



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2011-2012**

The Murray City Municipal Council met as the Budget and Finance Committee on Tuesday, January 24, 2012, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

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

Others in Attendance:

Daniel Snarr	Mayor	Jan Wells	Chief of Staff
Doug Hill	Public Service Director	Brenda Moore	Finance
Joe Canepari	Finance	Gil Rodriguez	Fire
Tim Tingey	ADS Director	Mike Terry	HR Director
Tammy Paynter	Attorney's Office	Briant Farnsworth	Attorney's Office
Frank Nakamura	City Attorney	Juliette Dorsett	Police
Pete Fondaco	Police Chief	Craig Burnett	Police
Jennifer Kennedy	City Recorder	Brent Davidson	Recorder
Robert White	IT	Doug Roberts	Police
Mike Fernandez	Police	Tom Martin	Police
Joe Tarver	Police	Jaclyn Sadler	MCEA
Greg Bellon	Power	Charles Crutcher	Power
Bruce Turner	Power		

Mr. Shaver called the Budget & Finance Meeting to order at 8:35 a.m. and welcomed those in attendance. He acknowledged that many of the departments' budgets are in line and he did not feel the necessity to bring them in; therefore, there has been an effort to shorten the meeting and focus on areas where the Council has concerns or require additional information.

Mr. Tingey is serving as acting Finance Director and he presented an overview of finances. He said that a lot of work has been done in the few weeks since Ms. Wilson retired especially in evaluating revenues. He is excited to share that. He introduced and expressed his appreciation to Joe Canepari and Brenda Moore from the Finance Department. Mr. Hill has helped to look over things and evaluate the City's position.

Mr. Tingey distributed handouts with a memo for the Mid-Year Revenue Review and graphs and charts to go along with his power point presentation. The General Fund revenues by source were shown on a circle graph that everyone could view. He mentioned that the franchise taxes include cable television and telecommunications; miscellaneous includes

some bond reimbursements and rents; transfers are the in lieu of tax transfers from the enterprise funds. Mr. Shaver asked if the interest income includes all departments. Mr. Tingey responded that it is General Fund only.

Mr. Stam asked how the money is accounted for when the Police replace guns, and they sell the old ones back. He wondered if the money they receive from the sale comes in as general revenue or goes back into their budget. Mr. Hill answered that in some cases, like the golf cart trade in, the return becomes part of the bid and there is no actual revenue coming into the City. When General Fund department items are surplused, vehicles or computers, that goes into the General Fund and not back to the department. Ms. Moore said any revenue would come in as miscellaneous income. Mr. Stam asked about the rent on the training facility. Mr. Hill said that comes in as charges for services. Any fees that are charged, for example, recreation center activities like Junior Jazz or baseball fees are revenue sources that go into charges for services. These are broken out in detail in the budget, Mr. Tingey explained; however, they are all lumped together in the graph.

Mr. Tingey next had a graph showing the enterprise funds revenue by source. The bulk comes from charges for services with some from capital grants and contributions and a little interest income.

Some projections had been run on sales tax revenue. These projections are for July to December, since we are in the midyear, and they compare each of the previous years from 2006 to current year. Through the first half of this fiscal year, sales tax revenue has been up 9.18% which is \$419,000 over the previous year. At this pace the City would end the year with \$13 million in revenue, which is \$1.5 million over the previous year. Even flat the rest of the year, sales tax would still be over by \$809,000. Mr. Tingey said these are exciting results and actual holiday sales are not included here. The receipts are actually two months behind. Projections are above the floor guaranteed by the state.

The next graph indicates the General Fund revenues and expenditures for July through December from 2006 to fiscal year 2012. Revenues are down slightly from the previous year and some fees for services are down. Expenditures are up a little from last year. The in lieu of tax transfers are down also. Overall, the City is in fairly good shape and in line with the previous year.

Enterprise funds revenue and expenditures were shown next. The revenue is quite a bit higher by comparison and that relates to the power department. In fiscal year 2011, the expenditures were up based on using reserves to implement projects from July to December. That increase in revenue is addressed specifically in the power department report, Mr. Shaver stated.

There was a graph showing revenue and expenditures for each enterprise fund; and there was a graph of combined expenses and revenue for all funds in the City. From July to December some positive things are happening in the City.

Mr. Hill noted that, as the auditor pointed out, all the enterprise funds are in great shape with the exception of two: the golf course and storm water utility. The storm water utility is currently doing a rate study that will be presented to the Council next month by the consultant with his recommendations on what to do regarding rates. If a rate increase is adopted, that should solve the issue. The golf course matter is not as easily solved. Some rounds have been played in December. That accounts for about \$40,000 in revenue for December and January.

Mr. Brass stated that if the City decides to raise the storm water rates, then he advises to hold a series of meetings on the east side to talk with them about storm water and roads.

Citizens need to be educated and understand that without this the costs to treat storm water would be much greater. Mr. Hill said that they do have a strategy on how to raise rates, and he added that the biggest concern is not so much with residential properties, because it will be minimal to them (one to two dollars a month); however, the biggest hit will come to the businesses, churches and school district.

Mr. Tingey showed the revenue numbers breakdown by fund related to the previous year and the next slide indicated by fund the percent received in relation to the current budget. By this time the receipts should be over 50%, some are and others are not. Some of this is due to timing, for example the RDA; the county has been slow in getting the revenues to the City. Probably, within three months RDA will be at full budget.

Mr. Shaver asked about the miscellaneous revenue that is significantly down. Mr. Tingey said that some of it is bond reimbursement that has not been received yet. Again, this may be a timing element.

There was also a chart showing the revenue numbers from July to December, fiscal year 2006 to 2012.

Finally, Mr. Tingey pointed out a budget comparison for the early retirement salaries and benefits. It is still somewhat of a work-in-progress. The original budget shows all the departments prior to retirements. The second column shows the payout and then the difference, which indicates the City has had to cover \$81,000 in the General Fund and a total of \$146,000 including the enterprise funds. Projecting from what is being paid right now to the 2013 fiscal year costs; there should be a fairly significant savings. The total General Fund savings is estimated at \$1 million. With the enterprise funds the savings is projected to be \$1.9 million. The administration is trying to understand these elements while moving into the next budget cycle.

Mr. Shaver said that in going through the mid-year budget reports, the comment that departments are staff short was repeatedly noted. If we meet all of these needs, Mr. Shaver said it will be important to know what that number would be. It is not reflected in the retirement savings indicated in this report. Mr. Shaver detailed that he would like to see a column that represents meeting the hiring needs and how that affects these savings. Mr. Hill commented that you likely will not see that until the next budget requests are prepared. Mr. Shaver would like to see that now. For example, if the police department wants to hire two officers then to see that reflected on this form would be helpful, previous to the budget request. Mr. Shaver mentioned the Mayor's State of the City address noting the comment that the highest priority is salary increases for the employees. It will give him a better idea if, possibly, one officer could be hired and give an increase to all employees. Mr. Tingey stated that he could do that. The Mayor said that it is a moving target, dependent upon what some of the retirees do, for example new employment or benefits through a spouses job. It will continually change. He agreed that the Administration and Council would consider together what can be done to compensate the employees.

A couple of things to make the Council aware of in preparing the next budget is, one, no finance director has been hired; therefore, there may be some delays in getting the budget to the Council. Second, the City is working on a cost allocation study that was initiated by Ms. Wilson. A group from California is working on that and the time frame for completion is March to April, which may hold up the budgeting process.

Mr. Shaver asked if a Wasatch Compensation Survey is being done. Mayor Snarr said that one has not been initiated; however, it is the way the City has always reviewed where we are in comparison to other cities. Mr. Hill said that HR has no plan to do that survey for this coming fiscal year.

Mr. Nicponcski voiced his observation and he said he may not be interpreting Mr.

Shaver's intentions properly, but he would not want to presume that if there is an overrun from the retirement that employees would be replaced. He would like to see the dollar number and leave what to use it for open for discussion. He does not want to tie that to a number of employees.

Mr. Tingey clarified that the cost allocation study is evaluating the cost of services for IT, attorney, and HR that the enterprise funds pay the General Fund. It has been more than 10 years since that has been evaluated. Mr. Hales asked if this is ongoing. Mayor Snarr said that business license fees and cost allocations have been reviewed, but not to this extent. The goal is to determine what is fair and reasonable. Mr. Tingey said this group is evaluating the methodology behind the numbers and they will have a model that will be in place for several years.

