



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2013-2014**

The Murray City Municipal Council met as the Budget and Finance Committee for the Mid-Year Review on Thursday, January 30, 2014 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

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

Others in Attendance:

Ted Eyre	Mayor	Jan Lopez	Council Admin
Darren Wightman	Fire/Resident	Janet Towers	Mayor's office
Blaine Haacke	Power	Greg Bellon	Power
Kim Fong	Library	Steve Robertson	Fire
Joe Treadwell	Fire	Mike Terry	HR
Jackie Sadler	MCEA	Justin Zollinger	Finance
Frank Nakamura	Attorney	Pet Fondaco	Police
Doug Hill	Public Services	Mike Williams	Court
Judge Thompson	Court	Tim Tingey	ADS
Gil Rodriguez	Fire		

Mr. Brass welcomed everyone and called the Budget and Finance Committee Meeting to order at 8:35 a.m. Mr. Hales was excused for illness.

Financial Overview- Justin Zollinger

Mr. Zollinger began with an explanation of the General Fund. He stated that financial projections help to track actual expenses and then are compared to the actual budget. The YTD (year-to-date) budget column numbers are based off historical amounts.

One of the best ways to control costs is to stay conservative with revenue, and balance the budget. The difficult decisions made, allow the City to be sustainable. The first page of all

the projections is a summary by type. For example, a summary of property taxes would include personal property taxes, delinquent property taxes and regular taxes.

Mayor Eyre asked Mr. Zollinger about the actual compared to the budget, and if the actual is actually more than the budget. He asked if that should be in parenthesis or if it is a positive number. Mr. Zollinger replied that this is the revenue side so that is actually a positive variance. When compared to expenses that would show up in red if they were over budget.

The Finance Department is the only department with a number in brackets and that is because the auditors were paid earlier than usual and that makes the numbers appear to be over budget.

Mr. Brass reiterated that any questions were welcome. Mr. Zollinger noted that some columns are confusing because bills are paid at the beginning of the year and it takes the year to catch up.

Mr. Zollinger stated that it is important to look at trends. The City has maintained Fund balance and have not dropped below. The amount shown that is over reserves would be moved to Capital projects as a potential transfer.

The County switched how they pay Murray City for property taxes. The County is now depositing directly into an account so the City is receiving the money more quickly than before. This is the main reason for the positive variance. Typically, property tax is right on the budgeted amount.

Murray City has approximately a 5% variance in sales tax over the prior year. That is extremely good news. One idea that has been proposed is to provide employees with a little more money at the end of the fiscal year, if the sales tax revenue remains positive. This would be a one-time gift and is an idea that Mr. Zollinger would like to see discussed. Mr. Nicponski asked how many times that sales tax would need to be high to warrant a possible disbursement to the employees. Mr. Zollinger said that typically two times would be enough to show a positive trend. Mr. Zollinger noted that he has increased the sales tax budget for next year, and also increased the transient tax with the addition of three new hotels in the City. He reminded everyone that sales tax is the first number to decrease in hard economic times with the lack of car sales, etc. Sales tax numbers need to be evaluated with caution.

Mayor Eyre noted that the sales tax surplus this year, doesn't necessarily mean that next year will have one also. Mr. Zollinger said that is the reason that any proposed disbursement should be a one-time payment. Mr. Brass clarified that a bonus is a one-time commitment, unlike a raise, which is a recurring cost. Mr. Nicponski asked about an amount for a possible bonus. Mr. Zollinger replied that there are no amounts discussed yet, it is just something to debate, if the numbers remain positive.

Mr. Brass asked if the budget was the sales tax floor. Mr. Zollinger replied that was correct. The City had been guaranteed \$12.6 million, and that floor amount was renewed for three years. He noted that the positive variance was \$446,000 over the floor. The highest sales

tax figure ever was \$14 million. The trend is positive and the hotels will help that number to increase. Mr. Zollinger added that the demolition of Sears and a new store there should help also. Mr. Camp asked if the room taxes were included in this current budget or next year's budget. Mr. Zollinger clarified that was added to the next year's budget.

Mr. Brass added that the Mayor's office is putting together a budget now for next year. This meeting is to review the current performance against the budget. Mr. Brass noted that this mid-year review was added to become aware of any negative trends as early as possible. The budget has to be balanced by law, remarked Mr. Brass.

Mr. Zollinger said there are several articles he reviews monthly about identifying trends and best practices.

One of the slightly negative trends is the franchise tax.

The energy tax, which is natural gas is slightly positive.

The telecommunications tax has a budget of \$1,000,050. The regular home phone is going away and that is connected to that revenue. That budget will have to be decreased. The cable TV line item was a problem but has been remedied with the correct address, and Murray has now received the check from Comcast. That check was for \$96,000 instead of \$79,000, so that was a good positive variance.

There have been some large building permits pulled this year: including the hotel on 5429 S. Commerce, the project on 4916 S. Center, and also Birkhill Phase Two. Permits are one-time money.

Inter-governmental revenue is right on, so there are no concerns there.

Administrative fee is a little different because of the CDBG (Community Development Block Grants) money budgeted but there have not been any CDBG expenses to reimburse.

The Police Department is now fully staffed. Last year the fines & forfeitures account was \$100,000 less than ever before, that was due to less officers on the road. That account is coming back up due to the increased number of officers on the roads.

Investment earnings budget is off. It was reduced by half, considering the Sports Mall payoff, but it is still too high. It will be reduced again next year. The interest rate that the City is earning is .05% with the Public Treasurers Investment Fund. The staff is looking at Morton Asset Management, who claims to be able to get 1% interest.

Overall, it is really good news, noted Mr. Zollinger. None of the revenue lines are under budgeted. The departments are being very careful.

Mayor Eyre asked about Morton Asset Management and if there are strict requirements as to who Murray can invest with. Mr. Zollinger said there is a list of about 20 allowed investment advisors in the state of Utah. The investments are very cautious with no risk of loss.

Mr. Nicponski asked for one example of the underlying budget layer. Mr. Zollinger identified several accounts that make up one line. He showed the different line items that feed into the ADS (Administrative Development Services) budget, for example.

Mayor Eyre asked why the recorder line was over budget. Mr. Zollinger said that was due to the cost of elections, and should be caught up by the end of the year.

Mr. Nicponski asked about the building activity line that equated to approximately \$883,000. Mr. Zollinger replied that comes from building permits and impact fees. Impact fees are assessed when new construction occurs. Mr. Zollinger said that impact fees hit the Enterprise Funds, such as the Water Fund. Mr. Brass commented that the impact fees were very high at the time the hospital was being built. Mr. Nicponski asked if there were impact fees on houses also. Mr. Zollinger replied that there were the following impact fees: Water, Waste Water, Power and Storm Water. Mr. Brass mentioned that the impact fees from the construction of the hospital allowed the City to purchase the tower truck for the fire department. Mr. Nicponski asked if city services, such as police and fire were included as impact fees. Mr. Zollinger replied that they were not included, but some other cities do charge public safety impact fees. Mr. Nicponski commented that when impact fees are expanded, the Legislature definitely takes notice. There are a strong group of lobbyists for the builders and developers at the Legislature and they have a lot of power, noted Mr. Nicponski. Ms. Lopez added that the law requires studies to be done regarding impact fees and the rates that can be charged.

Mr. Brass noted that the 94 page document that Mr. Zollinger sent is valuable but the summaries are very helpful. Mr. Zollinger commented that things that are wrong are very apparent in summary form.

