MURRAY
CITY COUNCIL

MURRAY CITY MUNICIPAL COUNCIL
COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, January 22, 2013, in the Murray City Center, Council Chambers, 5025 South State Street, Murray Utah.

Members in Attendance:

Brett Hales	Council Chair
Dave Nicponski	Council Member
Darren V. Stam	Council Member
Jim Brass	Council Member
Jared A. Shaver	Council Member

Others in Attendance:

Dan Snarr	Mayor	Tim Tingey	ADS Director
Janet M. Lopez	Council Office	Jan Wells	Mayor's COS
Frank Nakamura	City Attorney	Doug Hill	Public Service Director
Jennifer Brass	Kellie Challburg	Nate Turner	Mike Adams
Kim Sorenson	Steve Sanderson	Chad Robertson	Josh Sturges
Dalan Briggs	Bryce Philbrick	Craig Burnett	Cathy McKitrick
Russ Kakala	Nate Pentico	Michelle Lundeen	Zachery Fountain
Pete Fondaco	Joe Tarver	Rodney Bracewell	Clint Nordin
Marc Mearer	Brina Wiseman	Chad Pascue	Deven Higgins
Rick Chapman	Vance Hanson	Janelle Erickson	Loretta Markham
Patti Garver	Trae Stokes	Mike Terry	Jennifer Kennedy

Chairman Hales called the Committee of the Whole meeting to order at 3:30 p.m. and welcomed those in attendance.

Business Item #1: **Utah Telecommunications Open Infrastructure Agency (UTOPIA), Utah Infrastructure Agency (UIA) Discussion of the New Business Plan and Request for Additional Funding – Darren Stam & Todd Marriott**

Mr. Stam explained that when he agreed to chair the UTOPIA Finance Committee he had one goal in mind. That goal was to cost the City the least amount of money going forward. He commented that the current UIA plan was never to be at the revenue breakeven point until the end of the five year period. However, after only one year, UIA had been in a position to pay its own expense and that he finds very commendable.

Mr. Stam introduced Todd Marriott, UTOPIA Chief Executive Officer, who would present the Executive Brief to the Council Members.

Mr. Marriott said that UTOPIA and UIA are owned and controlled by the member cities. UTOPIA operates as an extension of the cities, like fire or power at Murray City. He reviewed that eleven cities had come together to put infrastructure in place. They are a coalition, a collection of cities.

The key objectives of the UTOPIA/UIA “go forward” plan are:

- Generate sufficient revenues to cover any new agency debt.
- Achieve operational break-even status.
- Deploy as much critical fiber infrastructure to the cities; businesses, government entities, hospitals, schools, and residential communities as resources allow.
- Begin to contribute to debt relief of the 2008 $185 million UTOPIA bond.

Mr. Marriott described several options raised for UTOPIA “go forward” strategies, as follows:

- Maintenance Mode
- A “Go Dark” Option;
- Network Acquisition;
- Comprehensive Wireless Deployment;
- Comprehensive Wired Deployment; and
- Stimulus Utilization

Management recommends that UTOPIA/UIA adopt the Stimulus Utilization scenario, which they are calling the “Sweet Spot” plan.

Mr. Marriott explained that the Legislative audit that was completed the previous year contained four suggestions for UTOPIA. Those include:

- Strengthening management controls;
- Adopting financial controls at required by the Uniform Fiscal Procedures Act for Cities;
- Ensure that business is always conducted consistent with the Utah Open and Public Meetings Act; and

- Provide greater agency guidance and oversight by reactivating its three standing committees.

Mr. Marriott referred to the UIA Phase I bond money of $29 million. That funding was expected to be used by August of 2012; however, the agency is still operating on those monies. The internal issue is the need to borrow for operations. The legislature will be addressing this in the 2013 Legislative Session and management is looking for ways to curb that.

On charts in the back of the Executive Brief, Mr. Marriott noted that the subscriber growth through December indicated that actual numbers were below the planned subscribers. In spite of that, revenue growth on the chart labeled “Revenue Month by Month through December” shows a rate of $8,000 to $11,000 per month until it leveled off.

Mr. Shaver asked for some explanation on that chart. He did not see any months noted and wondered the time frame. Mr. Stam replied that the first month was July of 2011 and the final one was December 2012.

Mr. Marriott provided some detail on the choices for going forward. He said that they have been vigorously debating and quantitatively looking at the best way to go forward?

The Council received a brief that would give them an overview of these suggestions. One of those was to cut losses, chop off the lines, go home and not borrow any more money, not putting one more dime into this project. There are those that have that opinion.

That has been evaluated. Management has looked into it. Costs at Utopia must get down below the revenue line. We termed that as “Maintenance mode. “

Some people want to sell it, and get at least 20 cents on the dollar, and in the end maybe would be some benefit from that. This is “Acquisition mode.”

Some suggested that wireless is the answer, and deploying wireless technologies in combination with fiber could make it. What would happen if a different type of connectivity medium was used or combination of that, he asked? That has been evaluated.

Management also has been asked if it wouldn’t be better to just build it out, get it done and be done with it. The ramifications of that have been evaluated.

Management has also evaluated things that might be strategic in nature, like a strategic public/private partnership with entities that may take different aspects of this network and use it to their benefit, with give and take, but may be strategic and beneficial enough to both entities and to the cities to work.

Management has 35 million more in funding that has been approved. Using all 35 million doing just what we have been doing. Would that 35 million get us to break even, he asked? The board and stakeholders asked UTOPIA to look at what the highest return on investment is, given what we know; not a rosy projection or blue sky opportunities.

Looking at our markets; commercial, residential, long-haul, all the different aspects of this business, UTOPIA is experiencing an increase in returns to sales. Establishing that line and looking at each of the markets; Murray, Layton, and West Valley, the “sweet spot plan” or stimulus utilization plan, would kick about $24 million dollars, over a period of two years, to accomplish those market strategies and those revenues. With a three year maturation of the revenues, you would see the ability to close that variance that gap of the $225,000-250,000 dollars, where the only deficit is somewhere around $50,000-75,000 dollars per month. The stakeholders came back and said that we need to be more efficient on operations. They wanted an evaluation. Officials from Orem came and said that if they have to tell their city staff they can no longer employ them; UTOPIA needs to look them in the face and be able to say that every line item has been vetted.

It was found that UTOPIA and UIA are operating very efficiently, even maybe too much so. After all that effort, operations are $50,000-75,000 dollars short. It has been gone through with a fine tooth comb, looking at every possible avenue, projecting those things that could be realized.