Mr. Hill explained that regarding the budgeting process, typically the Mayor has tried to deliver the budget to the Council by the first few weeks in April. Mr. Nakamura has stated that the Mayor legally has until the first Tuesday in May to deliver the budget. The departments have not been asked to begin putting their budgets together and that takes some time. Additionally, with the delay in getting the cost allocation study, the administration may need the extra two weeks before delivering the budget. The Council will still have all of May and June to work through the budget and get it adopted. Mr. Shaver does not feel it will be a problem.

Mr. Tingey agreed to keep a close eye on the sales tax and revenue projections and to inform the Council of progress. Mayor Snarr said he has seen the numbers from Fashion Place Mall and all were impressed.

Fire Department

Chief Rodriguez

Chief Rodriguez said that his biggest concern in looking at the budget is vehicle maintenance. As vehicles have not been replaced more maintenance is required. The heavy vehicles and apparatus are being repaired by firefighters. Quite a bit of money and energy has been spent getting the reserves up to where they need to be so that is the one concern. He does not touch the budget until absolutely necessary. The uniform allowance is kind of odd. It was only at 21% and it is a fixed cost that goes into the checks, therefore he has no control over that. The overtime is interesting. The three different divisions are administration, suppression and medical/ambulance. If you look at all three overtime accounts, they are actually very good. He has reevaluated how he did things in the past and if the numbers are down, he will pull an ambulance out of service rather than hire people back. If the overtime steadies he may look at bringing people back on the weekends if that is the busy time to keep the ambulance in service. When he shuts down an ambulance the potential of losing revenue exists. When he shuts down an ambulance, whatever agency is the closest to a call backs us up, the Chief said.

Chief Rodriguez asked Mr. Tingey about the fixed garage costs. He said that the only thing he uses the garage for are the staff vehicles. He wondered if that number can be adjusted. Mr. Shaver asked about cell phone expense as this is high in most accounts. Fire is at 66% and he wondered if there is greater use of the cell phone. Chief Rodriguez is using a different system with the paramedics. They can send information to the hospital on a data system. It may need to be adjusted in the next budget year.

Mr. Brass asked if all the firefighters are on the same cell phone service. It would be an advantage if they talk amongst themselves. They are on the same system. There is not a lot of dialog with the phones the City supplies the Chief responded.

Mr. Shaver asked about a previous comment made by the Chief regarding Murray's equipment matching the other agencies. These are the tanks (SCBA) that have been upgraded

under the small equipment line item. That line item is 94% spent.

Mr. Shaver said that the Council members have talked about the need to have emergency personnel are up to date and have everything they need.

The Chief expressed that apparatus are the biggest expense and they are recurring, about every four to five years. He would like to continue the conversation about capital investments with money being put in annually for that. It is always difficult but then he would not have to request so much when apparatus is needed.

Mr. Nicponski asked if the City can have a capital reserve account and not have it affect the 18% maximum. Mr. Brass said that he believes the City can hold capital and carry it over. Mr. Shaver said that it has been discussed with Novak who is preparing the strategic plan and it will be discussed further at the retreat. There are similar issues in other departments.

Mr. Brass said that the Council does not want to cut personal protective equipment. The Chief says that in addition to the apparatus, they have the gear that wears out. It costs about \$1,500 to \$1,700 per set. To replace 60 sets is expensive.

Ambulance billing has gone up, which reflects charges for services. Overall the department is at 50%. Mr. Nicponski commended the Chief for stepping up and taking reductions in force, establishing policy and administering that policy. Service levels are not suffering due to the actions he has taken and it is outstanding, Mr. Nicponski noted.

Public Services

Doug Hill

Mr. Hales asked if the numbers for salary, benefits and overtime is kept by the department head or if it comes from somewhere else. Mr. Hill said that finance provides the regular salary costs and benefits; however, the department controls the overtime. They try to anticipate and budget for that and temporary employees. He noted that in most budgets the regular employees will generally be over budget due to the early retirement payouts.

Roadways – Equipment maintenance costs are escalating throughout his budgets because the staff is driving equipment that should have been replaced several years ago and the expense of maintaining is greatly increasing, Mr. Hill stated. It is a reflection of old vehicles. Some are 20 years old with rusted out floorboards.

Mr. Shaver said that in talking with Novak there have been discussions on the means to replace vehicles as a capital investment rather than annual expenditures in the budget.

Mr. Hill directed the Council's attention to the street light energy. There are two accounts, an internal (MCC) account and Rocky Mountain Power (RMP) that basically takes care of the area east of 900 East. He is not able to explain why those costs are going up and Rocky Mountain Power has told the City that it is strictly the power cost of the street lights in that area. It is 71% spent; however, it is not something that the department can control. Mr. Hill confirmed that the line item will be over budget based on current usage. Mayor Snarr commented that Rocky Mountain had a rate increase approved. Some cities charge for this service but Murray has not taken that position.

Class C Roads – Mr. Hill pointed out the sealer, mulch, concrete and road base line items. These are the funds left for road projects this year and are pretty much committed. The mulch, concrete and road base will be used for an overlay on 5900 South and Vine Street between about 700 East and 1300 East. Due to a water line issue the department was not able to complete this before the snow came in the fall. The sealer is committed to do some neighborhood streets and the staff is evaluating which neighborhoods to do now. The money will be spent in the spring.

Mr. Stam asked about the rejuvenator that the City has used. Mr. Hill said that they like it. Although, it seems to have worked better on Potomac than it did on Green Oaks. The quality of the road on Green Oaks has improved. It is very inexpensive and for a road that is in good shape with only some drying asphalt, it is a way to keep the road in good shape.

Mr. Brass said that he received some interesting phone calls in his district. With the slurry seals that were done, people think they are getting their roads repaved. It looks like that. The psychological effect is actually very good. Mayor Snarr said the key is to prevent alligatoring, which with freeze and thaw scenarios the road is blown apart. It is one dollar to do good road maintenance versus ten dollars to do a total rebuild. Mr. Hill advised that you cannot do it on roads that are too far gone.

Mr. Nicponski asked how long the life extension is due to sealer. Mr. Hill expressed that you can get an additional ten years.

The line item for Cottonwood and Winchester intersection shows nothing spent on it. That is an agreement entered into with Utah Transit Authority (UTA) about three years ago when they were constructing the station for the Mid-Jordan line. The road had to be realigned along 300 West at the intersection. It is completed and our agreement was that they would pay for it up front and Murray would reimburse them when the funds became available. This year \$350,000 was budgeted not knowing what the total reimbursement would be and we are working with them to pay it, Mr. Hill stated. We also have to pay interest on the funds and are getting closer to finalizing it, however, it is anticipated that the payment will be greater than \$350,000. He indicated a need to put it into the next fiscal year budget or if the payment needs to be made before the end of this fiscal year, then it would likely require a budget opening.

Mr. Brass asked if Winchester is a Murray street or the state's. Mr. Hill stated that it is all Murray's.

Mr. Shaver questioned the time frame. Mr. Hill detailed that it started about two and a half years earlier. They had to buy right of way, buy land, build the road and install the traffic signal. To our benefit the interest was tied to the public treasurer's fund, which is about half a percent. It could be \$100,000 in interest.

Main and Big Cottonwood is a project going out to bid next week. This is the bridge on Main Street over Big Cottonwood Creek. It is a shared project between Murray and Salt Lake County because half of the bridge is in the County and half in Murray. We anticipated Murray's cost at about \$77,000; however, Utah Department of Transportation (UDOT) lost some money and had to use a different source of funds from the federal government requiring a higher match from the City, and some design and building costs increased because of a major sewer line to be moved. The engineer's estimate is about \$300,000 that Murray City will split with Salt Lake County. This is a lot more than the \$77,000 budgeted. The City will bid it and see what the costs come in at. Typically, a deposit is required before construction begins; therefore, it may require a budget opening in this fiscal year to come up with the matching funds to build that project. Murray is taking the lead on this project.

There is a huge unbudgeted expense under Reimbursement Cottonwood/ Winchester for \$2,117,000, Mr. Hill pointed out. This was a three day in/out account and what does not show up here is the matching revenue account. We had to issue a check to UDOT and about three days later UDOT issued a check back to the City for the same amount. Ms. Moore stated that there is a line item in the General Fund for that particular amount. Mr. Shaver recommended that the explanation be included on this line item for the Council's tracking purposes. Mr. Hill added that as a result of that transaction, the total shows that the public works

budget is 91% spent, which does not take that transaction into consideration.