Mr. Zollinger also sends out an over-budget report, and that is based on line item detail. This allows the departments to review it and make changes if a line item is over budget.

Mr. Brass reiterated that this is a complex issue and to please ask questions.

Mr. Zollinger noted that on page four, the different department budgets are listed.

Mr. Nicponski asked what the number one revenue source is. Mr. Zollinger replied that it is sales tax, followed by property tax.

Mr. Camp asked what the \$2.9 million contribution to other funds. Mr. Zollinger said this was set up before he arrived, but the debt service payments and transfers are part of that. The bond principal budget, the bond payment to UTOPIA, interest, load transfers, and contingency transfers are the items that make up the contribution to other funds. Mr. Brass noted that ILOT (In lieu of tax transfer) funds are not included in that number. Mr. Zollinger added that the funds provide a return to the City, with the exception of the golf course, which is building up money for a new sprinkler system. Mr. Brass noted that the golf course paid for the Jordan River Parkway, so they are now getting some of that money back.

Mr. Brass commented that the Power Department contributed over \$3 million to the General Fund. When property taxes were raised eight years ago, a \$1.5 million loss was a 41%

increase, so the Power Department effectively saved an 82% increase in property taxes. Mr. Haacke added that still puts Murray in line with other municipalities and their prospective donations to the General Fund. Mr. Brass commented that residents always have questions regarding these ILOT transfers, but it is a way to get revenue from places like the hospital, schools and non-tax paying entities.

Mr. Zollinger mentioned that he has a report that shows 30% of the total property in the City is non-profit or non-taxable. The hospital is a big percentage of that total. Churches, schools, County Parks, UTA, all make up that number, and yet they still require services. Services are provided and the ILOT transfers provide some compensation back to the City.

Mr. Zollinger compares Murray's rates to other cities and our rates are lower. Murray Power costs less than Rocky Mountain Power. Mr. Haacke mentioned that Murray is approximately 5-6% lower than Rocky Mountain Power. Residents are receiving lower rates and also lower taxes because those funds are managed so well.

Mr. Zollinger noted that Rocky Mountain Power had a rate increase on September 15, 2013 and also on November 1, 2013. They have had three increases this year, for almost a 4% total increase. Mr. Zollinger said there is a Utah Public Utilities Commission website that compares other utility rates.

Mr. Zollinger summarized that the General Fund is in good shape. Departments are not spending every dollar that they have and revenue is coming in high. That is the recipe for success.

Enterprise Fund Reserves- Justin Zollinger

Water Fund

There is \$3.6 million in actual revenue, and \$3.5 budgeted year to date, for a positive variance of approximately \$76,000. Things are also positive in non-operating revenue, due to impact fees. Expenses are under budget, currently.

The positive variance is mainly from metered water sales. Mr. Nicponski noted that there is a gap on the impact fees between budgeted and actual. Mr. Zollinger said that impact fees are unknown so it is better to budget modestly.

The power and pumping line looks great. There had been \$660,000 budgeted for pipe replacement projects, and only \$387,000 has been spent year to date. Depreciation is not budgeted for, it is a non-cash expense.

Waste Water Fund

This fund has a pretty substantial positive revenue variance, the budget could probably be increased for next year. The non-operating revenue appears high, again due to impact fees. This is common throughout the Enterprise Funds. Mr. Brass explained that Enterprise Funds act separately from the General Fund. Mr. Zollinger noted that Enterprise Funds do contribute to the

General Fund with an administrative fee, as well as the ILOT transfers.

Mr. Brass pointed out that Danny Astill is trying to put some money aside for plant upgrades and repairs to Central Valley Water. The water filters and clarifiers are about \$1 million each and can stop working suddenly, noted Mr. Brass. That cost would be spread amongst the owners, but Murray would be required to pay 8% of the total cost. Mr. Zollinger noted that there was some extra money put into reserves for Central Valley. Mr. Brass noted that the Central Valley plant is very efficient and well run. Mr. Zollinger said that instead of giving the reserves to Central Valley, each city decided to hold onto their reserves until they are needed. Mr. Brass commented that he is the Chairman of Central Valley Water Board.

Waste water service fees have a positive revenue variance to budget. This Waste Water Fund is very similar to the Water Fund and should be on the same trend. The expectation is that expenses will come under budget.

Mr. Brass commented that in his opinion you should never sacrifice system reliability on the Enterprise Funds to save money. It is easy to get into a downward spiral, and that causes cities to sell off their utilities because they cannot cover the maintenance. Mr. Brass and Mr. Zollinger stated that Murray is not doing that and doing a good job.

Power

Mr. Zollinger noted that he appreciates the Power Department coming up with budgeted numbers. Mr. Zollinger then compares them to his set of numbers.

The Power Department has also done a great job at keeping revenue budgets slightly conservative, and caused a slight positive variance.

Residential has a positive variance, as well as *Small Commercial* and *General Services Large*, which is the hospital. Mr. Zollinger noted that the hospital pays about \$300,000 per month for utilities. Mr. Brass asked if the positive variance in *Residential* was due to the hot summer. Mr. Haacke said probably, as well as the conservative budget. Also, there is new growth after about three years of non-growth.

Mr. Nicponski asked about the UAMPS margins. Mr. Haacke replied that the UAMPS margin is a line that deals with the sale of landfill energy to Truckee Donner. This margin is the profit made from some of those sales. That account prevents it from hitting the ILOT, so tax isn't charged. Mr. Haacke said there is another line item called *Wholesale Power Sales* and those are other sales to UAMPS members, but the UAMPS margins refers to the particular deal with Truckee Donner. Mr. Haacke noted that it is an active market and can go either way.

Mr. Zollinger said the Power Fund is in a really good spot. The bottom line number is a \$2.2 million positive variance. The Power Fund is also paying off one full bond early this year, in June.

Mr. Brass asked about the size of the budgeted fiscal year contribution number. Mr. Zollinger commented that between the Power Fund and the General Fund, they account for

about 75% of the total budgeted revenue in the City.

Mr. Zollinger commented that Power is a huge asset to the City, partly due to the great employees managing it.

Storm Water

The Storm Water Fund is in great shape. The revenue variance on this fund is very slim.

Reserve Fund Summary

Mr. Zollinger explained that Mr. Hill and Mr. Haacke had previously decided on some budget numbers to have in reserve. Mr. Zollinger took the analysis and divided them by the total operating revenue last year to determine the percentage needed for sufficient reserves. Reserves could be needed in case of emergency, equipment failure, economic changes, Central Valley Water, Waste Water or weather conditions. The following required percentages were determined: Waste Water - 37%, Power - 28%, Storm Water -31%, Golf Course-24%, and Solid Waste-22%.

The actual current bottom line percentage of reserves is: Water- 93%, Waste Water- 51%, Power-31%, Storm Water-68%, Golf Course-39% and Solid Waste-43%. The Golf Course is higher than projected because reserves are being built up for a one-time expense. Solid Waste is higher also but discussions are being held about the possible purchase of 350,000 cans. In those situations, reserves would be decreased for the one-time purchase and then built up again. The Water Fund has also been saving for some big projects.

Based on these percentages, Mr. Zollinger feels like 25% as a recommended minimum level of reserves would be a positive thing. Mr. Zollinger read a written policy regarding best practices. Reserves were defined as investments, cash and cash equivalents. The recommended reserve level doesn't inhibit the fund from going higher or lower, but should serve as a guide, and could vary occasionally due to one-time expenses. Mr. Zollinger defined 25% reserve level as best practice.

