could be paid for in two to three years as opposed to contracting out. Purchase alternatives include an outright purchase, coming up with \$250,000, or to use some road project savings to go toward that, utilizing about \$130,000. A lease purchase can be done with \$50,000 a year for five years. Third, a paver can be leased from year to year, and you get a new paver every year, however, you never own it, so it becomes more expensive. He stated that he welcomes input from the Council.

Ms. Dunn noted that she would hate to see the City lose the road projects, and would prefer to look at a lease/purchase option.

The Mayor says he has had people come to him saying they can find deals on used pavers. He asked Mr. Hamer if he has been able to find anything. Mr. Hamer responded that they would like to stay with an eight-foot width, and the used ones are usually ten foot pavers. The size creates the challenge. Murray is doing smaller roads. He named several companies he has checked with and all over the country, however, nothing has been located. The Mayor agrees that finding a way to purchase is the best option.

Mr. Hill confirmed that he will work with the Mayor's office and Ms. Wilson to decide on the best financing option to be able to begin road projects in April.

On Cottonwood Street environmental, one million dollars has been received from the state for the expense, however, the City is waiting because the federal highway administration has advised to wait and start after the downtown plans are farther along. Soon a consultant will be selected to move forward.

On revenue, the City is seeing building permit fee revenue at only 35% of budget. In enterprise funds, revenue is good, with the exception of golf, which the

Council is aware of.

Anne vonWeller mentioned that there are some items where the full purchase was made in the fall, so those line items are totally spent, however, other items are scheduled for spring so expenditures will be made then.

Mr. Dredge suggested that in devising a standard format, a check mark could be used for items that are overspent due to one time purchases or underspent because it will be spent later in the fiscal year. Ms. Wilson expressed that the form needs to be designed in order to address areas of concern. Council Members agreed. Ms. Wilson expressed that she has the ability to move money between line items and she can do that on budgeted dollars, not on actual expenditures. Mr. Dredge would not like her to do that. He wants to see the amounts over/under budget. Mr. Shaver would like the Council to be able to review what has happened. He would like to see the patterns over time in order to plan and budget wisely.

Mr. Shaver asked Mr. Hill about the code "Non PI Charges to Bill" (Central Garage). Mr. Hill said that this is a holding account where the expense is charged and then the police department is billed and finance takes the money out of police and credits it to the fleet budget. It fluctuates depending on what is charged.

Ms. Dunn noticed that in Parks and Recreation some departments have a line item that says Heritage Center and another one Swimming Pool. She asked what that means. Mr. Hill explained that many of the budgets have a miscellaneous account that cover small items that don't require individual line items. It is the same with the swimming pool. It may cover fertilizer, chemicals, and other types of purchases. It is kind of like a non-departmental supply account.

Ms. Dunn suggested a five minute break before continuing.

Ms. Dunn explained that this final discussion is to consider some matters that the Council needs to be aware of. She asked Ms. Wells to address those issues.

Mayor's Office - Jan Wells

Ms. Wells expressed that she would like to have a brief discussion on several points to find out the direction of the Council. All of them have a fiscal impact, and she would like to clarify a few issues. Discussions such as this help Murray function well. The topics need to be prioritized in detail in the future.

Technology Master Plan - The HTE system is old and outdated, and a lot of money is spent on it for upkeep. A technology master plan would review what the City has, and then receive input from all the departments to determine what is needed.

Finally, the plan would include a study of options that might take the City through eight to ten years. A cost estimate for the study is between \$50,000 and \$60,000. In order to start it now, the money that was budgeted for the new payroll module could be utilized here instead. The reason to get started on this is because the next payment to HTE is due in October, and if the City decided to move away from HTE, then that \$80,000 payment could go toward purchasing a new system.

To go forward with this idea, Ms. Wells would put together a committee of department heads to select a group to prepare a good plan, and then from there the City would go out with a request for proposal (RFP) to find someone to provide the system.

David Larsen said that where the City needs to be in five years, with the technology for the power department, for demand metering, and other City functions, Murray will not be able to meet the needs of the City with the existing program.

Ms. Wells feels that getting all the departments on board will be helpful, and it is felt that a newer system will not be as expensive as HTE has been. Ms. Dunn heartily agreed with the idea, and said that the Council has wanted to see this happen.

Mr. Brass added that he is glad to have power included as it can go beyond software to meter reading and controls. He is concerned that the updates currently being done will not give the City the flexibility it needs. He said that it also goes hand in hand with the UTOPIA discussion, because if the City commits to it, then they need to be able to tell the citizens what they get with that money. With a wireless system there is so much that can be done, if there is a water line break, they can go right to it.

Mr. Larsen expressed that with towers thousands of meters could be read at once. They could be read every five minutes.

Ms. Wells stated that the master plan would give the City a blueprint for where it could go.

Mr. Larsen said that the vast majority of the infrastructure will be usable, certain pieces will go away, and new pieces will come in. Newer systems will give us backup and recovery for disaster planning and emergency management systems.