Engineering – In the Engineering budget the overtime is 132% spent. Mr. Hill discussed this with the Mayor and it was decided that the overtime costs needed to continue to be paid. There is an extraordinary amount of work going on by other agencies in the City's public right-of-ways that require Murray to have people out inspecting, making sure water lines are done correctly, that sidewalks are replaced and that landscaping is done properly. If we do not have a person out there inspecting it could become a problem that Murray inherits in the future. Much of this work is done on weekends and after hours because it is being done by the private sector or other utilities. He anticipates being significantly over budget this spring depending on the amount of work being done.

Mr. Nicponski asked how many people were doing this work before the reduction in force. Mr. Hill said that one person was lost in engineering going from two inspectors to one. Still the afterhours work is primarily the issue. Mayor Snarr stated that it is critical to be there. He noted that on Peak Circle and Revere Jordan Valley Water installed the lines too quickly and they all sunk a couple of inches. They were called to come back and repave it; however, if Murray had gone in to do a grind and overlay it would not have been a good job because there was additional sinking where the trenches were laid.

Mr. Shaver asked about the shop and garage and the utilities that have varied so greatly from the budgeted expense. Mr. Hill said that it is difficult to track utility costs from year to year because they are so different each year. Those bills come into finance and they are not certain how they are tracked into the department. In working with the Finance Director this last year they tried to project some historical usage. With better historical information, they can get closer to actual costs. They are always a year behind in reacting. Mr. Hill said that Ms. Wilson changed the way the utilities were paid by sending them out to the departments before automatically paying them. The departments are more aware of utility costs and they may consolidate some meters for cost savings.

Parks and Recreation – Under City Parks' improvements there is \$100,000 which was allocated to make the pavilion repairs on the beam replacements. The project has started and as the contractor removed the roofs to get to the beams, there was significant damage to other beams and to the structure the roof attaches to. He stated that it makes sense to have that repaired also while they torn apart. He has talked with the Mayor and has authorized Mr. Sorenson to have the contractor repair as much as possible; although, they will not repair one of the pavilions. Fixing the underlay for the roof structure puts the expense at about \$110,000 and he will try to absorb that elsewhere in the budget. He said that in his opinion, this is a real band aid approach to repairing the pavilions.

Mr. Hales said that the condition of the pavilions is horrible. The ones that will not be repaired are horrendous. Mr. Shaver asked what the cost would be to repair them right.

Mr. Hill said that in his opinion the pavilions need to be replaced. A bid was done and the City was ready to start that project in 2008 before the economy fell apart. The bids were about \$800,000 for four pavilions. The design and drawings are done and paid for. What is being done now, will get the City by for a couple of years. But if the Council thinks these will last five to ten years, they are wrong. In two years we will be back in this same situation. We are committed to the \$100,000 repair now; however, he would not like us to continue spending \$100,000 every two years.

Mr. Brass said that it would be prudent to rebid it and then put it on the list as a priority on capital expenditures. Mr. Hill can have an engineers estimate done based on the drawings we have. He guesses it will still be in the \$800,000 to \$1 million range. Mr. Shaver commented that one could be rebuilt while three are patched. The following year another could be rebuilt and two patched and so on until all have been rebuilt. That would make it part of the capital

improvement program (CIP) with an end result planned.

Mr. Hales asked what is meant by using the CIP. It was explained that they would be fully rebuilt over a period of about six years.

Mr. Brass asked what the risk is by not repairing all the pavilions now. Mr. Hill said that the worst ones will be repaired and the others will be okay. Pavilion 4 will not be repaired. They will fix the safety part and put on a roof that will not leak. It is just not a long term fix. He confirmed that the ones that are not being repaired will withstand a windstorm as was experienced by Bountiful this past year.

The Mayor is very concerned about deterioration where we are not able to see it. Mr. Brass stated that Logan has a tester that one can drill into the beams to see the condition. Mayor Snarr mentioned some trees that turned out to be hollow inside and he ordered them removed because they were unsafe.

Park Center – The budget for maintenance of buildings under the Park Center is already 90% spent. There are two major problems that must be addressed, almost immediately. First is a leaky roof; water was all over the gym floor. A dozen buckets were all over the gym and a girl slipped and fell and hurt herself. Before long the claims will exceed the cost of repair. Three bid estimates have been received and they are all around \$40,000. The Park Center roof is ten years old and it is time to do something with it. A budget opening will need to occur to fix the roof. The other issue involves the stairs up to the water slide in the building, which are rusted through. Bids are being obtained to repair or replace it. He advised that it could probably wait until the next budget year to come up with a good number, but it is imminent. Now they have duct tape on the railing to hold it together; however, it is safe and has been certified by a structural engineer as well as by Glen Sidwell. The duct tape is just to keep people from cutting themselves.

Mr. Shaver asked if when this was built an estimate of life was given due to the water and chlorine atmosphere. Yes it was, Mr. Hill replied. Mr. Shaver stated that when the CIP is developed these things can be anticipated for replacement at a specific time. Mr. Hill would like to do that for all the City buildings because HVAC systems and roofs only last so long and it would be nice to have those items on a CIP plan.

Mr. Stam asked if the stairs are stainless steel. Mr. Hill said they are not stainless but are coated with a rust proof material; they are rusting from inside out. Mr. Stam stated that the only way to protect it would be to dip it. Mr. Stam mentioned a company that makes those of fiberglass, which is a little more expensive initially, however, it lasts much longer with no maintenance.

Mr. Hill's only other concern is how the City will deal with the revenue, expenses and capital projects of the golf course.

Mr. Nicponski stated that it would be nice to have a list identifying the costs of all the repair and replacement projects.

Following a ten minute break the meeting continued.

Attorney's Office

Frank Nakamura

Mr. Nakamura introduced Briant Farnsworth who works with the claims and helps with the budget, and Tammy Paynter who is working on the budget, as well, and is relatively new with the attorney's office.

Mr. Nakamura mentioned that his memo addressed all items that were significantly over or under the 50% mark; therefore, he was open to questions from the Council.

Mr. Shaver asked about the need for a new copier and pointed out \$2,500 budgeted in the small equipment line item. Mr. Nakamura stated that he is waiting to see if his copier can be repaired; however, the copier in the prosecutor's office is an older one from another department that replaced one. He feels that it is becoming less cost effective as the maintenance is exceeding the cost of a new one. He also has a need for a fax machine and scanner. Mr. Brass pointed out that it becomes a productivity issue too. Mr. Shaver noted that the Council is also concerned with money that has not been spent and the reasons behind it. If money is budgeted, he would like the departments to take full advantage of it. Mr. Nakamura is trying to stay up with the technology and the way business is being done. Most places want documents that are scanned; they can be signed and scanned and deemed official documents. He admitted that he relies on Briant and Tammy for technology expertise. The copy/scanner is really needed.

Mr. Shaver asked Mr. Nakamura to talk about the Risk Fund and explain what is being done because many feel this is something that needs to be resolved. Mr. Nakamura commented that the City carries liability insurance for claims above \$250,000, which is our deductible amount. We are covered for certain kinds of claims, not all. We can be considered self insured for up to \$250,000; however, that is really not considered being self-insured. For certain tort claims the City does have some immunity and caps. The insurance carrier has never had to pay. You can get it in your mind that maybe the money we are paying in premiums could be put into a risk fund that builds up. Mr. Hales asked if would make some interest if we kept it. Mr. Nakamura said that we would make interest and he would hope to invest it. There are only certain investments, very conservative, that can be made as a City. If Murray were totally self insured, it would also have control over coverage. With an insurance company you never know whether they are going to cover you or not because there are exceptions. All these issues come into play. It takes only one case to be catastrophic to the City. This makes him nervous about moving into such a program. The cost of litigation and how a jury rules are such unknown factors. He is going back and forth on this matter, and working with the insurance advisor, he feels there are some things that need to be cleared up, such as gaps in coverage. Some cases are not covered; those are the land use cases. There is no available coverage for this. Again, here a risk fund would be helpful and should be talked about. There is better accounting, the expenses can be related to claims and will be easier for everyone to see. There may be professional services involved. How far the risk fund goes is the question and he is not in a position to make a recommendation. Insurance advisors have been asked to look at catastrophic coverage to see what is available. Mr. Nakamura thinks the City would need that until a risk fund is built up to several million dollars.