We found 3 reasons to accomplish additional cuts:

1. The stimulus project will conclude, by law, in June of this year. That has been an additional encumbrance, in terms of operations. As that concludes, that will eliminate some of the costs from the budget.

2. How the markets are approached now enables UTOPIA to be more focused. This will allow some cuts. Just like Murray, UTOPIA has a dedicated staff that works really hard and understands the sacred nature of these tax dollars.

3. Management has taken on some contingencies for eliminating between $45,000-60,000 a month by June of this year. Management is also working with the cities to accommodate some of the needs. With all these measures, by the end of this 2 year plan, or 3 years of revenue, UTOPIA will be able to get to a break even status. That is where we wanted to be, and where we projected in the 5 year plan. So in effect, UTOPIA is still on target.

UTOPIA still has 11 million dollars in approved funding that hasn't been spent that can be spent when there are higher than normal return on investment opportunities, acquisition opportunities, etc. UTOPIA is now working with the RUS and litigating and trying to right some of the wrongs that happened to the cities between 2005 and 2008 when RUS illegitimately pulled back funding in the Utopia project.

Given those things, we meet the first two objectives of the plan. That is to cover the debt with revenues created by the efforts; and also to get to a break even status.

The "Going dark" option made an evaluation in terms of shutting off in some form. You are financially worse off from all the obligations you have to citizens, stakeholders and investors in our community. Whether they are service providers, or others, you put yourself in a liability stance where you will be litigating for years. We have provided a legal opinion on this. The "Going dark" mode is not viable.

The "Maintenance mode" was the focus. Staff is doing things that will create some revenues. Other partners are being considered to become even leaner and get costs down below revenues. Evaluating that problem shows UTOPIA is not able to cut costs and maintain enough growth for natural attrition and operations on the network. People move, networks change, competitive forces are involved. It will not maintain for a long enough period of time, and in effect will become a “Go dark” strategy, it just goes dark slower.

Selling the network in a short period of time, might be a good strategy, because the numbers look better. But, it would just get you to dark faster and wouldn’t work. See appendix D.

Back in 2008, the refinanced $185 million dollars took out the RUS problem, moving forward. When everything was paid off, about $8 million dollars was left to do what needed to be done. Models were created from that point going forward.

One of the things, that nobody anticipated was that in fall of 2008, the financial crisis occurred. What Murray did, wisely, was to set a rate so you knew what you would be spending. It was based on the LIBOR, which had been stable since FDR. A swap was done to keep the interest rates artificially down. Now it has created a situation where we are 100 million dollars upside down on those swaps. Those swaps do not have to be paid off, unless we were to pay off the loan early. They will be accomplished over a period of time. But, if someone came in today, with a 50 million dollar acquisition offer, you would have to retire at least about 27 million dollars in your swap and you would have to retire part of the UIA debt. The fact is that you would not be any better than going dark. If you sold it for 20 cents on the dollar, you are not in a better situation, unless that scenario changes.

Comprehensive wireless deployment or a combination of that has been considered. Staff will entertain anybody that wants to use the network. Policies, procedures, and programs are working with wireless providers to extend and use the network to provide connectivity via their wireless machinations. People say they want a wireless deployment and a lot of municipalities across the country have tried ubiquitous wireless deployment, but it has never really worked well. The reason is because there are trees, and walls that require antennas. Many reports show that a wireless network would be more expensive than a fiber one; considering the maintenance, etc. There are wireless technologies that make a lot of sense, and staff is working with them, and will continue to do so, and work through these problems. At this point, a full wireless deployment is not a viable option.

UTOPIA has been asked to get it established at every single address, Mr. Marriott said. He personally feels that there are ways to do this; a comprehensive build would make things much better and pay off the debt quicker. This would provide a quality of life and services. He was not sure that would be a tenable position at this point.

Our study provides a look at private/public partnerships. This holds promise to work through strategic parts of the network, and staff will continue to vet those ideas.

A lot of people have said they just don’t want anything to do with UTOPIA, and a decision to do nothing is still a decision. If costs can’t go down, then the system may have to go dark.

Your network is in good shape, and the numbers of service providers are increasing. Revenues are growing. The models are working. By law we don’t provide any of the retail services; those are done by private entities. We have to make a living on a wholesale basis, being very encumbered by laws, and also politics. I have heard people say not to sign up for UTOPIA because they are going to be gone anyway. He said one cannot find a network that provides better connectivity at more competitive rates than Utopia today. The community needs get on board and understand.

Mr. Marriott came on board about 4 years ago after 185 million dollars was refinanced. Since that time, every dime borrowed has been paid with dollars created by internal revenue efforts. While not perfect, the models created over the last 4 years, are working. The benchmarks are being met. I realize how difficult it is, especially in difficult economic times, he said. He was asked about UTOPIA's payroll and raises the other day. In 4 years, the cities provided the ability to give a 2% cost of living raise to Utopia staff. In the next 3 years, none will be provided. In effect, over a 7 year period of time, the hard working folks, extensions of your city will only receive a 2% cost of living raise, and that has already been accomplished.

A go forward scenario that addresses "sweet spots", and return on investments is the best strategy for now. It produces what we need it to produce to get to a break even status in 3 years and address opportunities that will come over that period of time.

Lastly, UTOPIA will have invested nearly 7 million dollars by June, in terms of matching the stimulus. Those stimulus dollars have gone into the ground throughout all the communities. If you think about it in terms of a road system; there is the main corridor- I15, but then you extend off on Bangerter, and 201, and Van Winkle. Those are your middle miles. Then, you get into the last mile, with roads going into the different neighborhoods. The stimulus is like the Van Winkle, or the Bangerter, or the 201, expensive routes. Those have been put in place with the 16 million, 7 million from matching funds. Over the next year it will start generating funds. Not only that, but some of the capital commercial expenditures of the past now pay themselves off within three to five years of whenever they started. Those will start to continue to add to the bottom line at Utopia and UIA.

Mr. Marriott asked for any questions.

Mr. Shaver said he had a couple of statements. Mr. Marriott mentioned that there were 3 things heard from people, and 2 of those are not an option. Going back and saying we never should have done it, is not helpful, it is a moot point. It is the way it is today. The decisions we make or how we go forward matter, not how we change the past, he said.