Mr. Brass believes the policy is a good start and could lead to further discussion in a Committee of the Whole. Mr. Haacke said this policy really simplifies things, and he feels comfortable with the 25%. Mr. Brass asked Mr. Zollinger to email the policy to the Council. Mayor Eyre asked if the money in reserves also could go to the Morton Asset Management Company. Mr. Zollinger said that it could, and could also generate some revenue through interest. Mr. Zollinger added that increased interest earnings could provide more money for operations. Mr. Zollinger said that amount invested could be about 20-25%, which equates to approximately \$12 million.

Finance Department-Justin Zollinger

The Finance Department used new auditors this year, and by bidding out the service, the City saved \$14,000 annually.

Non-Departmental paid the School District \$200,000 for upgrades to the Hillcrest Junior High auditorium to benefit Murray performing arts groups.

Unemployment benefits are a little high, but will be covered within the non-departmental budget. A program that the Council had suggested was the grant writer. The grant writer has been paid \$2,800 year to date, and so far the grants awarded equal \$1,500.

The City is evaluating the trustee service that is a potential annual savings of about \$5,000.

Two laptops have been added in the Finance Department, one for Mr. Zollinger, and one for the Controller. The logic behind that was the laptop could be transported to the EOC (Emergency Operations Center) if there was an emergency.

One concern is that the City pays overtime on sick leave and vacation. Another concern is that the City is dependent on one individual with the payroll software. Mr. Zollinger doesn't like that payroll is contingent on one employee being present. Mr. Zollinger said there is a RFP (Request for Proposal) out now for software. That conversion to a new payroll system would solve that.

Mr. Zollinger would like to see the continued focus for a structurally balanced budget, and financial sustainability emphasized for next year. He would also like to create a culture for process improvement and cost reduction. He compared it to the discussion with VECC (Valley Emergency Communications Center) that saved money with a one-time expense. Mr. Zollinger likes career ladder and pay for performance if that could be instituted. He is not a fan of the 10% internal promotion rule, and believes that is negative and devalues the current employees. He also believes that the change from sick and vacation time to PTO (Personal Time off) would be a positive thing and would also lessen the City's liability.

He stated that the new financial software would be a Capital Improvement Project.

Library- Kim Fong

Ms. Fong stated that the Library is on track to meet budget. There is nothing over budget or out of line.

Ms. Fong wanted to review the long range plan for the Library. Last summer, the mission of the Library was changed. The new mission is to be the friendly hometown library. Some of the new goals for the library include:

- *The Library will provide a comfortable, flexible and efficient destination.* The Library is spending money on teen furniture this year. There are a large number of teens that visit the Library after school every day. Currently, there isn't enough seating for everyone. The Library formed a Teen Advisory Group and they voted on the top two choices for furniture, and then voting was open to all of the teenagers that come to the Library. That is how the furniture was chosen, and it has been ordered.

Another important item was to organize the workflow in the staff work area. A consultant came and made suggestions for the backroom. This new workflow will help the tech service employees that catalog all the items.

Visits to the Library remain steady, as well as virtual visits. The Murray Library website is very active, and the numbers are up 1.6% from last year. There have been 14,000 Facebook contacts in the past six months, and 30,000 contacts from Pinterest. Those are modest estimates. Ms. Fong explained that the Library uses Pinterest for all new book arrivals.

- *The Library will provide worthwhile, relevant and engaging activities.* There has been a huge effort to involve teenagers with activities every day after school. There is one staff member devoted entirely for teen programs and teen services. Currently, that accounts for 1.5 FTE (Full-time equivalent) working just on teen programs. The Library has seen a very positive effect on those teenagers and have great relationships with them. There are at least 100 teens that come through the door every day after school. There has been an 87% increase in program attendance from this time last year. The Library also has story tube, which is a YouTube channel for the library which offers stories read to children. In the last six months, there has been 11,589 views of story tube. In December, the Library offered 25 days of Christmas stories, with a new one every day.
- *The Library will be promoted to the Murray community.* This year, the Library was involved in the Power Fair and the Safety Fair and hope to find more opportunities to have the Library presence shown. Ms. Fong handed out Library cards to City Officials, and instructions on how to download e-books to the IPad.
- *The Library will use technology to make content and services available.* The Library has had a 30% increase in technology use since this time last year. This includes the public internet terminals, the wireless users, and children's early literacy computers. The E-book circulation is increasing exponentially. Ms. Turner asked how many computers the Library has. Ms. Fong replied there are 28 computers for use, and three wireless access points. There can be 64 users on the wireless at any given time. There are also three computers dedicated to early literacy games.
- *The Library will avidly promote reading and learning.* The total book circulation is up 6% from this time last year. Children's books are up 6%, and adult books are up by 8.7% and teen books are down 5%. Ms. Fong noted that the total book circulation last year was approximately 570,000. There is a winter reading program for adults called, "Reading is Delicious." Prizes are awarded for participation. This program is paid for by "Friends of Library."

In the past, the Library has had issues with the collection of fines and fees, including lost items. There wasn't any enforcement done to recoup those losses. This has changed in the past year. Beginning last July, the Library joined with a collection agency to help recover funds and

missing items. Collection of fines and fees is up by 26.6% from last year. This number continues to rise. In December, payments were 89% higher than the previous year. Mayor Eyre asked the amount paid to the collection agency. Ms. Fong said it is a set amount, the agency collects \$8.95 per patron record. The agency has given the Library a budget neutral guarantee on the service.

Mr. Nicponski asked Ms. Fong what the total budget was. Ms. Fong replied that it was \$1.6 million, and the Library has approximately 30 employees. That is made up of 12 full-time and 18 part-time employees. Ms. Fong added a full-time library position this year, and would like to be able to add another full-time position. Mr. Zollinger added that it would be budget neutral.

Mr. Camp commented that he is impressed with the efforts on the teen programs, as well as the added technology. He hears comments from residents that are very happy with the Library.

Mayor Eyre asked about the room utilization rate. Ms. Fong noted that the rooms are well used and have a 70-80% utilization rate.

Power Department- Blaine Haacke

Mr. Haacke stated that the Power Department is in good financial shape. He expects to have about \$1.4 million revenue excess at the end of this fiscal year. He mentioned that Greg Bellon and Bruce Turner were also present.

Revenues are up between 4-10% depending on the rate class comparison. The hot summer did help add to revenue this year.

There was \$800,000 budgeted capital for vehicles and equipment, and another \$1.4 million for improvements.

Mr. Turner commented that a new chipper was purchased at a cost of \$170,000, as well as a new brush truck. The brush truck was \$152,000. The trouble truck was replaced. A new dump truck was purchased for \$50,000 for the Forestry Division. The Forestry Division had not had a new vehicle for 10-15 years. Forestry also received an extended cab pick-up truck with a flatbed for \$28,000. One of the sub-tech's received a new $\frac{3}{4}$ ton pickup with a cab for \$34,000. One of the planners received a new truck for \$26,000, and another $\frac{3}{4}$ ton utility truck for the crews for \$50,000. A new forklift has been ordered for \$23,000. A new 70 ft. bucket truck for \$200,000 has been ordered for the tree trimmers, and the cost to replace a wrecked truck was \$29,000. Mr. Haacke mentioned that 13 vehicles were purchased and all were under the \$800,000 budget. Some of these purchases had previously been postponed due to the economic downturn.