Mr. Shaver asked if we carry catastrophic coverage, while we build our risk fund, can we cease insuring some other areas because of the limited liability, so that some funding can go into the risk fund to build on. Mr. Nakamura said that under Utah law there are certain claims covered by the Utah Governmental Immunity Act that have caps on them. The caps continually have increased over time. We could craft a program taking that into consideration, and then carry \$500,000 per occurrence and \$1 million per event. Some claims could be crafted differently than others. Then there are the claims that are not covered by insurance companies.

Mr. Shaver stated that we could develop a strategy to get us to an end result, just like the CIP. We need to forward think. He quoted from Mr. Nakamura's narrative, "Further, States tends to invoke exceptions to pending cases to avoid having to be responsible for a claim." Mr. Nakamura has informed States that he needs to know up front what is covered; he does not intend to be in the middle of litigation receiving letters making exceptions to claims. They have told Mr. Nakamura that their attorneys are developing a policy stating what they will be responsible for. This is one of the issues; knowing where the gaps are. Mr. Shaver said that if we have equity interest in States then the City should have input into what those are. Mr.

Nakamura said the equity interest is not real. States was formed with the idea that there would be a fund, dividends would be paid and we would pay a premium. We do have a voice and they have been more open to discussing the exceptions and they plan to enact a policy that will clarify what our concerns are. It may be necessary to go through each one of the exceptions to know what they are.

Mr. Shaver would like to formulate a committee or group that would analyze building a risk fund and what the process is to do that. He would like to combine administration, department heads and Council members to look at those who are at risk and discover how to do this.

Mr. Stam asked how much money is put away to cover the \$250,000 deductible. The City has 10 to 20 claims per year and there is \$1.4 million in the risk fund to cover deductibles. Mr. Stam asked if we look at history and maximum payouts are we at the threshold with \$1.4 million, or how much do we need to have. Mr. Shaver said that is why we have an insurance company to create the actuarial tables. Someone else needs to analyze it. Mr. Nakamura said that by looking at the data, the City could come up with a number; although there is a part of him that is scared of the one case that is catastrophic. We can never know what a jury is going to do. Mr. Shaver reiterated the need for a committee to look at it.

Mr. Nakamura pointed out that he has four attorneys and much of his efforts are directed towards the prosecution. There are more than 10,000 cases going through his office.

Human Resources

Mike Terry

Mr. Shaver commented that Mr. Terry was specifically asked to consult with the Council on issues facing it in the budgeting process.

Mr. Terry added that the Human Resource Director wears many hats and his presentation would be to discuss compensation. He has a benefits hat, employment action hat and a recruiting hat.

He proceeded to give an overview of the Murray compensation plan and point out some of the issues currently at hand. The City has 35 grades and each grade has a range with a minimum, midpoint and a maximum. A survey is done to assign a grade to each job. The midpoint is compared to other cities and counties. This is called 100% of average. The minimum is 80% of that and the maximum is always 120% of average. This process was created over ten years ago at a time where an employee could get through this range in from eight to ten years. The City was averaging a 5% raise even for poor performers and one could receive up to an 8% raise. It was quite common for someone to reach the maximum after ten years. Since then, over the last few years there have been no increases and the only way to get up through your range is by a merit increase. An employee is given an evaluation; depending on your score a raise is given, maybe to 83% or then to 87% until one has topped out. That point is called "red lined." Over the last few years, with no raises given, salary compression has occurred. For example, in the police department, officers are hired at minimum. An officer hired four years ago who is still at minimum is paid the same as an officer hired two weeks ago at minimum. There are probably ten officers sitting at the minimum. This causes frustration, especially in a time when all salaries are public and everyone knows what others make. Websites such as the state transparency website and UtahsRight contain all that information. If you go to these sites, make sure that you compare apples to apples. Some agencies enter only salary while others combine the salary and benefits into a total. Click the person's name to determine the salary and benefits separately.

The purpose of a compensation plan is to attract and retain good people. If an entity is

not paying what it should, good people will not be attracted and they will be lost. Once the economy begins to improve, employees will begin to look other places. In addition to the 34 retirees, Murray has had an additional 12 employees resign in the last six months. This is a significant amount for Murray City. We are at 372 full time employees. There was some discussion on this, and Mr. Terry noted that in a regular year about 3% of the employees would leave. This would be about 12 people per year.

A couple of other issues have affected staff. An office administrator study was done to combine all the secretarial type positions (about ten previously) and these have been consolidated down into 4 positions. The grades may have changed and titles changed but no money compensated these adjustments because the City could not afford to.

A midpoint employee should be someone with five years experience, a journey level, who is proficient at their job. A maximum level employee should be someone with ten years experience, an expert in their field, they know what they are doing and have mastered their job. For an office administrator, for example, who has been here 25 years to be sitting toward the bottom of her current range is not paying her fairly, Mr. Terry expressed as a compensation expert.

Mr. Terry said that the City has a policy that a department head can bring in an employee anywhere between minimum and midpoint depending on their experience if they have the money in their budget. They have that leeway. A department head may have a hard time filling a position, for example, for awhile civil engineers were very difficult to find. He is finding that to be the case with the police forensic lab manager. There were only two applicants, making it difficult to find someone good. Department heads bring in their employees at different points and it does create some dissention amongst the employees.

In police and fire there was a time when it was hard to find good officers and firefighters. A policy was created that if a person had five years experience with another city, they were brought in at midpoint. Some existing officers, even after seven or eight years, still were not being paid at midpoint. Now we have this same situation with the long time officers and new hires because there have been no merit increases for several years.

These are some of the issues with our current plan. Mr. Terry explained his proposal, which has been recommended to the Mayor for his consideration. He pointed out his graph on the whiteboard showing that when someone was with the City for five years they should be at midpoint and at maximum by 10 years. Mr. Shaver said that this was based on very specific assumptions, at five years an employee should be at this point based on length of employment.

Mr. Terry said that these days are gone and probably will never be seen again. His proposal has cut that in half. He said that after ten years his hope would be that an employee could be at least in the middle of the range. If they have been employed for 20 years then they should at least be at the top of the range. An expert in their field should be at the top of the range. Same with a ten year employee, they know what they are doing are knowledgeable and understand the position and should be half way up the range.

What this proposal does is to move employees that are below that standard, Mr. Terry remarked. A ten year employee would go to midpoint; a 20 year employee would go to red line and every step in between would move. Looking at the Proposed Salary Adjustment Comparison Mr. Terry prepared, you can see that 224 employees would receive a salary adjustment in their grade range. There are 148 who are okay in their range but would receive a cost of living adjustment (COLA). The adjustment would include the COLA, because the way a COLA works is if you have a range from \$10 to \$20 and you give a 1% COLA, now the range is \$10.10 to \$20.20. If you are moving an employee out to red line then it is already included in the range. The ranges are adjusted when a COLA is given. The employee moves up within the range.

The bottom section of the Proposed Salary Adjustment Comparison shows the costs associated with the increases. If a 2% COLA was given the average COLA for the 148 people would be \$1,100 and the average salary adjustment for the 224 employees would be \$4,700. The total cost of that would be \$1.2 million. The comparison shows the corresponding numbers for the 3%, 4%, and 5% COLA giving a range of choices for the Council discussion and consideration. Mr. Terry thinks this is the fair thing to do and there are many employees who are not where they should be in their range, but the Council can debate whether or not they should be anywhere in their range. To run an effective compensation plan, people need to be moved to where they should be in their range.

Mr. Shaver recognized that the 224 people are going to be at a variety of years and experience within that range. You are adjusting people equal to their time, not equal to their pay.

Mr. Terry confirmed that a ten year employee at 97% of midpoint would move to midpoint (100%). An 85% employee who has been here over 20 years would move clear up to the maximum, due to their time with the City. One assumes that time equals knowledge and value to the City. Mr. Terry said that if we were to hire a fire chief from Unified Fire with the exact knowledge and experience that Mr. Rodriguez has, would I not pay him at the top of our range.

Mr. Stam asked how the Murray grades and ranges compare to other cities. Mr. Terry said that is a big lesson for another day, however, what is done is to look at our midpoint. For example if we look at a meter reader, who is a grade ten with a midpoint of \$16.75. He surveys the other cities, called the Wasatch Compensation Survey, and we compile their salary data. He takes the midpoint from the other cities and averages that out. In the past, Murray set a standard to beat that midpoint by 5%. If the average midpoint for a meter reader is \$17.00, then we would have beat that by 5% and move that person up to a grade 11 with a midpoint of \$17.53. We discontinued that standard but we do want to be average, not below. If we are significantly below the average then we would move that meter reader to a higher grade and the employee would get a salary adjustment as he moves up.