Mr. Dredge inquired what the estimated cost of a new system might be. Mr. Larsen said that some vendors say they can do it for the maintenance costs that are paid to HTE (\$85,000). Others say it may be \$750,000. He said it really depends on the study findings. It may take several RFPs. We want systems that are "plug and play" where pieces can be added as necessary.

Council Members agreed to go forward on this plan.

Capital Facilities Plan - Ms. Wells said this is something that has come up repeatedly. She has a meeting of department heads scheduled the following day to set up a plan. It is Ms. Wells intent to receive input from the City Council, departments, and the public to get an idea of what kind of things they think the City should do in the future. She would like to review funding and revenue options to begin to move forward, and plug into budgets for the next fiscal year. These proposals can then be discussed further during budget meetings.

Mr. Shaver asked for an example of what types of things she was referring to. Ms. Wells explained that many times when a city wants to build something, it cannot be done within one budget cycle. The only way to pay for it is to put it into a capital facilities fund to pay out over time, either by saving for it, or using a little at a time. Ms. Wilson said the fund is set up. The big things being considered are a city hall, performing arts center, armory building, or pavilions.

Mr. Dredge asked how that would work on a city hall or parking structure, because those things would usually be funded by bonds. Ms. Wells is thinking more about the money necessary for studies. Ms. Wilson stated that this is something that will help the City think longer term in budget planning, rather than one year at a time.

Council Members indicated their willingness to go forward with this matter.

UTOPIA - Ms. Wells remarked that open dialog needs to take place, and because pledge money is being called, it will need to be replaced beginning January 4, 2011. It should be something that everyone is focusing on and aware of. Operations and funding requests are issues, and she would like to work on this together to make it work for Murray. It is actually our City owned telecommunications infrastructure. She feels the City must take responsibility for it, although UTOPIA manages it. She knows there are good ideas from many on the Council, however, she feels that internal discussions need to take place to form a plan for the City.

Ms. Dunn suggested that if the City does not show the residents what they can get from this, then it will continually be a point of resentment. Mr. Shaver pointed out that others may want UTOPIA and need information on how to get on the network. We need to know it can be marketed so that usage is up, and City payments don't have to be made. Ms. Wells agreed that the City should be able to say, come join in, here are ten providers, select one, it is the City service. She wants the City to take the lead on this.

Mayor Snarr asked about litigation. A City cannot go out independently and promote it. Ms. Wells says that all we will do is promote the fact that the City owns it.

Mr. Dredge said that we can start by maximizing City use of it. Ms. Dunn agreed.

Mr. Stam asked about the City TV station on Channel 17. Ms. Wells noted that a survey was done of residents to see if it was being utilized. It, actually, was not worth the cost to the City.

Mr. Shaver would like to know what the City can and cannot say and do legally.

Mr. Brass communicated that Murray residents are unique, we identify with Murray, and like to buy in Murray. Residents are proud of Murray and there is a brand identity that many cities would kill for. It has not been used on behalf of the network.

Ms. Wells suggested an internal committee be established to begin to work on this. Using the Council representatives would be the natural committee members.

Mr. Brass pointed out that the City subsidizes the recreation center, and parks for the residents, and that many things done by the City for the citizens do not bring in a lot of revenue. He does not mind subsidizing to a certain extent. He uses UTOPIA at home and loves it. His business has T1 lines at work, but basic UTOPIA at home is so much better.

Ms. Wells said that people who have the capability should at least get UTOPIA internet, because it is already in their front yard. They need to know it is there.

Mr. Dredge said that UTOPIA energy is focused on two areas, 1) getting additional service providers, and 2) proving that the SAA model will work. This will not work in Murray, therefore, the City needs to do everything it can.

Ms. Dunn said that everyone is on board to go forward.

Armory Property - Ms. Wells reported that there are a couple of things to remember about this property. There is an agreement with the county on what the facility can be used for, because they funded it. A couple of ideas have come forward. One is to level the building and use the area for additional park space. A community room has been suggested by the administration because there is such a need for that. A field house has been mentioned. One thing that Mr. Hill suggested is a study of costs to give an idea on the condition of the building, what is needed for different uses, and a starting point for discussions. Ms. Wells felt that there may be some money in the Community and Economic Development area, and there may be some in Public Services. This is an idea for the Capital Facilities Plan, but it is hard to discuss or make decisions until some viability is understood. Some public input is important too. Multi use space would be good.

Mr. Shaver suggested that whatever the space becomes, it should be self supporting, because the budget cannot handle additional expense. It can be a rental facility, however, it may not be totally self supporting.

The Park Master Plan has been put on hold, and Ms. Wells asked if this should become part of that, or stand on its own. That plan was a cost of \$75,000. She would like that to become part of budget discussions. Speaking only of the armory property, at about \$9,500, she asked if the Council would agree to have a study completed on that? Ms. Wells stated that it could be divided into two or three rooms, and she feels it is large enough for a Boards and Commissions Banquet for about 300 people. Everyone was in favor of the study.