Mayor Eyre asked if any of the mentioned vehicles were natural gas. Mr. Turner replied that the forklift is natural gas, he believes it would be cost prohibitive for the larger vehicles. Mr. Haacke mentioned that there are four hybrids in the fleet. Mr. Brass said that they looked at ways to save money on fuel, and then compared it to the value of those vehicles. In the budget crisis, the savings weren't there for the expense of the vehicle. He mentioned that it could be looked at as an air quality issue and that may change the thought process. Mayor Eyre asked if

there was also a reduction in long term maintenance on a natural gas car. Mr. Haacke agreed that those vehicles are a lot cleaner. Mr. Brass said they could look into it, especially on a bucket truck, which must be kept running for long periods of time. He added that natural gas does have a decrease in power, especially at higher altitudes, so that should be considered also. Mr. Turner isn't aware of any natural gas bucket trucks out there, and questioned the resale value on them. Mr. Brass said it could be looked into as an air quality issue. It would be a financial hit. Mayor Eyre noted that he has heard it was from \$5,000-\$8,000 per vehicle to convert to natural gas. Mr. Zollinger added that it can sometimes void warranties.

Mr. Haacke noted that next year would require about half as much in equipment purchases. Mr. Zollinger pointed out that this was all done in a balanced budget, without dipping into reserves.

Mr. Haacke said that most of the line items are around 50-58%. Mr. Bellon noted that some things are paid on a one-time basis, so will be caught up by the end of the year. Fire retardant clothing is over budget due to OSHA mandates. The City provided fire retardant pants for the employees.

The parking lot was resurfaced and that is why it is over budget in maintenance- buildings and grounds. It was budgeted as a capital expense, but paid for differently, so money just needs to be moved from capital improvements.

Mr. Nicponski asked what the total budget for Power was. Mr. Haacke replied that it is \$36 million, of which \$20 million is for power purchases. The Power Department has 45 employees.

Mr. Haacke noted that \$500,000 had been budgeted for the installation of remote meter readers. All of the residential meters in the City now have a remote read capability, and they have completed about half of the commercial meters. The actual expense looks like it will be about \$100,000 for a savings of \$400,000. That excess will be used to help the following line item that will come in over budget.

Murray buys its resources from Hunter, San Juan, IPP (Intermountain Power Project), landfill facilities, gas turbines, small hydro, and CRSP (Colorado River Storage Project).

The Hunter Resource was budgeted at \$4.9 million, and that will come in closer to \$6 million. The UAMPS group has decided to set money aside for a rebuild of one of the units that will be mandated in 2015. UAMPS is installing SCR (Selective Catalytic Reduction) and therefore started taking money to help pay for that. UAMPS has taken \$100,000 per month to go towards that. Murray is receiving interest back on that money. The total share of the cost for Hunter for Murray City will be about \$6 million. Mr. Haacke believes it will be about 14 to 16 more months, paying the \$100,000 per month. He added that the \$400,000 surplus from meters will help with that, as well as revenue which is up \$1.3 million. Mayor Eyre asked if Hunter was the oldest plant. Mr. Haacke replied he believes it is San Juan, and San Juan had already undergone improvements.

Mr. Haacke added up all the overtime through all the different divisions, and the budget is

\$168,000. Power has three employees on call after hours: a sub-station tech, a warehouse person, and an operations person on call for any possible outages. The City has spent \$66,000, so about 40% spent year to date, which is about right.

Mr. Haacke said the Power Department is very conservative on expenses and budgeted revenues.

Mr. Bellon added that the two *General Services* mentioned are *Small Commercial*, the other was *Large Commercial* and the hospital has its own, *Ultra Large Commercial*.

Mayor Eyre asked if there were any one-time expenses this year due to the 100 year celebration. Mr. Haacke noted that the public relations account had been increased by about \$30,000 for this year.

Public Services- Doug Hill

Mr. Hill said he appreciates the time. He needed to be done by 11:00 to attend an emergency UTOPIA Board meeting.

Public Services has a \$20 million budget, of which approximately half of that is General Fund, and the rest are Enterprise Funds. There are 98 full-time employees in Public Services, plus a number of seasonal employees, commented Mr. Hill.

Mr. Zollinger had asked Mr. Hill to speak on the highs and lows of the budget, concerns, priorities, and upcoming Capital projects. Mr. Hill passed on the same questions to his employees.

Mr. Hill stated that the budget is in great shape and all the planned Capital projects should be completed. There was one unexpected purchase, and that was a water tank for the Street Department. The existing water tank rotted out. That cost was about \$25,000. Mr. Hill had some funds left from last year that he hopes to pay for that water tank. He is comfortable with the limits of the operating budget. Mr. Camp asked about the water tank. Mr. Hill replied that it is a big water tank that sits on the back of a truck for watering down street projects.

Public Works

The biggest issue from the residents is when their roads are going to be maintained. There has been a 10% increase in costs, higher than what was budgeted for. There is also a projection for an additional 10% increase in costs this next year. This increase does affect the ability to do all the projects that they had planned on. Some of the proposed projects may need to be cut to stay within budget for Class C roads and Capital projects. Bids for the projects are going out in the next couple of months and then the costs will be evaluated. Mayor Eyre asked about the priority of listed projects and if they are considered in order solely based on the condition of the road. Mr. Hill stated that when projects are allocated, they are based on the pavement management rating, which is purely based on the condition of the road. Although, there are other factors considered, including location, so that there is a balance of projects throughout the City. The Department also considers the amount of traffic that the particular road

carries. For example, Winchester Street that was recently repaired carries a lot more traffic than a residential street.

Mr. Hill noted that every budget year is a new opportunity to decide how to prioritize those projects. In the past, Council Members have really pushed for projects in their district, and have been able to work with Council to get those done. One year, there was 95% of the projects done in one district, but other years Council Members believed the projects should be spread around the City.

Mayor Eyre noted that it could almost have a psychological effect on the residents in the eastern part of Murray. He realizes that those residents would feel like more of a part of the City. Mr. Hill said that approximately \$2 million would be spent this year on the area of 1300 East and Vine Street. Mr. Brass noted that the eastern section of Murray has about 22% of total land mass, but accounts for about 26% of road expenditures. Those roads were in poor condition when the City received that area. Mr. Brass commented that the residents in the area are concerned with storm water, and especially if an ILOT transfer is done. In reality, the ILOT that comes from power, water and sewer all goes in to the General Fund and some of that money goes back to roads. That area is getting roads paid for at a greater rate with funds that they didn't have to contribute to. The City officials do care about that area, and the numbers show that. He commented that all of the districts will have needed road maintenance at some point, and it is a fluid process.

Mr. Hill said there would be a mill and overlay done this summer on 1300 East by the Fire Station all the way to VanWinkle Expressway.

There is a general feeling in the streets, solid waste, and storm water departments that they are understaffed. This area was most affected by the early retirement because a number of senior employees left and were not replaced. Murray has taken on some additional work, doing the paving and storm water services and some of those issues will be discussed at the budget meeting next week. He believes they could use another employee in solid waste, but knows that is contingent on revenue.

Several of the departments expressed concerns about compensation. Many of the supervisors believe that morale is beginning to be affected. Mr. Nicponski commented that increases have been given the last two years. Mr. Hill said that wasn't a wasted effort. He believes it is issues with internal City policies regarding promotions, etc. Mr. Nicponski asked how big the merit problem was. Mr. Hill said that most of the problems in his department are different than the issues that were addressed last year. The compression issue addressed other departments, but didn't necessarily benefit all of the departments. There were very few employees in Public Services that benefitted from the compression adjustment. Mr. Hill wanted to pass those comments on to the Council.