Mr. Marriott mentioned that he works for the City. If one of the department heads come to me and said that they keep running out of money, I am going to ask the department head what is going on. As a matter of fact, on Thursday, Murray has a mid-year review, and every department head will come before the Council to explain what they have done, what has been spent, and what is projected. Fiscally, this Council holds fiducial responsibility and looks at the money spent very seriously. In the coming years, there could be hundreds of millions of dollars required of this city to spend; buildings, a power plant that cannot sustain itself. Coal fired electricity is sold to California, and they say they don't want it. The Council must figure out a way to do this as a city. It isn't just about UTOPIA or UIA. How do we maintain and supply the City, he said. This Council is looking at this as a whole, just as the power dept., the police dept., or any of the others. I appreciate that your employees have only received a 2% increase, and we have employees in this room that can sympathize with that very readily.

Mr. Stam added that not one person in this room voted to put Utopia in place. The responsibility was taken on when elected. Sometimes it isn't a very comfortable situation to be in.

When he took on this assignment, he had two goals:

1. Improve communication. Communication works two ways; somebody has to be able to listen. Some have formed strong opinions but the more you understand your opinion may change a little. My opinion has changed a lot over this last year, he said.

2. Research into how the company could survive. If there was no return for 20 years, that was because the old model was- a 20 year return. Really, it is a 10 year return, but the second 10 years was extra money.

Mr. Stam said he asked questions, and the lease program came about. This is where people can get on the system without having to pay $3,000 up front. The return on investment on that lease program was just over three and a half years, which is a significant difference than 10 to 20 years. The question whether three and a half years is good enough, he offered. That is a significant improvement over what it was. It may not be enough.

Mr. Brass commented that he would like to see the numbers on that. His concern is that there is a fixed cost to install, and x number of homes are passed and have a 25% take rate. So you have a cost past four homes, and you get one, then you have the cost to hook up the one home, then you have your actual revenue. Mr. Brass worked his numbers with their numbers and that is how it worked out. He asked how you can get from 10 to 12 years down to three and costs haven't changed. He would like to see that applied to his investments, that haven't worked out real well lately.

Mr. Nicponski asked how much they are looking for.

Mr. Marriott said the "Sweet Spot" plan calls for $24 million over the next two years, $14 million for the first, which does not address some of the deficiencies that they have for operations. Somehow operation expenses will have to be accomplished through the cities, in addition to the $24 million.

Mr. Nicponski asked Mr. Marriott what Murray's share would be of the $24 million. Mr.Stam replied that it would be 12.73%. Mr. Stam also said that the $24 million of additional bonding, is bonding that was approved a couple of years prior. The bonding has already been approved, the question is telling them to move forward with bonding that has already been approved.

Mr. Hales asked about the $24 million already bonded. Mr. Stam said the $29 million that had already been taken. Mr. Hales asked about the $11 million still out there.

Mr. Marriott said that a year and a half ago, the councils approved a $66 million go forward bond based on meeting key objectives and strategic benchmarks along the way. Of the $29.5 million, there is still another $35 million that has been approved and needs to go into the plan that was enacted a year and a half ago. Of that, management is requesting to go forward with $24 million, $14 million now and $9+ million in the second year. Those will produce the revenues that you can see on page seven of the plan.

Mr. Hales asked about the amount that had already been bonded. Do you need authorization from the council, since it has already been approved? Mr. Marriott said, not technically. Mr. Hales asked about the $50,000-75,000 dollars that is operational. Mr. Nicponski asked where that number came from. Mr. Hales said you talked about being short. Mr. Marriott said that they are short $225,000 to $250,000 per month currently, but that would go down to a break-even point three years from now. Mr. Hales asked if that was for our city alone. Mr. Marriott replied that was the total for all 11 cities. Mr. Hales questioned if that was the number of $50,000 to $75,000 that he brought up earlier. Mr. Marriott replied that is what is suggested. Without any cuts, “the Sweet Spot” or the utilization of our current best return on investment strategy, will produce enough money to cover the debt, and also have $145,000 to $150,000 in additional revenue to go toward the deficit of the $225,000 to $250,000, leaving a $50,000 to $75,000 shortage.

Projected is the ability to accomplish that by cutting an additional $45,000 to $50,000 in operations, getting to $190,000-195,000 of that $220,000-230,000 by the three years when this plan will mature.

Mr. Nicponski commented that Murray Finance Director, Justin Zollinger had done some work on this, and he asked him to share his results.

Mr. Zollinger explained that the shortfall is $225,000 on a monthly basis, of that percent $40,000 is what Murray would cover on a monthly basis. That equates to $192,000 for this fiscal year that we would cover of additional operational costs. That is for a 5 month calendar year that starts in February. Next year, would be a full year, and would be $420,000. That is where the half a million approximately comes from. Gradually, this will decline over time. The sweet spot plan is 3 years and 6 months. Mr. Zollinger said to remember it will start around $40,000 per month and gradually declines.

Mr. Hales asked Mr. Marriott if they are behind on salaries. He thought that operations have been struggling since October. Mr. Marriott said they weren’t supposed to make it past then, but have been creative in the ability to do so. UTOPIA is meeting payroll, and costs and obligations.

Mr. Nicponski asked for Mr. Zollinger to pay attention to this. Our Mayor, and Council members made a significant adjustment couple years ago to address the budget shortfall, and 30 or so employees were let go. Subsequent to that action, Murray was able to give employees a modest pay raise last year. Mr. Nicponski said he would like to continue that and give another pay raise and make some merit adjustments this coming year. He asked Mr. Zollinger if the City funds UTOPIA, would we be able to take those actions. It is important to maintain a viable employee force, relative to merit and salary adjustments.

Mr. Zollinger replied that Murray has upward pressure on many expenses. Utah Retirement Systems is doing a 9% increase in retirement rates. Of the general fund, almost $26 million goes to wages, salaries and benefits. That leaves approximately $10 million of discretionary spending that includes contracts for VECC, fire and police. Our debt service will whittle that number down even more. With downward pressure on some revenues, and upward pressure on expenses, it will make that difficult without a funding mechanism.

Mr. Shaver commented that there are a couple of issues that we are facing:

1. A bond which has already been voted on and approved by the Council. That bond has already been accepted. The question is when that actually happens. We want to have a portion of the remainder that is coming and vote on that.

2. The budget shortfall of operations is a separate issue. Let us not confuse them. The legislature has said that you can only spend so much of a bond on operations. Of the $24 million, only a portion of that can be spent on operations. That is what we are being asked to address; the make-up of the shortfall. Also, the direction of UTOPIA, and what Murray suggests they do. Out of the different scenarios: sweet spot, acquisition, maintenance, public/private; those are the things we are looking at.