The county stipulated that if the City utilizes the building, then the plans must be approved by Salt Lake County. The Mayor pointed out that the same agreement is in place with the Park Center. Ms. Wells feels that they will be open to whatever is decided upon among the uses mentioned.

City Owned Cell Phones - Ms. Wells has worked on this for over a year, and has gathered information from the departments, and has now done a request for information. She has information on group plans from Verizon, Sprint, AT&T, and is working on a matrix for comparison. This does not include privately owned cell phones. She will have some recommendations as part of the budget discussions. The Mayor pointed out that there are some places that people go that do not get good coverage on one carrier or another. Public Services uses push to talk. The City does not have any contractual commitments at this point.

Vision for Downtown Murray - Ms. Wells reviewed that the City owns two properties. On the Azarvand property, the City is trying to negotiate it. There is about \$3.1 million left on bond proceeds for property purchase. Public meetings will be held in February and March. She requested Council help on that. Timing needs to be discussed, for a parking structure or performing arts facility. There is so much interest in the area. The City needs something to happen to move it along.

Mr. Tingey related that once plans are further along, downtown ordinances, and design guidelines, then the City can become more aggressive in recruiting. Serious talks can then take place with private investors.

Replacing City Hall - This is something that needs to go on a capital facilities plan, stated Ms. Wells. Location has been discussed and the City needs to get to a point to make a commitment on that. It does roll into downtown. It can go here in this location, it could go out to the street, or back, there are options. Timing is an issue, and how soon it could be done. General obligation bonds would have to be sold for construction. It will be important to work along side the Murray schools on some of the

things they are doing.

Mr. Brass stated that timing is critical. If it is hit just right, the City might get the benefit of low bids. Then when it is done, the economy could be rebounding and tax revenue back up again.

Ms. Wells informed the Council that when a location is decided upon, then studies can be done to determine square footage, needs, and costs.

These are the items that came up in the department retreat discussions and she wanted to share the information to see if everyone is thinking along the same lines.

Mr. Brass offered that on a tour of the West Jordan City Hall, they shared conversations with other cities, which helped to determine what they would have done differently. It might be wise to do this not to recreate the same mistakes.

The idea of a new City Center will have to be sold to the citizens with the public safety angle. Most people do not care about the offices as much as they care about the police and public safety.

Mr. Stam talked with numerous residents during his campaign, and most were all for a revitalized downtown. He does not feel that it will be a hard sell. Ms. Well expressed that the hard part will be on the dollars necessary. She said it will take the involvement of everyone.

Mr. Brass pointed out that an earthquake during shift change will bury everyone in this building that should be out helping the public.

Ms. Wilson said to Ms. Wells recently that Murray City needs to have an image that says Murray is an important, up and coming, a vibrant city in this county. The way to do that is to have a location and building that people are proud of.

Ms. Dunn stated that a goal of the Council for several years has been to look at sustainability and becoming more sustainable. She related that Murray needs to be the most efficient that it can be, and better at taking care of what it has. She feels Murray can do better, and this goal should be in mind as the Council and administration looks at everything the City is doing.

Mr. Hill added that he and Mr. Tingey have had two meetings with a woman who owns a company specializing in becoming more sustainable. They come in and analyze existing buildings, make recommendations, cost estimates, and payback time periods. They will also manage the project. They are out of San Francisco, but work here is Salt Lake City. Mr. Tingey said that Girding Edlen referred her to the City.

The Mayor pointed out that he does not want to put any more money into this building. The Select Health building is a silver Leadership in Energy and Environmental Design (LEED) certified building, and they are having an open house that Mayor Snarr encouraged everyone to attend.

Sustainability is a philosophy, Ms. Dunn commented.

Ms. Wells brought up one final topic and that is a lobbyist. She informed everyone that the City has hired lobbyists before, and when there a need she agrees with the concept, however, she struggles with having a lobbyist just to have one. Last year the lobbyist helped keep the one million dollars intact for Murray. Sandy City paid the same amount to a lobbyist, and they got \$4 million. Salt Lake City received \$26 million from the legislature by paying a lobbyist the same amount. There are some things to think about and consider when hiring a lobbyist. The budget is a challenge and she does not know what the Council is thinking regarding a lobbyist for this session. She did want to mention that Congressman Matheson is working with the City to see if some federal funds could be acquired to help with retrofitting the armory.

Ms. Wells added that if there is a lobbyist for the City she would like it to be a City lobbyist, with everyone on the same page. It is important that our legislators know who to listen to in what situation.

Mr. Shaver pointed out that Sandy did get the \$4 million, and Salt Lake City did get the \$26 million, and he asked if they would have gotten the money anyway. Additionally, how do you make them viable, working for and representing the City. Ms. Dunn said that the size of the City is very important in what you receive. Ms. Wells said that a bill has been introduced this year that will change the calculations to insure that not just a few cities get money in the future.

Mr. Fountain expressed that if there is anything that he can follow at the capital for Council Members, he is willing to do so. He is available for telephone calls at all hours.

Ms. Dunn adjourned the meeting at 5:37 p.m.

Janet M. Lopez
Council Office Administrator