Mr. Brass stated that he had heard similar comments, and those are things that need to be looked at. People have been given small raises, and some employees may be looking at the 25% reserve requirement and wanting salary increases also. There needs to be a balance to take care of employees, if possible. He reiterated that any commitments to salary must be within

budget. Mr. Hill complimented the Council on recognizing employees and believes the employees are aware that there is only so much money to spend.

The Water and Sewer Fund mainly deal with the unfunded mandates. There is a lot more focus on the environment and there are new environmental regulations to comply with. There was a new rule implemented called the lead and copper rule. No lead or copper fittings may be used anymore in the system. That is an unfunded mandate that requires the City to buy more expensive materials. The Sewer is dealing with water quality issues. There are always water testing requirements that are unfunded. Those costs will likely have to be passed onto the residents in the future. The Water Fund is building up reserves, and they are currently at 93%. There are a number of huge Capital projects on the horizon for the Water Fund. The water reservoir that holds a million gallons of water is 70 years old. That will most likely have to be replaced within the next five years, and that would cost several million dollars. This is the water tank on Fort Union near Big Cottonwood Canyon.

Fleet

Many ideas have been discussed for the Fleet Department, such as alternative fuels, air quality issues. The Fleet Manager, George Hamer is retiring at the end of this year. Mr. Hill would like secession planning and if possible find someone to take the position internally. There was a good change in the funding this year. The Departments appreciate the fact that they are not paying mark-up on products and supplies.

Parks & Recreation

The biggest issue with Parks and Recreation is aging infrastructure and equipment. The pavilions, as well as the restrooms in the parks were all built in the 1970's. There are complaints about the old restrooms. The restrooms in Southwood Park were done last year, but several parks have really old restrooms.

There is a garbage truck that the Parks Department uses to collect garbage in all of the parks, that truck is 12 years old. There are 19 year old backhoes. The main concern is keeping the equipment and facilities in good shape. They tend to get the leftovers, and they are probably due for some replacements and repairs. Mayor Eyre asked if there was a priority list. Mr. Hill replied that it is listed on the Capital Projects. Mr. Camp asked about the decision to pick up the garbage versus a commercial carrier. Mr. Hill replied that 12 years ago, the commercial carrier told the City that it couldn't be done on a regular basis more than once a day. Currently, the garbage is picked up several times a day in the summertime. Pavilions can be reserved twice a day now, in the morning and in the evening. This will mean more garbage than ever, and the City retains control over when it gets picked up. Mr. Nicponski asked if one-time money can take care of some of these projects. Mr. Brass noted that Mr. Hill has not received money recently for his departments, and it is probably time.

Mr. Hill commented that the trail down at Jordan River Parkway is in bad shape also and he hears complaints about that. Mr. Hill said he is aware that money can only go so far, and doesn't mean to complain. Mr. Zollinger mentioned that in the past there had been departments

benefit from larger amounts of the CIP and possibly departments should take turns getting a larger portion of the CIP so that everybody has a chance to catch up. Mr. Brass noted that the bicycling community is staying away from the Jordan River Parkway because the path is in such bad shape. Mr. Zollinger asked if the pathways could be repaired in segments. Mr. Hill said that they could. Mayor Eyre mentioned the expanding of the cemetery could bring in revenue that could possibly be used to repair roads, even in the cemetery. Mr. Hill said the only problem with the cemetery is that the operation and maintenance eats up most of the revenue.

Mr. Hill commented that pickle ball is becoming very popular. He believes there may be an opportunity to partner with the School District and build some pickle ball courts. The outdoor amphitheater may be able to receive some TRCC (Tourism, Recreation, Culture & Convention facilities) funds from the County to make improvements to the outdoor amphitheater. There are some ideas being discussed with the armory building. There may be opportunities for a new facility. Mayor Eyre asked if pickle ball courts could be developed in the old ice rink. Mr. Hill said that could work. Mr. Nicponski and Mr. Brass asked if the needs could be put into bullet points so they could be assessed.

Ms. Turner asked if ZAP (Zoo, Arts & Park) funds could be accessed. Mr. Hill replied that ZAP funds have been spent. There would need to be a new authorization.

Mr. Zollinger added that the new software had been bid for the Park Center and the cost of maintenance and installation appears to be less than the current cost for maintenance only. Mr. Hill said the current software company is moving to a cloud based system and will become twice as expensive so they are shopping for a new system. The preliminary bid looks to be able to save some money. Mr. Camp asked Mr. Hill what the armory building was being used for. Mr. Hill replied that it was storage for equipment, fertilizers, etc.

City Attorney- Frank Nakamura

Mr. Nakamura mentioned that Mary Bahr and G.L. Critchfield were present with him. He stated the the budget is fairly status quo, the only overage is cell phones, and it becomes an issue of allocation between the civil and prosecution side.

Some of the variances are in education and travel. That budget item is anticipated to be in line at the end of the fiscal year. Some attorneys are on continued legal education hours that need to be reported.

Mr. Zollinger has discussed the risk fund. That needs to be looked at closely for the upcoming budget year. Mr. Nicponski asked the total budget. Mr. Nakamura stated that it is approximately \$446,000, and prosecution is \$1.5 million.

Mr. Nakamura said process changes have been made between the risk and the allocation between the various departments. Mr. Nakamura stated that he believes there has been a spike this year in the risk fund. Mayor Eyre asked if his department is understaffed. Mr. Nakamura said his department has the ability to get outside counsel to assist if needed, so believes his department is properly staffed. In very specialized litigation, the City has been allowed to use

outside counsel for areas of land use. Most of those funds would come from the risk fund, because it is a litigation at that point.

Mayor Eyre asked if the insurance rates had increased substantially. Mr. Nakamura anticipates an increase this year, due to the history in 2013. Those risk insurance rates have not been negotiated yet for the upcoming year. Mr. Nakamura said the City uses Morton and Company to get the best rates for insurance coverage. The list of covered properties could be evaluated and check with the departments to see if all the properties need continued coverage. Any addition of properties doesn't result in a major increase in premiums. Mr. Nakamura's concern is that the state liability insurance that provides excessive coverage may increase. Murray hasn't experienced this issue for about 16 years.

Municipal Justice Court- Mike Williams & Judge Thompson

Mr. Williams said there are no budget surprises as of yet. The Court is well within the budget limits.

There is an issue with overtime. It has something to do with the bailiffs and the inability to collect comp time. There is also an issue with equipment maintenance, but that can be covered with other funds. Several of the contracts for printers, etc. came in higher than last year. The Court is a little close on education and travel, but there is only one more conference next month.

This is the first full year, being down two clerks, but tasks have been redrawn and it seems to be running better now.

Mr. Williams noted that there was the Selectron system set up for web and IVR payments when the Court was a stand-alone, and not part of the State. The Court became part of the State system, and the State uses the Utah Court/payments website. The Court is having issues with the systems communicating, and Mr. Williams has to fix the web payment every day. He would like to look into getting rid of Selectron and going with the State system. It would be cheaper than the Selectron contract but the problem is Murray had to purchase a Selectron server. Currently, it is taking too much staff time to deal with the problems. He believes in June they will make the change to the State system and just eat the remaining half year on the contract. Mr. Williams estimates that a third of his day is spent dealing with web payment issues. The problem cannot be located. The State charges per transaction, but is less than the Selectron contract.