Mr. Marriott agreed that this would affect Murray's ability to do things. Anytime you have a significant amount of money change in your budget, it will affect these things. Mr. Stam came to me about a year ago, and asked what would be the best option for Murray. If you look at the Go dark, or Maintenance mode, that would put Murray in a worse situation. All the scenarios and consequences must be looked at. The most prudent course of action would be to pursue the course that we undertook a year and a half ago, given that all the benchmarks are being met, and will continue to do so. Doing this will put Murray in the best situation, unless you have better suggestions.

Mr. Nicponski asked what happens to Murray if we go dark.

Mr. Stam replied that he has spent some time figuring that out. Right now, of the Utopia debt, the $185 million, we own 12.6% of that. If we refinance, that would cost us $23,236,000. If we continue to make payments, over the next 30 years, that is $58,574,555. If we went dark, we would then have to assume the $29 million debt from UIA which at 12.73%, which is $3,691,700 for our portion. If we take over the payments, it would cost us $7,118,750 which means adding those together, refinance would mean $26,927,700. If we continue to make the payments, it would be $65,693,305, which would be about one and a half million dollars a month. On top of that, we have the inequality among the cities. We have Layton, with 7% of the total assets, West Valley City has 8%, Orem has 21%, and Murray has about 60%. Murray must consider that the other cities might come back to us for an equal share of the assets that are in the ground.

Mr. Brass asked everyone to remember that a substantial amount of assets are in the ground that Murray had built with the fiber optic loop, which boosts the City's percentage. They were sold them to UTOPIA at a very favorable price.

Mr. Stam replied that that was true, and the sale was for $1,625,093. If you look at the inequalities of the cities, and Murray were to lose a lawsuit from the other cities, that would increase the refinance amount by $10,886,100, or just making the payment on existing loans would increase Murray's payments to $27,730,568 on top of what we are already paying, which would be another $1.2 million dollars. Murray put in a clause to buy back the fiber optic ring, which we would have to buy back at fair market value, which would be substantially higher. We also have the possibility of the government asking for the stimulus money back, if we were to go dark. That would make us responsible for another $2,862,540. We also have to consider the citizens. We have 31 citizens in our city that have paid the $2700.50 up front, will they ask for their money back? That is another $85,250. We also have 203 businesses on Utopia and another 60 businesses on UIA. The bottom line is if you add it all up, the cost is more than double what we are paying now and possibly even more. Adding in the cost of litigation could be very significant. Mr. Stam commented that the Go dark situation is scary.

Mr. Brass commented on the two costs: monetary and human.

We, as elected officials, have the primary responsibility for the health, safety and welfare of our citizens. It is hard to make that argument on a fiber optic network, but the human cost is right here. We are required by the State Constitution to balance our budget. When the economy reversed, Murray lost 10% of its revenue, and had to cut the budget. That was extremely painful. We encouraged early retirement and lost a lot of good people. We didn't give raises, we didn't buy automobiles, and we struggled to pave roads. We pay a substantial amount of money now on this debt, he related.

One of Mr. Brass's annoyances is that the City had a finding on our audit because additional money was taken for UTOPIA that we were not aware of. That is a communication issue.

Murray is nothing without our employees, he said. There will be ramifications with the new health care law. It will drive health insurance up. A small business owner, and also uninsurable, he knows how difficult it is to get insured. That cost will be borne by everybody else, because in 2014 everybody will have to be insured. Costs are going up.

Mr. Brass said he doesn't have a problem raising property taxes to provide services for our citizens, but to raise taxes for something that only benefits 16% of the population disturbs him. Mr. Brass said he is on Utopia, and loves it, and would hate to see it go away. He thinks it is a better system, but in the end, who is your customer and what do they want. Also, how do we get more customers, he asked. That is what will pay the revenue, not building more fiber, but selling more products. More customers mean more money. I would like to see the money going toward getting more customers and not building the hole deeper.

Mr. Marriott suggested that the network may only address 20% of the population directly, in terms of subscribers, but also affects such things as first responders and the community at large. It is a much broader perspective than just the consumers that use it directly. The human cost will be significantly worse if certain decisions are made. The finance committee has vetted this through for the greatest benefit to our employees, citizens, and Murray. What we suggest today is a very well vetted proposal that has the element of bettering Murray's position. If you don't make that decision, the decision to do other may have significant negative impacts, unless we find something else.

Mr. Shaver said there will not be a decision made tonight. This is a great chance for the Council to get as much information as possible before a decision needs to be made.

Mr. Stam remarked that he not only represents the people that elected him but also the City and the employees, and gave his cell phone number. He is welcome to any other ideas and will be happy to listen. He has spent a lot of time holding their feet to the fire and is trying to take care of the City as best as he can. He said he is more than happy to hear any ideas.

Mr. Nicponski said it is their job to come up with ideas, and they will really search this issue.

Mr. Nakamura asked if there was going to be a budget amendment hearing on February 5th to publish that notice. There is a ten day requirement if there is going to be a public hearing, and four days lead time.

Ms. Wells suggested that we consider the amount for this fiscal year only and make that part of the Public Hearing. We are just getting ready to start our budget; this gives an opportunity to look at that. There isn't a dollar figure that has been agreed upon, at this point. There are still discussions going on.

Mr. Nakamura concluded that we can't go forward with a budget amendment hearing because we are not going to meet the requirement, and we would need a dollar amount.

Mr. Hales remarked that we need to decide if this is going forward or not.

Mr. Brass said that there is a budget meeting on Thursday, there could be a discussion then. We are going to have to decide where the money is coming from. He asked if it could be put it in the agenda for Thursday. The money needs to come from somewhere, and that decision could help going forward.

Mr. Nakamura said we could agenda that for the budget meeting, and he would recommend that the public hearing be on February 19th, after the budget meeting.

Mr. Hales asked if that was the consensus to move forward. Mr. Brass suggested to delve into all of the financial ramifications.

Mr. Hales thanked Mr. Marriott, and Mr. Stam for the discussion.

Business Item #2 **Murray City Road School Presentation-Doug Hill**

Mr. Hill addressed the process to maintain streets in the City, and some of the practices that have been put in place. He thanked his staff because they are the key individuals that keep streets in good shape. He introduced Russ Kakala, the Street and Storm Water Superintendent, Ray Mines, the Field Supervisor in the street department, and Trae Stokes, the City Engineer. They do a great job on behalf of our citizens.