Mr. Nicponski acknowledged from the chart that a 2% COLA with the salary adjustments would cost \$1.2 million. Mr. Terry said a 2% COLA across the board is only a cost of about \$400,000. But with the adjustment for 224 people and COLA for 148 the cost is \$1.2 million. It is a recurring cost, Mr. Nicponski confirmed. It is always recurring with salary adjustments.

Mr. Stam asked when the last Wasatch Compensation Survey was done. Mr. Terry said it had been many years. It takes months to do and is a very labor intensive survey. In the economic climate it would not have made sense to do it because we would not have been able to make any changes had we discovered we were below average.

Mr. Stam indicated that at the last VECC meeting, the cities were asked how many would be looking at making some type of COLA this year. He said that nearly every city is making some sort of adjustment. Mr. Nicponski stated that Sandy is not doing anything near what VECC was considering. The Mayor wants to give something.

Mr. Shaver said that Murray's Office Administrator I may not equate in another city. Mr. Terry pointed out that when the survey is done, they attempt to match positions as honestly as possible. We have positions that other cities do not have. For example, Brent Davidson is over purchasing and is the Deputy City Recorder. That job will not match anywhere, so other ways are found to determine his grade. We have compared him to other jobs in the City and when these jobs move up then Mr. Davidson's job moves up with them.

Mr. Nicponski asked if it has been four years since any salary increase. Mr. Brass said it has been four years since there has been a positive revenue stream. Mr. Terry said that there have been no changes since 2008. So it has been three years.

Mr. Shaver asked if an employee had gotten an education and increased their knowledge, did they not also get a raise. Mr. Terry said that depends on the job they are in. If they are in a police job, education and certifications can move them from a Police Officer II to a Master Police Officer. A maintenance worker can become certified and become an equipment operator. Not every position has that opportunity and these are called Career Ladder opportunities. Most jobs do not fall under the Career Ladder.

Mr. Hales asked if the proposed salary adjustment is competitive with other cities. Mr. Terry said that he does not know and this was his idea to make the salary more equitable. This is a pay for performance plan, meaning that your better employees are going to get better raises dependent upon your evaluation. There is another plan called a step plan. There are so many steps until reaching the top and everyone in this job for two years makes the same amount of pay, no matter how good an employee you are. As a City, we determined that we like the pay for performance method to reward employees that deserve it. Ms. Wells pointed out that his proposal really does not address performance. He confirmed that his proposal nears a step plan in that we want to at least bring people up to the step where they should be. Ms. Wells added before we can start the performance management to move forward. Mr. Brass commented that 20 years does not always equate to 20 years of knowledge. That is why you trust your department heads, Mr. Hales noted.

Mr. Shaver said that the Council is truly considering salary adjustments and as Mr. Terry is the expert, it is desirable to take full advantage of his knowledge and recommendation. How we go about this, is an Administration and Council decision based on the budget, but now we are all on the same page and can have a conversation that makes sense.

Mr. Hales asked if the City uses Performance Pro for evaluations. Mr. Terry explained that Murray was one of the first to use Performance Pro because of Dale Whittle's personal relationship with Jerry Nelson who started it and they are a Murray company located on Winchester. The City has used them for about ten years.

The meeting continued following a short break.

Administrative and Development Services (ADS) **Tim Tingey**

Mr. Tingey commented on the remodel that was part of the reorganization, bringing the ADS department together, some other elements related to City Hall and some construction at Public Services. The cost estimate was \$14, 410 and the Council approved \$30,000 with any leftover funds going into general maintenance for City Hall. The remodel is almost complete and just over \$14,000 has been spent. It will come in very close as a couple of final items are yet to be completed. He gave credit to Tom Baker who has done an amazing job.

There have been challenges for the budget process when bringing all these divisions into the new department, understanding staff capacity and other needs for the department. It has been an ongoing process.

Administration – Looking at the line items Mr. Tingey noted that office supplies have been underestimated for the transition of the new department and he acknowledged that it will be greater in the next budget year. There was discussion of the \$200 budget and the Council asked him to move on.

Treasurer - Mr. Tingey pointed out the regular employee's line item that is at 67% and relates to a staffing issue due to the retirement payout. Office supplies are high because

everything was not transferred from finance for the utility billing expenses. Postage increased and we will need to look at additional funding in that area. Under the cell phone category for treasurer we are a little bit high (85%) and that is an issue that has been discussed. We will evaluate that more fully for the whole City; however, the reason the treasurer is high is because a couple of meter readers retired and their cell phone service was cancelled incurring some cancellation fees. That should not occur in the future. Mr. Shaver mentioned that the office phones and cell phones were split out a couple of years earlier and getting a handle on that has been an issue.

Recorder - Mr. Tingey mentioned that the tool allowance is over budget, but will be moved into the maintenance of building and grounds line item. Instead of the City having to buy the tools, Tom Baker utilizes his own tools and the City pays him an allowance, which was set up years ago. Mr. Shaver asked if there is anyone else doing this. Mr. Tingey said no, he did not think so. Mayor Snarr said he uses some of his own tools, others the City does own. Mayor Snarr purchased a set of portable tools, saws and drills that he purchased and gave to Tom. This is a unique situation, no one else uses their own equipment, Mr. Shaver said.

Vehicle maintenance is high with older vehicles. Code codification is higher than budgeted and we really have no control over that. There have been some increases in the modifications. Mr. Shaver asked if this is something that will show up on the historical numbers. Major code changes have been made and we typically do not have to do that. Election services are at 81%, but that is all that will be spent in that line. Mr. Shaver mentioned that the county bills us for that and we have no control over it. He suggested that Mr. Tingey and the Finance Director work together to move that excess into an item where it is needed, like in the code codification. Mr. Tingey says that is how he is looking at his budgets.

Information Technology (IT) - Mr. Tingey stated that the office supplies are over due to a lawsuit requiring the purchase of some back-up tapes. Mr. White explained that it was for mail that had to be sealed and they were put on tape and will go into storage in the mountain for years to come.

Software maintenance is fairly high but some of it is due to timing issues and the department will be in line. Mr. Shaver asked about the data processing equipment that is only 32% spent. Mr. Tingey said that it is time sensitive and will be spent.

Mr. Shaver noted that some of his concerns are what has not been spent. He wants to be sure that the City has the equipment and things it needs.

G/S - There were some adjustments made but there are not a lot of major issues. Many items are time sensitive in IT and GIS.

Building Inspection - There are some maintenance issues with vehicles here, Mr. Tingey stated. Mr. Shaver asked about the fuel expense. Mr. Tingey said they are spending a lot more time on the road doing inspections. There have been issues at the Fireclay area and at Fashion Place Mall.

Community & Economic Development – The Utah Economic Development Corporation is just paid a flat fee once per year so that is 100% spent. There has already been a discussion on weed control and with the budget amendment done this should be fine until July.

Mr. Shaver asked about the software support. Mr. Tingey said that is based on the cost allocation. It is what is transferred for software support from this division. It does fluctuate among the departments. It is just how and when it is allocated per department.

Mr. Tingey focused on the challenges that he has put together. He recognizes there are a lot of priorities from the departments. What he sees as needs includes training and some equipment in GIS.

A big issue in ADS over the next few years will be the technology investments. It will be part of the ongoing maintenance and costs to operate the City. As the IT equipment gets older it becomes more costly to continue the ongoing maintenance. The question will be whether we will invest in additional equipment. The new IT governance committee will look at these things and as we bring forward proposals they will have gone through a process to determine priorities. PC replacement is one of the big things we will look at for next year. Each department has to budget for the replacement of a PC. We want to put that in one area and have IT work towards that. We have a list of the oldest computers and will go through an ongoing process of replacing those.