Mr. Williams stated that he is working towards a paperless Court. There are a lot of things that need to be done. Utah Courts are far and above any other states electronically. Utah is the beacon for the rest of the Country on how to do things, commented Mr. Williams. He would like that to be established by the first of next year. He believes it will be imposed sometime in the future anyway. All civil cases and citations currently have to be e-filed. Mr. Williams said the Court is about a 60% success rate.

Mayor Eyre asked about the current physical facilities and any needs. Mr. Williams said his primary concern is that it is not a secure building. There are carpet needs upstairs, but the

upstairs is rented, not owned by the City. The facility is small and not laid out well. Mr. Williams feels like he has done about all he can to improve security. Mr. Williams said he would love a new facility with self-help kiosks that would allow residents to make payments.

Mr. Williams said the City owns the bottom floor of the building and rents out a portion of the top floor that it shares with a dental office. There are also parking issues, and the parking upsets the surrounding businesses. The patrons park in front of the other four adjacent buildings. Mayor Eyre asked if the Court itself was undersized. Judge Thompson said that appearances need to be staggered every 10 minutes due to space; although, bench space was adequate.

Mr. Williams stated that they see 200-300 cases a day. He believes conference rooms would be convenient for attorneys to meet with their clients, and also for providers with the offered programs. Judge Thompson said he appreciates the modifications that they have been able to make.

Mr. Camp asked Mr. Williams if he was aware of the market value on that space. If the Court were to relocate, what would the City be able to recoup from that property sale, he asked. Mr. Williams said he believes it would be \$800,000 to \$1 million, because of the location. He believes the AOC (Administrative Office of the Courts) would never approve the building to be a Court today, but approves it every year now due to the grandfather clause.

Mr. Williams said they have added cameras, and bulletproof glass to improve the safety. It is a good central location. Judge Thompson mentioned that the bus used to stop directly in front of it, but doesn't anymore, which is a disadvantage. Some people are brought from the Jail and left at the Court without a way home. It would be nice to see them get on a bus and depart.

The Court changed from the Constables to Jail transport. This has worked well for safety issues. Murray is a big Court and receives vans full of prisoners. Murray processes approximately 25,000 cases per year. Mr. Williams noted that citations had gone down due to staffing in the Police Department and the economy, but cases and the required reviews have remained constant. The Court received a metal detector about three years ago, and that has registered 298,000 visitors through that one door.

Ms. Turner asked who provides the required counseling and educational programs. Mr. Williams said the Court has 5 or 6 licensed providers that appear in Court every day of the week and meet there. Mr. Williams noted that the defendant pays the bill and this is no cost to Murray City. The provider also monitors community service hours, confinement or other aspects.

Mr. Williams said part of the sentence includes the fine, and when the person cannot pay, the Court will defer the fine and extend the probation so that the person can receive the treatment.

Mayor Eyre asked the budget. Mr. Williams said the budget is \$1.15 million. The City received \$2.225 million in revenue and was able to keep \$1.7 million. It is very close to a break-even, with approximately \$200,000 positive variance in revenue, after taking prosecution in to account, stated Mr. Williams. The Prosecutor's office would have to be funded, even if you didn't

have a Court, mentioned Judge Thompson.

Mr. Williams said they are one of the few courts with a positive revenue. Most courts cost the City money. Mr. Williams believes that they have tightened costs and run an efficient Court. Mr. Nicponski said there is a bill on Capitol Hill attempting to take away points from the State on that surcharge. He asked the current rate, and if it was still 58% to the State and 42% to the City. Mr. Williams said it depends on the case, but that is what a traffic citation would be. Mr. Nicponski said that this bill would possibly give the cities back a couple of points.

Mr. Williams said the cost per case on a misdemeanor is \$7.09, a traffic case is \$6.39 but they collect over \$100 per case, but much of that goes to the State. He noted that some comparable courts spend \$15-\$27 per case. The Court is also well below the average on the number of days spent on a case. Mr. Williams said it isn't beneficial to have a traffic ticket stay on the books because it costs money to update the warrants.

Judge Thompson stated that there was a requirement in State law that the governing body reviews the judicial salary every year. Judge Thompson passed out a letter that he had previously sent to Chairman Hales disputing a confusing salary midpoint. Judge Thompson said he had checked the other comparable cities and in his opinion, the scale seems off. The State pays the District Judge salary at \$134,800. A Municipal District Court Judge is limited to 90% of the allowed State District salary. That would equate to \$121,320. The current salary for Judge Thompson is \$104,900, noted Judge Thompson.

Judge Thompson stated that he is a full-time employee and under the same ethical constraints as a District Judge and covers as many sessions, if not more. He is unable to practice law, and has been either a part-time or full-time Judge since 1992. According to case load recommendations by the State, the City should actually have two judges. He believes he manages everything well and one Judge is sufficient. The recidivism rate for DUI offenders is 11%, and the State average is 30%. Murray has an aggressive, good program for keeping the streets safe, noted Judge Thompson. The City does receive a profit from the Court, even though that is not the primary goal. Judge Thompson compared other cities and stated that Judges from surrounding cities, such as South Jordan, West Jordan, Provo, Sandy, and Ogden are all paid the maximum pay allowed. He believes some Judges also have other allowances, such as car allowances. According to Utah Rights, his salary is less than others in the City, so Judge Thompson requested an increase to the maximum salary. He noted that he appreciates the support of the City.

Mr. Camp asked if this salary would be reviewed by the salary review committee. Judge Thompson said he believes the last Council deferred to the Mayor. Mayor Eyre asked if that was part of the Mayor's budget proposal to the Council.

Mr. Brass recommended time to do the research and schedule a review in a Committee of the Whole. Mayor Eyre would like to do the homework and review it before proposing his budget.

Administrative & Development Services (ADS)- Tim Tingey

Mr. Tingey feels like staffing levels are good and resources are adequate for the ADS Department. The budget needs are not much different than the previous year

There are some new things that include economic development dollar incentives. The PC replacement program is exciting and cuts down on maintenance time with the older PC'S. There have been some needed improvements made in the EOC (Emergency Operations Center) relating to technological advances, as well as some in City Hall. Server backups have also been done. The City is working on getting the servers in the EOC. Mr. Nicponski asked which Fire Station housed the EOC. Mr. Brass responded that it was Station #83, located off of 5900 South and 700 West. The IBM Server replacement is an ongoing item on the Capital replacement list.

Administration

This is the first year that the General Fund has had \$50,000 for economic incentives. Individuals or businesses that are looking to invest in the community may have a legitimate need to bring in City resources, such as infrastructure. The City can't utilize RDA funds outside of those designated areas.

The first portion of this funding will be spent on curb, gutter, and sidewalk near the Library and the Marriott Hotel. The second application is from Paris RV for a project on 4360 S. State. Paris RV purchased some dilapidated properties to expand their business. They are doing improvements on this site, but there were massive storm water issues, as well as curb, gutter, and sidewalk issues also. It is likely that the City will help fund some of those improvements that will enhance the community. The applicant is required to do the improvements and then the City will reimburse the allowed amount.

Treasurer

The staff is really busy with all of the utility billing that occurs. Last year, there were 125,000 manually processed payments, and 32,000 phone calls to representatives. There is an IVR (Interactive Voice Response) system that allows customers to pay bills electronically. The goal is to help customers migrate to online payments. Mr. Tingey complimented his staff on their great work. There are also meter readers that are making calls on all of the utility shut-offs prior to going out in the field.