If the City fails to maintain its streets, then there will be an increase in costs. There is a financial benefit for maintaining the streets. If you are willing to put small amounts of money into your streets earlier in the process, in the long term you will save money. Often people do not understand why we are maintaining one street that is in better condition than another, he said. In some cases, an investment of $5,000 into a slurry seal, crack seal or rejuvenation process, can make that street last an additional 5 to 10 years. Some streets are past that kind of maintenance and an investment of $200,000-300,000 must be made to maintain it. Investments into maintenance ensure that the streets last longer and save the City money over time.

Mr. Nicponski noted the $200,000-300,000 assumption. What would the maintenance have been for that kind of street, he asked. Mr. Hill said if the City would have started 15 years prior, doing some crack sealing, slurry seals or asphalt rejuvenation, the life of that street could have extended by 20 years. An expenditure of $15,000 over the first 15 years could get that street to last another 15 years.

Mr. Hill showed a picture of a street that was past the point of maintenance. These streets are not ignored, but they cost so much money and a portion of the budget is set aside for these kinds of streets. We don't want to set aside 100% of our budget to only fix similar streets.

Otherwise, these other streets will continue to deteriorate more rapidly and will cost the City more over time.

Mr. Shaver clarified that based on this rating scale, some of the streets would require major repair; although he would rather spend some money on maintaining. The money would go farther than by just repairing a major reconstruction. Mr. Hill said that is correct. For example, with a $2 million dollar budget, which is roughly what we have budgeted; we want to set aside about half of that money for maintenance projects; such as crack sealing, slurry seals, overlay type projects. The remaining 50% we would set aside for rebuild projects.

Mr. Hill discussed the various type of maintenance.

1. Pothole or patch repair-These are done year round, being more difficult to do in the wintertime. The type of asphalt available in the winter is much more expensive and is a temporary patch only. It will need to be torn out and redone in the spring when the weather warms up. It is more difficult to maintain in the winter, but we do maintain. We encourage the citizens, employees to be our eyes, and if you see a large pothole or have received a complaint from a citizen, please let Mr. Hill know. We try to save them up so we can do them all at the same time. Mr. Stam asked if he would prefer the potholes to be large or small, when notified. Mr. Hill said they would like to know as soon as possible, because potholes are exacerbated with the weather conditions. Mr. Shaver asked if problems from water lines need to be repatched in the spring. Mr. Hill said they do.

2. Crack sealing- This is a rubberized sealant into the cracks to prevent moisture from getting down underneath and preventing this freeze/thaw cycle. This is one that people don't often like as much. If you can keep the surface free of cracks, then you are preserving that road from breaking apart in the wintertime. Mr. Nicponski asked if this was also called stripping. Mr. Hill replied that it is different. People often complain that the road was pretty but now it has dark lines over it and it is ugly. It might ride a little rougher. We made it better, not worse, but from their perspective, it doesn't have the smooth, uniform color, and may not be as smooth when you are driving on it. Sometimes, this is the only method we have of holding our roads together. The Mayor said but then you usually put a slurry seal on it, and it looks pretty again. Mr. Hill said they try and do this before they do a slurry seal, or overlay. It is preserving that asphalt surface from water penetration. Mr. Brass said that citizens' comment when a slurry seal is done, that wasn't done in their neighborhood. Mr. Hill explained a PCI rating, and every road in the city has been given a number from 1 to 100. The higher the number, the better condition the road is in. A new road will have the ranking of 100. As that road deteriorates over time, that number will go down. Typically, when it gets below 50, the road is in pretty poor condition. Mr. Hill showed a map with all the roads in the City, indicating the condition. When doing the budget, this map is our baseline. Our money doesn't always go towards those streets that are 30-50 because we want to have money to work on those 50-70 streets also. Crack sealing is done on those streets that haven't started to fail yet, but are not in excellent condition.

3. Rejuvenators- This is a relatively new process, used for the last two years. Sunlight dries the oils up on the road and creates quicker cracking. Rejuvenators put oils back into the street surface. It is very inexpensive to do, and we did quite a bit last summer. We are still experimenting and learning the best time is to put this down.

People don't like it very much because of the sand content. We put the sand down, and people have to drive the sand down into the oils in the road. It collects on the side of the cars and their wheel wells. It is an innate part of the process that it needs to be driven down into the street. This is becoming very popular, but it has to be done on a pretty new road in good condition. It is inexpensive, 12 cents per foot. We could do 100 roads in the city, for the price of one overlay.

4. Seal coats- This is where you put a half inch or so of oils, mixed with water, polymers, and aggregates into the street. These are nice because you can drive on them relatively soon, after they are put down. It doesn't track on to the cars, it is very inexpensive. Our strategy now is to do a lot more of these slurry seals for the price of doing one street rebuild. Contracts are done for entire neighborhoods at a time. We don't have the equipment to do this, so we contract it out.

   Mr. Shaver asked if this was micro surfacing. Mr. Hill said this is basically the same thing. There are different levels: slurry seal, and micro surfacing. One is just a little higher quality and costs a little bit more. Both of these are done. Mr. Kakala said microsurfacing is done on a bigger road, like Fashion Blvd. You wouldn't want to microsurface a residential road. There are different polymers, and is a better workhorse than slurry. There are three types: In parking lots, type one is used which contains sand, type two has a small rock, and type three has a bigger rock than that. If the road is starting to rut, microsurfacing helps better than a slurry. Mr. Brass said that several areas in his district were done and he was impressed. It is done quickly, and it covered up a multitude of sins.

5. Overlay- This is what everybody wants. It is preferred to cheaper slurry. The cost jumps about 3 to 4 times over the slurry. It is a good solution for a street that has fallen in to a poor condition. It doesn't need to be rebuilt yet, but is in bad shape. If caught early, the millen overlay can be done. Murray has the paver that allows us to do these, so thank you for purchasing the equipment. This allows staff to do these overlays at a very affordable cost, because the capital investment was made up front. They also work very well where the curb and gutter is in place. When the curb and gutter has failed and needs to be replaced, you are into a complete rebuild. With a millen overlay, you can just mill out next to the curb and gutter and come back and overlay.

6. Pulverize the asphalt- This is a little cheaper than a rebuild because you can use the material already in place. You go in and pulverize the asphalt and mix it in with the road base and you don't have to haul it off, you just compact it down and it becomes a great sub base for the asphalt that goes down over the top. This is being used more and more, it is still expensive but cheaper than a complete rebuild.

7. Complete rebuild- An example of this is Stauffer lane. When utility work is done, such as water lines, storm water drains, replacing curb and gutter, then it becomes a complete reconstruction project. Also, this happens on older roads, where they didn't put road base underneath, and it was just put right on the native soils, we have to remove those native soils and bring in road base in order to have a good surface for the asphalt. Mr. Shaver asked if this is what occurred on 4800 South. Mr. Hill replied that it was.