Mr. Shaver has questions on that particularly as the Council looks at the CIP. If the IT budget includes every computer that the City uses and they manage it hands on then the computer becomes theirs, not the police, fire or recorder office computer. Then an allotment can be budgeted and the IT department maintains it. Is this a correct understanding of what you are recommending, Mr. Shaver asked. Mr. Tingey confirmed that. We have a list of every computer and rather than waiting for them to break down and the department request one, we will have an ongoing process of replacing the oldest ones from year to year. Mr. Shaver asked if IT would bill each department or how that would work. The City will fund it in IT budget so no billing will take place. Mr. Shaver asked if the computer in the court does specific functions for the court and a computer in power does the functions for them. They may be used differently, but it is just a computer. When we talk about vehicles, as the finance director, does the City have vehicles that can work the same way or are they so specific to the department that we don't do it, Mr. Shaver asked. Mr. Tingey said that they have not gone into it to that extent yet. Mr. Stam said that some computers are not just hardware, because some departments are using it for high graphic programs, like GIS, then that computer must be built for a certain function. A secretary using it only for word processing does not need those types of functions. A GIS computer could be redistributed and by running that through IT that can be controlled, Mr. Brass commented.

Mr. Shaver suggested that if the City buys a brand new vehicle and the same garage handles all those cars, will the same principle apply? Not equipment like the fire department uses; this is for cars, police vehicles and pickup trucks that do inspections. Those are vehicles that the same group handles; they maintain them, change the oil and rotate the tires. They are all handled under one roof. Is the future thinking to be that the vehicles to be replaced each year should be done through the garage, like in IT? Then the CIP would indicate a certain number of vehicles to be replaced. It is just an idea.

Mr. Hales asked how it is handled now. Mr. Shaver responded that every department buys their own vehicles now from a single line item for a single year; as opposed to, the City needs to replace 25 vehicles. When a Capital Improvement Project is created the Council can say here is the money to do this CIP which means vehicles. Then the departments would go to the fleet service with their requests, which would be in Public Services. This may be one of the ways we want to look at it.

The other challenge is building maintenance here at City Hall. A couple of big issues include a boiler and HVAC unit.

Related to staff capacity, in most of the department we are doing well. One area of concern is in the utility billing division. We had three people retire in that area. None were replaced and one position was increased by 30 hours. The time is difficult and sometimes they miss their lunch break because it is a constant flow of customers and phone calls. One person will be going on medical leave in the next few weeks, making it even more challenging. We may request in this budget year to look at some capacity, which would be a budget amendment.

Under the current budget there are some unanticipated needs that we can cover within the budget. In IT domain web certificates are due to expire; these need to be renewed every five years. We just became aware of it. He may have to work with the finance director to transfer some funds between line items.

Mr. Nicponski asked where the utility billing is and confirmed that three people retired from that area. He had 12 prior to those retirements.

For the future, technology investments are going to be a big issue in the IT, GIS and Building Divisions. Equipment and vehicle replacement needs in the future will be something to be addressed.

Redevelopment Agency – We have money that comes in each year and we budget dollar amounts in line items. There are times when we know we are not going to spend the line item amounts and if we can roll dollars over then we accumulate money for future larger projects such as property acquisition. There were questions about this rollover from Mr. Brass. It rolls over into a RDA reserve account and must stay within its area, such as the Central Business District or Cherry Street. According to state code it must stay within those areas. Some administrative costs in each can also carry over and the amount was set up when the RDA was established, Mr. Tingey explained. For example, 1992 Cherry Street had a 4% administrative cost. Central Business District had a 4% administrative amount approved by the Taxing Entity Committee.

Future issues are to be able to invest in larger scale projects and meet the needs. We may use the rollover amounts to assist with these bigger projects. Mr. Stam asked if the money can be lumped to purchase property in another area. Mr. Tingey stressed that it cannot be used in a different area. Mr. Stam commented that in an older area, where you are collecting a little bit of money, there may never be an opportunity for use. Mr. Tingey used Vine Street as an example. It was formed in 1992 with some original infrastructure projects that were completed and were never reimbursed because collection just started on this last year. A line item has been built into the budget for planning reimbursement and infrastructure reimbursement. Then we may identify additional projects in that area, maybe more water line upgrades are needed, for example, and the money can be used for that.

Mr. Nicponski asked how much is in the Cherry Street RDA now. Mr. Tingey responded that about \$70,000 per year is being collected. Some small business owners have come into the area and we have been able to help with infrastructure needs.

Finance - Line items that are significantly over 50% of budget have been identified. The outside auditor is a perfect example of a timing issue. Temporary services had a zero budget amount. A person from a temp agency has been working in accounts payable since Tom Steffy left. Mr. Tingey said that when a new finance director is hired that position will be addressed. Mayor Snarr said that they have agreed that the new finance director will be given a chance to become familiar with the overall arrangement in order to hire the right person to help them. (This was in reference to the position previously held by Gabe Johns.)

Mr. Shaver pointed out the group insurance line item that he has seen in several different places. Some have no expenditures and he asked what it does. The health insurance is listed with the salaries and benefits. Ms. Moore said that she suspects it may be funds that need to go into the risk fund; however, she said that she is not sure. Mr. Tingey agreed to look into this item and stated that some of it relates to the properties under non-departmental.

Mr. Shaver asked for some explanation on the service award line item that is \$8,000

over a zero budget. Then under that is employee incentives with nothing spent of a \$20,000 budget. There was some discussion about this and Mr. Tingey will look into it and get the specifics. Mr. Shaver also pointed out the insurance line item of \$81,000 with no expenditures and the retained risk fund holding the \$424,000 that was discussed earlier.

Mr. Brass said that if we look at history and self insure and if the history says we do not need that much, then just looking at the COLA increases that would cover a portion of it. We could begin to give people raises.

One of the things Mr. Tingey thinks the City needs to look at is staff capacity in the finance area. For example, we did not fill the deputy director position and he feels this is a need to be able to perform the best that we can. Mr. Brass asked if accounts payable is in finance. He commented that just the interest alone on a late power bill begins to cover the cost of someone.

Mr. Shaver asked if departments are sharing people. He noted that there used to be someone who worked so much for one department and then some for another. Mr. Tingey said we still do that in City Hall. There is backup occurring from finance into utility billing right now. Mr. Shaver said that sometimes one and a half employees are needed, rather than two. He does not want to stretch someone beyond what they are able to do; however, we do not want someone with not enough work to stay busy. Mr. Tingey said that has been done for a number of years by the payroll person; however, that is a huge job too and we are still very short. Mr. Hales said that if the staffing is as short as some of the department heads indicated, then there is a problem, not just with productivity but also with the quality of work.

Mr. Brass said that a hiring freeze was done along with the retirement incentive with the idea to get the long time employees retired and have the opportunity to hire others at less money. Mayor Snarr said that he is still trying to get a handle on where we need to be with staffing. He would like the new director to determine what he needs. Mr. Shaver commented that if we have a morale issue because there have been no raises and now they cannot take a lunch because there is so much work to do, that does not work.

Mr. Nicponski stated his desire to understand each of the departments and what work absolutely has to be done for the constituents. If you are going to get so many applications per year on average and it takes X number of people to process those, if you cut into that then you have a manpower issue. On the other hand, there may be a department where someone did some meaningful things; however, it is not imperative to replace that person. He feels that the department heads need to make sure the Council understands those differences.

Mayor Snarr said that he feels it is going to be a challenge when all the apartments at Birkhill and Fireclay come on line. Mr. Tingey pointed out that the utility division now does the UIA billings in addition to the other utilities. Mr. Nicponski agreed that is an excellent point. And if response times are suffering due to staffing cuts, then serious consideration is due to solve the problem. Mr. Brass agreed, but noted that in power the department wanted to go from a four man crew to a three man crew and the retirements gave them the ability to do that. A three man crew is safe. Fire has gone to a two man crew and they are doing okay, Mr. Nicponski added.

Mr. Stam commented that with the new department and the work Mr. Tingey has done, reading the mission statement report and the goals he has for the department has done a lot for all the departments. It has done more than just bring them together, the morale issue has been taken care of because the people can see what to look forward to and they are being heard and paid attention to. Mr. Nicponski confirmed that idea, as well.

Police Department

Chief Fondaco

The Chief addressed the challenges that he is facing. The training and overtime is a problem in each account. Ms. Wilson created a revenue account for the overtime

reimbursement in the police department. If you just look at the overtime line item and see that it is 200% overspent, you must know that there is a revenue account that offsets that amount. The problem has been that much of the revenue is electronic and it has not gone into the right account. It may just be going into the General Fund. It is coming in but this is the first year the revenue account was established and he does not have a way to track it. Mr. Shaver would suggest that when the depletion is seen viewing how the income comes back in would be helpful, either as a line item underneath or as an explanation. For example, the training facility is rented out and last year \$18,000 in revenue was received, Mr. Shaver stated. He would like this to pay the overtime in the police first and then put the rest in the General Fund. He is looking at a better way of tracking that.