The budget will have to be increased next year, due to the increase in the postal rate. There will also be some costs with new contracts for equipment, as well as a new printer and inserter equipment.

Recorders

Mr. Tingey is excited about the passport services. The passport services started October 1st,

2013. The City has processed 308 passport applications, and has received a little over \$9,500 in revenue. The existing staff has been able to absorb this extra work. Mayor Eyre asked what portion of the fee the City retains. Mr. Tingey replied that the City keeps \$25 per application, and then mails the application to the agency for review. Mr. Zollinger added that photos are \$10 each, and he received his passport in a little over two weeks. Mr. Tingey said the renewal process is real simple, so the City would really only be mailing it for them; at this time Murray does not renew passports. The staff is willing to help a person with a passport renewal but they don't process them.

There will be some minor extra credit card fees that were not anticipated with the passport process.

Information Technology (IT)

There has been some processes streamlined in the IT department. Last year there were 670 troubleshooting issues within the City, and 1164 help desk tickets. The staff has worked really hard to switch out computers with the computer replacement program.

The new IBM server implementation has gone very well. The biggest issue will be the software replacement. It will require a three year process to implement. There are two issues this year that may need a budget amendment:

1. The Utah Criminal Justice Group, as well as the Federal Government have indicated that there needs to be personal encryption done on the connections as well as the laptops. This would make it so personal data could not be retrieved from a lost or stolen laptop. The government has given a May deadline. That cost will be around \$36,000 to bring the City into compliance. Mr. Zollinger said the money for that will come from prior year savings. Mr. Tingey said the emphasis is on public safety laptops at this time.
2. The Spillman server has issued three versions since the City has updated. This year, Spillman is going to a new version that would not support past versions. That cost will be around \$38,000 to \$40,000. Mr. Camp clarified that Spillman was exclusively for police records. Chief Fondaco said that the Fire Department does use Spillman mobile.

GIS (Geographic Information Systems)

The GIS Department has developed some web applications that have helped employees in the field. There will be a need for additional disc space, as the City receives the new software system.

Building

The Building Division had a big year last year. Permits increased by 200 from the previous year. The value of construction was \$88 million, and permit fees collected were up by \$400,000. The hotels and Fireclay were a big part of this increase. The City is currently down one plans examiner, but is absorbing the workload.

Community & Economic Development

Staffing is strong, there have been about 35 more land use applications than the previous year. Funding for EDCU (Economic Development Corporation of Utah) is always an ongoing thing. EDCU does economic development statewide and also recruits out of state. The City previously funded about \$21,000-\$22,000 per year, but dropped to about \$8,800 for the past three years. Last year, there was another \$4,000 additional funding. EDCU requested up to \$16,000, but the City has agreed to pay about half of that.

There is \$50,000 for Capital in the General Plan for this year, and \$50,000 also for next year. The City is also applying for a grant through the Wasatch Front Regional Council, and are hoping for a positive result.

Capital requests for ADS include funding for the Software Replacement Program, and for the General Plan. The Central switch that processes the network speed of the City is about 11 years old, and needs to be replaced this year. That will be paid for out of savings. It is the third and final year of funding the IBM server replacement.

Some upcoming issues include an increase in maintenance costs for the new utility equipment. The Federal compliance issue related to those connections with Police and Fire will hopefully be addressed this budget year. The need for more disk space is a concern.

Mr. Tingey stated that he doesn't want to lose employees due to market issues and pay, and believes this has been addressed by other departments also. There may be some minor budget adjustments needed to provide training opportunities for staff.

The Software Replacement Program will impact all of the departments. The RFP (Request for Proposal) is out on that and proposals should be in by February 13, 2014. Mr. Zollinger said reserves have been set aside for the software purchase. Mr. Zollinger noted that the software cost could be anywhere from \$170,000 to \$1 million. It will be a three year process beginning in the Finance department and moving to the other departments. There will be a committee formed to evaluate the RFPs and reviewed by the IT governance committee.

RDA

- Central Business District- There is an agreement with Woodbury and it is likely that the proposal will include the possibility of investing in infrastructure to enhance the downtown area. There have been discussions of access to cross State Street. There has been a lot of great momentum created in the Central Business District. Also, the acquisition of the Wright properties was huge for the City, and a bond has been issued for that. There may be an interlocal agreement done because the RDA is going to be paying for this bond in the budget. The City also owns the property on the corner of 4800

South and State Street, pretty much that whole block, all but one property, which is the Brown property. There will be a \$250,000 reimbursement paid to State & Vine LLC. for right of way work, certifications on the building, parking amenities, etc. Mr. Tingey met with the owners of the Tea Rose Diner business and that roof has leaks, which could possibly be addressed with RDA funds. The City is negotiating an agreement with a one year renewable lease for the Tea Rose Diner. Mr. Tingey noted that the Wrights would like to leave before Halloween.

- Fireclay Area- The amount of funds requested is \$633,000 in the first year. The breakdown of funds is as follows:

- \$76,000 to the School District- 12%
- \$120,000 to low income housing- 20%
- \$350,000 to private reimbursement- for infrastructure and environmental costs
- \$32,000 to public reimbursement- 5% for sewer, water, power

Mr. Tingey added that there are three development agreements with disbursements that still need to be determined. In those development agreements, it is roughly 58% of the funds that come from that area. The amount committed is a percentage of the value. Mr. Tingey commented that it should be approximately \$70,000 that would stay with the City, as well as the amount allotted for low income housing. Mr. Brass added that the payment for the school district was based on the anticipated number of students. The reimbursement went to pay for much of the public infrastructure that was added, commented Mr. Tingey.

- Vine & Cherry Street-This is a small redevelopment area that isn't generating a lot. There were haircut provisions; that means that you receive 100% of the tax increment for a certain period of time, then it is gradually reduced. This year it decreases to 80%.
- Smelter Site-That area is mostly reimbursement for public improvements that were done years ago. There was about \$3.4 million of improvements done. Also, there is the 20% housing that is going toward the partnership with NeighborWorks. NeighborWorks has completed or nearly completed eight home improvement loan projects, five acquisitions of problem properties to be rehabilitated and sold. One is completed and sold, one under contract, one that will be listed in next two weeks, and two are brand new homes waiting on permits. There had been six homes painted, and 16 families were provided donated inventory for do it yourself projects, made possible through a grant from Home Depot.

Overall issues for RDA include the reimbursement of Fireclay, and continue building momentum in the Central Business District, while maintaining adequate reserves to capitalize on opportunities in the downtown area. Mayor Eyre asked about the land adjacent to the Holiday Inn and if it was owned by UTA, or UDOT. Mr. Tingey replied that he would look into it. Mayor Eyre asked if every community has NeighborWorks. Mr. Brass replied no and stated that the City looked at the low income housing portion and decided it would be best to fix up housing

and provide down payment assistance for young couples moving in. The program began in Murray in 2010. The only two in the State are NeighborWorks Salt Lake and NeighborWorks Provo. Murray City approached NeighborWorks to create a satellite office, with some joint RDA money. NeighborWorks approaches homes with code enforcement issues also and tries to resolve problems. NeighborWorks matches funds dollar for dollar.