Mr. Hill said if you can spend money in those first five areas, you can do a lot of work for the same amount of money as a reconstruction project.

The Department is always requesting new equipment through the capital improvement process. The type of equipment that we use in the street department is expensive items. A paver can cost up to $300,000, even 10 wheelers will be up in the $200,000 range. The 10 wheeler dumps also work as snowplows. The bobtail dumps, are a little bit smaller than the 10 wheel. The City owns graders, backhoes, loaders, a milling machine, and a tack truck, which is what, puts the oils down before you do an overlay. Other equipment includes the big paver, a couple of rollers, salters, a crack sealer, and sweepers. Some of our smaller pickup trucks are used for plows. We have a skid steer and a mini- excavator. The most expensive piece of equipment is the paver. Mr. Kakala said it would be the new milling machine that they want for about $410,000. The Mayor asked about the cost of a grader. Mr. Kakala said they probably cost about $300,000.

Mr. Shaver asked if Murray has the ability to purchase used equipment, such as from an auction. Mr. Hill said used equipment has been purchased in the past. Mr. Hill and Mr. Kakala said the cheapest equipment would probably be a small pick up or the mini excavator

Mr. Hill said to refer to the maps about the pavement management plan, and encouraged calls for questions.

The sidewalks and ADA ramps are considered as part of the right of way. We have an ongoing program to repair sidewalks and maintain a map just as we do the street map. A college intern was hired to walk around the city and measure every lift in the sidewalk a few years ago. Staff will go into a neighborhood and fix all the sidewalks and ramps at the same time. If you hear a comment about a sidewalk or ramp that needs to be fixed, let Mr. Hill know. They maintain a list based on those phone calls, and that helps decide where to go.

Mr. Brass said he remembered that change, and likes that the citizens don't get charged to do it. The change saved a ton of money. Mr. Hill thanked Mr. Brass for the feedback and said it is nice to hear positive feedback.

Mr. Hill said that if a citizen doesn't want to wait for the city to fix the sidewalk. They can call them, and they will remove the sidewalk at no cost, and they will have to pay for a $10.00 permit for an inspector to go out and make sure the sidewalk gets put back correctly. They then only have to pay for the new sidewalk to be put in, and not for removing the old one. Mr. Hill said they don't like to take out curb and gutter; it can damage the road and shorten the life of the road. They also don't do driveway approaches. The driveway approach is considered the homeowners responsibility.

Mr. Brass asked about the cost of repairing sidewalks. Mr. Stokes said the cost is about $20.00 a running foot for remove and replace. That covers a little bit of landscape repair that typically has to be done. It usually covers a little bit of the root repair and the road base that is put back in, as well as the concrete. We bid it out every couple of years.

Mr. Nicponcki asked about our exposure to these sidewalks and if we have had any lawsuits. Mr. Hill said we have had claims and they are based on a claim by claim basis. The Attorneys office evaluates those. Our governmental immunity gives us some protection.

Mr. Hill said the bulk of the money that goes towards the street comes from the gas tax. It comes through the State to the City in the form of Class C road funds. This is a 10 year look back at those funding levels. The one anomaly is the state made a mistake about 3 years before and didn't send any money one year, and sent it all to us the next year. The amount fluctuates quite a bit, and has gone down in the last 5 years. Mr. Hill didn't know if this was due to people driving less or more fuel efficient cars, or a combination. Right now, Murray receives about 1.4 million dollars for streets.

Mr. Shaver asked if any of the storm water funds is used for curb and gutter. Mr. Hill said they consider curb and gutter part of the storm drain system. This is a benefit of creating the storm water system, the utility is funding to repair curb and gutter. Mr. Kakala has a budget for that, and we will fund it out of that storm water fund.

Mr. Hill showed the historic level for funding for streets. An increase was made in 2012, after it had gone down in 2008. This was an indicator of the economy. The City was balancing the general fund with street projects. Fewer streets were done until 2012, when it bumped up a little. In 2003-2004, Murray had $5 million set aside for road projects to the Cottonwood Street Bridge. Murray received about $15 million in federal funds, and the project cost about $18 million to build. We had to come up with about $3 million of City money.

To get Federal or State funds, the City must get on the statewide transportation improvement plan (STIP). We have one project on the STIP which is 5900 South from State Street to 700 West. About five million dollars will be coming to us over the next three years. We will have to provide some matching funds for that in order to rebuild that entire street section. That will include water lines and storm drain lines.

We also received a legislative allocation of 1.2 million dollars over the next two years, to redo 5900 South from State Street to 725 East; this will also include storm drain, water lines and be a complete reconstruction. In the next three years, 5900 South will see a facelift.

The big concern that we have is East of 9th East on Vine to VanWinkel, and also 1300 East, from North to South that is falling apart. We are trying to get different funding for those two projects, and have written letters of intent to get on the State consideration list to get money for those projects. Mr. Stokes has been working on developing that information and getting it to the State. We should know in the next few months if we will receive any money. The problem is that you don't receive the money until 2019, and the roads will fall apart before then.

Mr. Shaver asked about Midvale doing slurry that included the bridge up to 1300 East. Mr. Hill said that was Cottonwood Heights and it was a chip seal.

Mr. Hill said we have a five year capital improvement plan (CIP). If you get calls from citizens, look at the CIP and we will meet with the CIP committee and prioritize these projects.

State Legislative Update- Zachery Fountain

Mr. Fountain announced that the Legislative session is starting next Monday. Lists of bills have been handed out over the last two weeks, showing what bills have been released publicly, as well as department head comments. The bills are coming out a bit slower this year, four more were added today.

There is some legislation that is not in the Council bill list, but will be major topics of discussion at the session:

1. Billboard issues- A particular outdoor advertising agency is working with legislators trying to run a bill that deals with electronic conversions and lighting standards. The Council has had discussions on this during the past year, particularly as it applies to a particular piece of litigation. Mr. Shaver asked if this overrides our city ordinance. Mr. Fountain wanted us to remember that all municipalities are subdivisions of the state, which is quite different than other states. We would have to comply with what the State dictates. This has been an issue when it applies to billboards. Mr. Fountain called it supernatural land use, as it applies to outdoor advertising. They have been exempt from some aspects of our land use code. The industry doesn't see local government as the proper venue for these discussions. They consider it cheaper and more efficient to go to the Legislature. Mr. Hales asked if it was likely that a bill would be created. Mr. Fountain said that it was. Murray City is working with the league to force any movement forward on outdoor advertising issues in to negotiations. In particular, post session. The league has extended an olive branch to the industry in the interim. When those discussions don't take place, it is crammed in to 45 days in the session, which isn't conducive to good public policy as it interacts with two different levels of government. This applies to County government, UDOT, and others. The strategy is to move in a direction where there would be a negotiated piece in 2014. Mr. Fountain said we may see two competing bills: an industry bill and a local government bill. Mr. Shaver asked where our local legislators stand on this issue. Mr. Fountain said that the local legislators have been great, and are very open to discussions. He has spoken with all of them, and they understand the dynamics and are approachable.