Records overtime has been addressed several times. The department is currently four months behind in reports. This means October reports are still being typed. It is a problem; the department is down three people in records. Two retired, Linda and Connie, and one was given up during the budget cuts, who was a records person who quit and we agreed to try not to replace that employee. There are five staff people in records, which includes one detective secretary who types those reports. They are 236% spent in overtime; therefore, cuts in that area will have to take place. They are now on 10 hour shifts working five days a week.

Mr. Nicponski asked if they are all day shift personnel. The Chief responded that one person is brought in on Saturday and one person on Sunday. They volunteer to work those days but it is overtime for them. During the lunch hour, the Chief has to pull a records person off typing to cover the front desk.

Mr. Shaver asked about the Chief's comments that some officers are helping with some reports. He wanted to know what the determining factor was there. Chief Fondaco said that he is looking at the ones that are more computer literate. There is a lot to entering the reports, the process is long and some officers are very good typists. A temporary solution might be to have temporary employees come in to get him caught up. The Chief said that his secretary and the two retirees are typing reports from home and he pays them \$8 per report, which is less than they were paid as employees. They log into the database that houses the digital narrative and then Juliette adds the property and other details. They have typed a couple hundred reports in the last couple of weeks, when he started that program. Mr. Stam asked if this method will catch him up.

Ms. Dorsett said that the numbers she provides to the Council comes from the approximately 650 to 800 cases a week. Including the staff, with Connie and Linda, about 550 to 600 are being typed each week. We will always be over and she likes the idea of pulling in a part time person to help resolve this. She wants to provide the information needed. Mr. Shaver said further discussion can take place on this afterward.

Chief Fondaco said that vehicles are the next area of concern. He figures that by waiting until the next budget year to buy vehicles, by the time the state bid comes out and they are ordered, it would be this time next year (2013) before they would start being delivered and there would be between 20 to 25 vehicles with more than 100,000 miles. Previously, we tried to replace between eight and twelve per year. It has been three years since we have replaced any vehicles. The maintenance projection is about \$150,000 over budget. He said he has no place to make that up and will not be able to produce a balanced budget with that overage in one account. It will be a problem. That was additionally cut this year from the Mayor's budget submitted to the Council. He has commented to the officers that he wants them as safe as they can be, so if something breaks he wants it to be fixed. The age and mileage contributes to this. Mr. Nicponski asked the average year for the vehicles. Officer Burnett said that the majority of the fleet is between 2004 and 2006. The last purchase year was 2008. The Chief said that the car per man allows them to extend the life of the vehicles. They put 20,000 to 25,000 miles per

year on the vehicle.

Mr. Shaver said that timing is a concern also, so that information is important as the planning and prioritizing takes place; those are things we need to be aware of. That's the hard part, we will need to know how many vehicles have 70,000 or 80,000 miles or more so that we can begin to plan by mileage and year. We want to make this work for everyone across the board. We may not get back to 10 or 12 per year.

Mr. Nicponski asked how many vehicles the police have. Mr. Burnett handles the fleet so he responded stating that there are 76 officers, code enforcement, victim advocates and five patrol cars and two unmarked cars as spares; therefore it is between 80 to 85. When new cars are ordered, they keep the best of the ones being replaced as the spares for two to three years. Mr. Nicponski asked if leasing had been discussed to keep the officers at the safest capacity. The Chief said that he would be happy to run the numbers on leasing vehicles.

Mr. Shaver commented that the Chief had taken the brunt of cuts and that he cares about his officers and service in the City. He knows that he has taken some heat and the Council appreciates what he has done. Chief Fondaco said that as Chief he worries about response time and everything they do is based on that. You will not see an increase in response time. If we are holding calls the Sergeant is instructed that he needs to free someone up to go to that call. It may be motors, detectives or anyone on duty. The response time is from the time the call is dispatched to the very first officer on the scene. He pressures them to get there just as quick as they can. We are five officers down and citations for the year are up. Officers are instructed to do more with less and the production and output has not changed, in fact it got better. The court will tell you that citation cases are up this year. No raises and no extra help and they are still out there doing a bang-up job.

The Chief pointed out number 2 regarding the video server. All patrol vehicles have a video camera that records any case they want from DUI to traffic stops. Those are put on the server. The server is seven years old and we don't want it to crash and lose that data because it is court information too. The Spillman records server is almost five years old, so we want to look at replacing that. The in-car cameras are \$5,000 each and there is nothing cheaper. The fleet includes 36 patrol cars each with a camera. Now there will be no more Crown Victoria's so the cages or the consoles will not be able to transfer to Chargers or whatever car we go to, Officer Burnett stated.

The police radio system is another concern. You have seen from Council Communications that the department bought microwave equipment for a new site. When the company went out of business they took our money. He lost a grant so it will have to be made up because the money is gone. He met with UCAN, the communications department for the entire valley. Every police and fire agency is on UCAN except for Murray and Salt Lake City police because both agencies have their own. We set up our own radio system: the tower by animal control, etc. and that equipment is 12 to 15 years old so it needs to be revamped and upgraded. He is getting a bid on upgrading equipment and also on selling our equipment to UCAN for a discount on their service to get out of the radio equipment. That way the Council will be able to see both sides. One way or another there will be expenditure in this area. A walkie talkie on our system is \$400 for UCAN it runs \$3,200 and they charge \$27.50 per radio per month. We have about 90 radios for 12 months; it is \$60,000 to \$75,000 per year ongoing forever. When we bought our own system it was just under \$200,000 for the tower and everything and for 12 years we have paid nothing. Mr. Nicponski asked if the Chief has the capital in place. The towers are in place; however, some things need replacing. Once we walk away, to recapitalize in five or six years down the road, we probably could never afford to, Mr. Nicponski commented. The Chief said that if the decision is made to go the UCAN, Murray will be there forever; you could never start it back.

Lastly, related to VECC, on the Board of Operations there were two votes against that

budget and that was the West Valley Fire Chief and the Murray City Police Chief. Those addition packages were way too high, the Chief added. Mr. Nicponski agreed with that and thought the Chief's comments were good. The Chief said that was another account that had been cut in his budget. It is easy to budget for as we know the costs; although, somehow between the Mayor's budget and what was passed, \$8,000 was lost. That account is over by the \$8,000.

Mr. Shaver explained that the Council is also concerned about what has not been spent. He pointed out that for desktop computers \$10,000 is budgeted and only \$999 has been used. The Chief said that he is waiting for IT to give him a list of the oldest computers. He plans to give the new computers to the records people, because they are on them ten hours a day six days a week. A detective may only use it eight hours a day. The newer, faster computers will go to records.

When the IT study is done then he will know what to do, Mr. Shaver added.

Chief Fondaco stated that another \$5,000 was cut from the laptop replacement budget. Police can only get about three years use on the laptops in the police cars. These cost \$1,200 to \$1,500 each. They do not get the rugged ones for \$4,000. He may have to take some of the desktop money to buy laptops; therefore, the reason he is holding off on spending those dollars.

Mr. Shaver asked about the insurance line item with \$62,000 budgeted and nothing spent. The Chief replied that he does not touch that. Mr. Shaver pointed out that would pay for another employee.

Mr. Stam asked about the firearms training which is at 78%. In talking with Mr. Robertson, he understands the building is leased out, but Murray provides the targets that come out of that training budget. He said it would be nice to see the report of how much is received because the cost comes down with that offsetting revenue. The same concept applies to the firearms replacement. With the trade in, the cost comes down substantially. If the Council could see the revenue side and not only the cost, it would make it easier to compare.

Chief Fondaco stated that they do get about \$200 trade in per gun, and it costs about \$200 for the new gun and a holster and light are purchased with the gun. That is just the handgun, not for the rifles or anything else. They try to make it stretch. With the whole package of about \$400, the \$5,000 does not get 25 guns. The officers rotate these weapons every four years. He said that as long as he has done the police budget, he has never had to look at the revenue end, like the training center. The Finance Department sends out a bill and they receive the money. There is revenue from the fingerprints where we charge \$5 per card and the money goes into the General Fund, he does not know how much that is per year. They do a lot of bar cards; the employees have to get a \$15 bar card; however, he does not know how much that revenue comes to.

Mr. Nicponski asked if the officers like the Glocks. The Chief said they are testing the new Glock 45 that actually has fewer problems than the Glock 40. The firepower goes down but the number of rounds is greater, it holds 13.

Murray City Employees Association

Jaclyn Sadler, President

Ms. Sadler mentioned challenges and issues brought to her attention on behalf of the employees, with raises as the top request on employees' minds. She understands after meeting with Mr. Brass and Mr. Shaver that it is on the mind of the Council Members too. It has been a long time since anyone has received either a COLA or merit increase.

A couple of years ago tuition reimbursement was cut in half and the alternative transportation payout was eliminated. These are some small things. Mr. Hales asked what the alternative transportation was. Ms. Sadler said the when employees carpool, ride the bus or other things rather than driving their car, there was a reimbursement after a certain period of time. It does stimulate employees and we would like to bring some of these benefits back to help with morale. Mr. Stam asked how many employees take advantage of the tuition reimbursement. It was cut because it did not affect many people, but she does not know how many. Mr. Terry said he would guess it was around 30 employees and it was cut from \$2,500 per year to \$1,250.

Ms. Sadler thanked the Council for the extra holiday around Christmas and the \$100 bonus.

She said the MCEA is trying to keep the newsletter going and different contests, some of which are only for MCEA members and others for all employees. They do try to represent everybody. Mr. Shaver asked what she meant by represent everybody. He asked if some employees do not participate with the MCEA and what is the reason for that. Ms. Sadler said that the MCEA does represent all employees; however, some do not think the group does anything for them besides plan Christmas and summer parties. The MCEA is trying to help them know that more is done for the benefit of employees than parties, like being involved in the budget meetings and so on.

Mr. Hales asked how many people are on the MCEA committee. Ms. Sadler said that there are ten on the committee and they do not have representation from each department, something she is trying to remedy. Mr. Nicponski asked how many members there are. About 320 employees, Ms. Sadler responded.

Mr. Shaver stated that it would be important for employees to know that the Council Chair has asked Ms. Sadler to report quarterly to the Council like the departments do. He also clarified that the Christmas bonus idea came from the Mayor's office and the Council merely approved the expenditure.

Mr. Hales asked Ms. Sadler how long she has held this position. She said that she was Vice Chair for two terms, four years, and President for one year.

Power

Greg Bellon

Mr. Bellon referred to the memo written by Mr. Haacke that was very informative describing the department fairly accurately. Overall, power is doing well. Metered sales are up and can somewhat be attributed to conservative planning; however, the economy seems to be coming back a little.

Mr. Shaver appreciated the savings and the income power is seeing on a regular basis; it is healthy. Mr. Bellon pointed out that the memo mentioned waiting until midyear review to take on any major expenses unless they were needed. It is important to know that power is progressing financially before doing some of the work. There are some capital projects that they would like to work on and some capital expense needs to come out of this year.

An interesting issue is the desire to sell part of Murray's TransJordan Landfill power to Truckee-Donner because they are looking for "green" power. The latest margin on that sale for one year will be \$171,000 in revenue; although, the better part are the avoided costs. This is a \$63 resource, which Murray will replace with \$30 to \$40 power amounting to \$165,000 in avoided costs. That will amount to a total savings of just over \$1 million for the year. Both the Council and Power Advisory Board were in favor of that transaction.

Overall, the major expense outlays are for power costs. Containing those costs have

been very successful this year. The Colorado River Storage Project (CRSP) has produced better than average flows and generation; however, they have just announced that some of the extra power will be pulled back. This is federal hydro power systems from Glen Canyon, Lake Mead and Flaming Gorge. It is the best resource the City has and in November we took 15,000 MWh. It will go back down to about 12,000 MWh. It comes in at \$24.50 per MWh compared to \$48 to \$60 other resources. Mr. Shaver noted that our costs to customers do not fluctuate so that is where our margin improves. It is important to know that when they do overload us, then some of our scheduled power must be sold at a loss; however, overall it ends up being a good resource. We take the extra power whenever they have it. We have the contracted rate of delivery for transmission that was originally purchased but they can't meet that allotted amount and we have this extra transmission that we can bring power in on a monthly basis. That is another area where we have tried to capitalize.

Council members noted that our own hydro was operational for a very long time and at full capacity through July. It just shut down in December, Mr. Bellon confirmed. The turbines were not running much because the prices on the open market were less expensive than we could generate at.

Mr. Brass commented that for all the enterprise funds, deferring capital projects is a concern for him. One thing he likes best about Murray Power is reliability. He noted that our reliability numbers are practically bomb proof. He would hate to see the capital project deferral become a trend, especially on the back-yard rebuilds.

Mr. Bellon said that there are some areas that need to be addressed and they do not want to put off anything that needs to be done. It is their desire to stay up to date and manage those projects this year that they have the ability and money to complete them.

We were lucky that the high wind problems did not affect Murray and the tree trimming is invaluable in controlling those issues. There was also an early snow storm when the trees were still loaded with leaves.

Mr. Shaver asked about several employee benefit items starting with 053-5344-680.13016 with budgeted numbers and no expenses. Mr. Bellon said that he believes those are all controlled from City Hall. There is one person who has just started taking advantage of the tuition reimbursement program and the others are through City Hall.

Mr. Shaver had concerns about an administration line item numbered 053-5344-684.68-00 with \$500,000 budgeted and no expenditures. There is no explanation for the line item. Mr. Bellon said that is the budgeted amount to go into reserves for the year. He said that it is transferred at the end of the year; however, it could go into reserves on a month to month basis.

Mr. Shaver pointed out another line item numbered 053-5351-645.11-10 with \$10,000 budgeted and another item numbered 053-5351-654.11-10 for \$386,476. He did not understand these items. Mr. Bellon said that one was street lights and the other was for overhead and maintenance. Anytime there is an employee payout it is #11-10. It is an account for someone to charge to as maintenance is done. So if maintenance is done on street lights, for example, it is charged to a particular line item. All the employees' wages are distributed throughout making some overdrawn and others under drawn because sometimes we do more overhead maintenance and no underground maintenance. Mr. Shaver detailed the process stating that there may be an employee with three different abilities; underground maintenance, overhead maintenance and another one. Based on the work that was done, it would take so much time and would be debited from one account or another. It is a pool of so much that is split into a pie according to where we think it will go based on our best guess. Mr. Shaver gave an example of a secretary working for three different businesses owned by the same person. Depending on

how much work she did for each company her pay would be debited to each business accordingly. Their work is allocated by work order according to the project like is done in Public Services and Community and Economic Development, Mr. Tingey explained.

Mr. Bellon said that the bottom line is determined by the number of employees and the total number of hours they work so there is a bottom line number that does not vary but it could be from three or four different accounts. Overtime is more difficult to control when employees are working on an outage or something of that nature.

Mr. Shaver asked about a power line item for chain saw supplies. When they are stolen is insurance carried to cover replacement of tools and copper theft? Mr. Bellon said that there is no insurance for that; it is a cost of doing business. Mr. Shaver said that he is thinking we should create a risk fund for the risks of doing business, it must be made up. If there were a fund for that, then the replacement cost would not have to come from the general budget. Mr. Bellon said that they do have a contingency fund for customer claims. They budget \$20,000 per year not knowing what claims may be filed during the year. He understands that concept.

Mr. Shaver referred to an expense for gas compressor maintenance. Mr. Crutcher said that he could not remember the particular one; however, these are huge gas compressors for the turbines. Five hundred dollars was budgeted as a place holder, it is usually used and sometimes the cost does go over. We do not want to overinflate it and have to pull from one of the other accounts, he said. Mr. Shaver restated the comments to understand that just a little is put aside to be covered for whatever needs to be repaired. Mr. Crutcher added that it has been necessary to rebuild a gear box on one of the turbines this year, which was not specifically budgeted for, but power does have the money to do it. That expenditure will be for \$70,000 to \$80,000.

Mr. Stam brought up the subject of having video equipment for security in different locations. Mr. Bellon said there is perimeter on the ground at the Riding Sub Station. It is a beam around the station where people came in and cut the grounds off the transformers. Two cameras will have fiber soon for a better bird's eye view. Central Sub Station has perimeter around it too. There was a wave of thefts that came through for awhile and now he has heard they may be back. Some money has been spent on these and he feels it will help.

Mr. Shaver asked Ms. Wells if she had anything to add. She said that on the finance director position, a couple of interviews took place the previous day and she feels they are getting closer and making progress.

With no further business, Mr. Shaver thanked Mr. Tingey for taking on this responsibility and helping the Council get a handle on what is being done.

The meeting adjourned at 12:52 p.m.

Janet M. Lopez
Council Office Administrator