2. Fireworks- Last summer was the summer of fireworks. There was a disconnect in the State code, as to whether or not municipalities had the authority to ban fireworks in totality, or one particular way or another, or if only the Governor had the authority. Right now, Representative Dunnigan has a bill that would give municipalities the ability to regulate time, place, and manner of fireworks. The City can't do an outright ban, but can ban them in certain areas; such as Jordan River parkway or Murray Park, as it applies to fire dangers. There was discussion as to whether that should be a council discussion, but decided in terms of public notices, and tentative and fast moving situations, it would be difficult. There were areas in Southern Utah that tried to do 12 hour notices, because they had a fire burning. We had to sign an executive order last year to ban in certain areas.

3. Transportation- the City has seen the amount of money and increased costs that go into transportation. There is a proposal right now for a county gas tax option. The County could approve the amount and that could be distributed according to the B&C Road funding allocations. Those are generic discussions but some of the counties don't want to be the source of that discussion. The legislature wants to share the responsibility of raising revenue with local officials, but local officials are being skittish about it. The speaker has an issue with local governments running to the hill every time they need transportation money. The gas tax hasn't

been changed since 1997, but miles per gallon and miles driven have had an inflationary cost.

4. Gun bills- This is a result of Sandy Hook Elementary. Particularly, an open carry bill. This will affect how our officers are able to handle delicate situations. Everybody has seen the JCPenney story from Riverdale. The question is whether officers would be able to confront that individual and ascertain the situation. One bill came out today that deals with “gun-free zones.” City Hall is a gun free zone, the Police Department. The NRA feels pretty emboldened in terms of their position as it relates to Utah and State Legislation. That will be very politically sensitive, in terms of 2nd amendment rights, and public safety. Mr. Shaver asked Chief Fondaco if someone could walk in to the Police department with a concealed weapon, if they had a permit. Chief Fondaco said that they are not allowed to right now. With this new bill, they might say that they can, but the Chief said they cannot. The bill is exempting the court, and City hall. They put this stuff in the bill, so they can find a middle ground and everyone can accept it. Mr. Fountain said there will be major discussion regarding guns nationally and locally.

5. Property Tax increase- Orem has proposed a property tax increase, which was sent into a referendum. The timing of the referendum made it unable to be on the November ballot. It didn’t set a taxable rate for the entire year. The way the code was written, it made the city wait a year to get it on its next ballot. The League is working on that, as it applies to land use. In Layton that was overturned, but they barely met the deadline. The bill is trying to clarify that if there is a challenge after the adoption of the budget, you will have to hold the referendum or initiative vote until that November. This will compress timelines in terms of getting together ballots, vote by mail and all of those things out earlier. Mr. Fountain said he is not sure if there will be a fiscal impact. We contract with the County, so there are multiple issues across multiple jurisdictions.

6. Telecommunications Industry- Senator John Valentine has a bill that would effectively keep interlocal organizations from using bond proceeds for operations for more than three months, if you have been operational for two years. Or there would be an effective time where those bond proceeds can be used in a start-up. The maximum time for that is two years. As it applies to Utopia, and UIA, they are outside of both of those periods. Mr. Shaver asked if it would be a three month period where Utopia/UIA could use those funds, based on this bill, for operations only. Mr. Fountain said yes that is how he understands it. Senator Valentine is trying to place it with some financial practices that are nationally recognized. Mr. Stam wanted to clarify if Utopia could use it for any period of time. Mr. Fountain said that there is a phase out period.

There is another bill that was in the Daily Herald today, primarily aimed at IProvo. The discussion is about city wide assessments for a system that isn’t being utilized by the entire population. Some of that was brought up today, saying that you can’t do a city wide levy for a telecommunications service. Representative Grover is running that bill. Mr. Stam asked if the fee wasn’t allowed because not every citizen was attached, and Mr. Fountain said it would be banned regardless if every citizen was attached. Mr. Stam said that IProvo has assessed everybody, even though not every citizen is attached. They are saying a city wide assessment for this type of service would be null and void. Mr. Shaver asked if this was specific to telecommunications, not for example a school assessment. Mr. Fountain said with the exception of Spanish Fork, this bill would carve out specifically telecommunications.

Mr. Hales excused Mr. Niponscki.

Legislative Lobbyist Update- Brett Hales

Mr. Hales mentioned the Legislative lobbyist, and that we will use Dave Stewart for this year. Next year, a bid will be done for this process. Mr. Shaver said he will support the Chair in this decision, and that the administration and Council will use his services together. With this time crunch, since the legislature is beginning, this would work for us in issues that affect our city. Mr. Hales asked if there were any objections.

Locally Preferred Alternative for Bus Rapid Transit- Tim Tingey

Representatives are here from UTA, presenting this environmental study update. Murray has assisted in funding this environmental study report which evaluates the locally preferred alternative route for the bus transit connection from Salt Lake Community College to the Murray City Center District. Janell Erickson is here to present from UTA. Vance Hansen is here from Stanley Consultants, Loretta Markham with Lochner Engineering, and Patti Garber with UTA. We appreciate them coming to update us. Eventually we will see a resolution to adopt the locally preferred alternative route.

Mr. Shaver asked if this was the last step that they had to meet before moving forward. Mr. Tingey said this is an important step, as well, as the engineering that would need to occur.

Ms. Erickson introduced herself, and explained that she would be giving us a preview and what they are going to ask for. We gave this presentation to the Mayor last week, but wanted to give everybody an update so that we can move forward. The purpose of this project is to provide a local and regional connection from Murray Central Trax and Frontrunner station to the planned downtown Murray City Center District and to SLCC, improve transit quality, frequency, and reliability to attract more riders. Also, to sustain the local economy by encouraging positive land use changes and improving accessibility to the existing and planned developments and to increase transit capacity for future population and student travel demand.

The preferred alternative that you see today has been refined and completed conceptual engineering, identified the area of impact, cost estimates, right of way impacts, utility protection and relocation. We have continued our coordination with the Cities, SLCC, and UDOT, and are working on the draft environmental study report, Ms. Erickson said.

The total length of the project is 4.5 miles, 1.4 miles of that would be dedicated BRT lanes on 4700 South. There will be a total of eight stations and the estimated construction cost is about $22 million. About $6 million more will be needed to add busses that would be dedicated to this system route.

The increase of persons on the 4700 South corridor would be about 7% on opening day in 2016, and about 10% increase in the long run.

The current existing local bus service takes about 26 minutes, because there isn't a direct route from the Murray Central Station to SLCC. If we were to make these improvements, the BRT Eastbound would be 13 minutes, and Westbound would be 11 minutes. This is attractive in the amount of time saved to the traveler. Mr. Shaver asked about the 15 minute headway. Ms. Erickson explained that this means a bus would be coming about every 15 minutes, in both directions.

The current local routes that go through the area carry about 1500 people a day. We estimate that it would go up to about 2200 a day in 2016 and 4600 a day in 2040.

There are two options for a station; both will clear environmentally so we have choices. There would be a station on Poplar. Mr. Stam asked if Poplar would be a one way street. Ms. Erickson said it would be a one way street. We have two options we are carrying forward for the frontrunner station. One would be a platform in the center of a widened Vine Street, and having the busses pull up to this station. A disadvantage is the distance from the Trax station. It is quicker to travel downtown from SLCC.

Mayor Snarr commented on the traffic at the newborn center at the hospital, and felt that the better and safer way would be to drop them off where they could access the commuter and the light rail, once they open up those gates in the spring. A portion of the opening of the dialysis center would have to be undone. They agreed that that is a real tight fit with the traffic coming in and out. Whereas, if you went to the light rail station and had that as a drop off point and circled around, it would work out great.

Ms. Erickson said this is a little cheaper option because they are modifying the park and ride area to provide a place for the busses to pick up and drop off. It is also closer to the Trax, to make that connection to frontrunner. Mr. Shaver asked if it would be a separate station. Ms. Erickson said it would probably be separate, and would add a platform area for this specifically. Mayor Snarr said this bus would go in and access this and go back. Mr. Brass commented that if a BRT load of passengers wander through the parking lot, it might be a safety issue.

Ms. Erickson pointed out the Taylorsville stops on the map also.

Mr. Shaver asked if the emphasis on this is to get students from the Murray crossing to the school and back home.

Ms. Erickson pointed out the option with the two bus lanes in the center with the station platform in the middle. The two auto lanes, a shoulder, and a potential swell area if UDOT needs to widen it in the future. The bus would pull up to the intersection, jump into the regular lanes, and make a left turn in to the community college. This is a potential future phase if there is money available. This shows what a bus bay area would look like at the college. This would eliminate about 80 to 100 parking stalls.

The next step would be to get an approval from both Murray and Taylorsville, the UTA board of trustees, and the Wasatch Front Regional Council would have to adopt the LPA. Once it is approved, we will have another public meeting for the environmental document. We have a draft of the ESR that is almost complete and ready to be reviewed by the public. We hope to be done with the study by June.

Mr. Shaver asked Ms. Lopez if it is on the on the agenda for the council meeting on February 5th. Mr. Tingey said that they are working on that with Frank's office.

Mr. Tingey thanked Chad and Trae for their efforts on this project. A resolution on this will be coming and there will be a lot of future discussions.

Mr. Stam asked what the funding mechanism is back to the City. Mr. Hill said that in the past, UTA has never asked a city to build or operate a mass transit system. According to UTA, they have no plans to change that system. Once it is built, we shouldn't have to worry about coming up with the funding. The costs that come to the City are usually with the design process. Fortunately, Taylorsville city received an appropriation from the legislature for Four million last year to pay for the design. The engineers have indicated that they thought that was enough money for design completion. There shouldn't be any money that Murray has to come up with. Mr. Hill said the question is where UTA is coming up with the money to build it and operate it. There is no funding right now for that, but UTA can't come back to the city and ask us to fund it.

<u>Personnel Ordinance Changes</u> **<u>Mike Terry</u>**

Mr. Terry stated that the City employee policy handbook is in three separate sections.

1. Code 2.62, which the Council approves any changes to.
2. Public Safety Rules- Police and Fire have their own section.
3. Career Service- All employees, other than Police and Fire.

There are some changes that Mr. Terry would like to make. He drafted them and gave them to the City Attorney, Frank Nakamura. There are 20 pages in this 2.62 section. There are policies that need to be updated, but many of these should not be in the Code section, but should be in the Public Safety Rules or Career Service sections. They deal more with administration, the direction of employees, and the business of the City; instead of financial approval of budgets.

Mr. Nakamura suggested that Mr. Terry work with his office then bring the Council a draft.

For example, there are policies that talk about evaluating employees and bidding and promotions, leaves of absence, jury duty, and how we maintain our personnel files, etc. Mr. Terry wants to bring some proposed changes to this code. This would be taking some policies out of the Council's discretion and putting it in other parts of the handbook. We feel that it is better served under the direction of the Mayor and the Department heads, as opposed to having the Council make changes.

Mr. Shaver asked to clarify that Mr. Terry wanted to change the code to give the authorization to the Mayor's office to regulate those changes. Mr. Terry pointed out that there is a section on organ donor leave. He proposed that that would be deleted from the code and put it in a different section of the handbook that doesn't require Council approval. Mr. Shaver commented that these weren't really codes, more similar to policies.

Mr. Hales asked if Mr. Terry would present those. Mr. Terry replied, yes, it will be a future discussion. Mr. Nicponski stated that the Council recognizes general policy authority and to that extent those provisions that deal with general policy should remain with the Council. Mr. Nakamura said that the code did get obsolete, because they are in the process of changing different leaves of absence, tuition reimbursement programs. The City funds these programs, as well as the wages and salaries. The Council expects general policy direction in regards to salary compensation.

Mr. Terry commented that for example they have a policy concerning employees calling in sick. Mr. Hales said that shouldn't fall under policy, but more of procedures and day to day implementation on dealing with employees. Mr. Nicponski said it should fall under career service and safety rules and regulations.

Mr. Shaver thanked Mr. Terry, and said that sounds like that is what we need to do.

Mr. Hales asked for any announcements. Ms. Lopez reminded those about the Budget hearing on Thursday.

Mr. Hales adjourned the meeting.

Kellie Challburg
Office Administrator II