Police Department- Chief Pete Fondaco

Chief Fondaco noted that one major current concern is the training budget. Those budgets have been reduced the last couple of years. There was a moratorium set on out of state training and the type of training that staff could attend. The Police Department has used 95% of one of the training budgets, and 54% of the other.

The other concern is with the cell phone policy. That is a result of the new program that pays officers with a stipend to use their own cell phone. More officers took advantage of that plan than anticipated.

Chief Fondaco wanted to discuss vehicles. There will be an increase in the Capital requests. The Department did receive 23 vehicles, but to keep the fleet operational, the vehicles must be rotated about 12 to 15 vehicles a year to remain on a 5 to 6 year rotation. In the five year period, 23 vehicles were replaced. The fleet is still aged, and is 2 to 3 years behind schedule, which is causing some higher maintenance costs.

The Department is almost done installing a UCAN (Utah Communication Agency Network) radio in every vehicle. There will now be a monthly fee for using those radios that equates to an increase of \$44,000 next year. Mr. Zollinger said the City used to have its own radio system, but it is now outdated and would cost about \$1.5 million to upgrade. The cost difference was about equal so the Council made the decision to move to UCAN.

There is another increase involved with tasers. The tasers that the officers currently use have been retired and are now out of warranty. There is a three year rotation on the tasers, which equals about a \$16,000 increase to replace one third of the tasers every year.

The Animal Control contract will increase to \$302,136. In the five year contract with West Jordan, raises were built in for the animal control officers. He pointed out that animal control employees work for West Jordan and were getting raises, as were the VECC employees. That contract will be renegotiated this year. West Jordan has done an excellent job, and is keeping the shelter operational. West Jordan moved three employees into the Murray animal shelter and it has worked well for the City. Mr. Zollinger added that the contract has gone from \$200,000 to \$300,000 in five years. Mayor Eyre asked about the conditions at the shelter. Chief Fondaco said the facility is 23 years old now, and there is building maintenance needed. Due to the adoption process with Petsmart, the City received enough funds to replace the cages.

Chief Fondaco said the City is almost three months behind in typing Police reports. If

there was a minor case that might need a report, there may be a three month wait. In 2011, due to the retirements, the City lost two records personnel. The position of data entry and typing the reports has not been replaced.

The five additional officers have also not been replaced. Chief Fondaco stated that he was told that once the incentive was paid off, then those people would be able to be rehired. It has been five years, and they have not been rehired. There are problems, especially in the Fireclay area. The Fireclay area has increased calls for service by 10-20 per week. The overall calls for service in the City have increased by 10%. Chief Fondaco noted that the recent homicide on 6400 South occurred at the same time as an armed domestic in the Fireclay area. There are a lot of drugs in the Fireclay area, and the multiple dwellings units in general are increasing the calls for public safety. It is starting to have an impact on the ability to respond quickly.

Another major project are the interrogation rooms in the criminal division. Those rooms really need an upgrade. He hates to put the money into interrogation rooms if there is a new City Hall in the future. However, it has reached a critical point because those interrogations have to be recorded and that information has to be made available. The current system is not reliable.

Chief Fondaco has another serious issue. He has been told that eight Police officers in the lower third applied to West Valley City for employment. The current turnover list has twelve names on it, since 2011. He told of an officer that had 3.2 years with Murray and left for another city. After three years, the officer had only increased .55 in salary. Murray City is starting the officers at \$18.00, and spending \$15,000 in training, but not increasing salaries and they are leaving for other agencies. There is a large investment in these young officers, noted Chief Fondaco. He commented that the salary adjustment was really just a drop in the bucket and not enough to keep these officers. Mr. Nicponski commented that there had been increases given the last two years. Mr. Zollinger replied that two years ago, there was a 3% adjustment, and last year there were compression adjustments. Ms. Turner asked for a wage comparison for officers between other Cities. Chief Fondaco said the salary range is competitive, but it takes 9 and a half years to be red-lined. Most agencies have a shorter and quicker path. An agency like West Valley City gives 5% a year, and reaches the maximum wage at a quicker rate.

Mr. Zollinger was asked by the Budget committee to compare actual rates and raises to other Cities. He said he would provide that information. Mr. Camp noted that caution should be used with the transparency website because cities report wages differently. Chief Fondaco said the range appears differently than the actual starting pay of an officer. There is a step increase between the fourth and fifth year, noted Chief Fondaco. There is a six month evaluation given on a new hire, and they receive a 3% increase. The next evaluation is six months later. An employee could receive a 6% increase in the first year. Other agencies are getting the officers to leave with a \$3 to \$6 hourly increase in pay. Chief Fondaco said the City just lost a 13 year detective that was making \$23 per hour but took another offer making \$33 per hour. He left for the Salt Lake County Attorney's Office as an investigator.

Mr. Nicponski noted he doesn't understand how an officer could still be at \$18.00 after the increases given. Mr. Zollinger said these are officers that have left since 2011, and many were prior to the 3% increase.

Mr. Camp asked a question about the tasers, and if it was \$16,000 per year. Chief Fondaco replied that was correct and that amount would pay for a third every year. The life of a taser is guaranteed for about three years.

Mr. Zollinger noted that the Unified Police Department would also be in the wage comparison, for reasons of comparability.

Fire Department- Chief Gil Rodriguez

Chief Rodriguez commented that he would address the highs and lows of his department. The Fire department really tries to stay within budget, because most of their needs are on an urgent basis.

The biggest current issue is overtime. The Fire Department lost two employees at the economic downturn. There is one employee on active duty in Afghanistan, and the Department just recently filled the position left by Glenae Turley. There are still vacation and sick needs. Five years ago, the overtime budget was \$260,000 and today it is \$110,000. The Department has had to shut down ambulances for twelve hours at a time. Last year, that cost 57 transports to other cities. Each transport is around \$1,200. It is a loss in revenue, and more importantly a decrease in service to the City. During the downturn, the Fire Department reduced the budget diligently but he hates for the employees and citizens to feel that burden.

Chief Rodriguez noted that this was the first time in the history of the department that morale has been low. He is constantly aware of the good and the bad in the Fire Department, and feels like this is the first time it has been bad. He believes it is pay issues. He had six employees test for employment with UFA (Unified Fire Authority). Chief Rodriguez doesn't have any answers for his employees. There was an unintended consequence of the compression adjustment. He had average or below average employees receive 7% increases, and great hard working employees receive \$1000. It is a frustrating situation for him as Fire Chief and morale is important to him. Salaries of other agencies have always been discussed, but have been hearsay. Today, salaries of other locations are transparent and can be seen easily. Chief Rodriguez stated that his department has great hard working employees that deliver great customer service. Murray City has always been a destination department, until now. Mayor Eyre asked the total number of fireman. Chief Rodriguez stated there are 54 fireman, plus administrative staff, IT, and fire prevention.

The department just purchased used office chairs for the conference room. They are trying to keep the budget flat. Chief Rodriguez noted that the defibrillators are going to need to be replaced. Mr. Zollinger said that is an ongoing expense, rather than a one-time CIP expense.

Mr. Brass stated that life-saving equipment should not be on the CIP plan.

Mr. Nicponski commented that maybe the \$1000 incentive last year was not a good way to go, and a percentage or pay for performance would have been better. Chief Rodriguez stated that the fire service and city employees is a competitive business.

Mr. Brass said the City paid for the ambulances and it isn't right to have the County come in and do the service.

Ms. Turner commented on the high cost of retraining new employees.

Chief Rodriguez noted that there needs to be a rotation for the ambulances so they don't have to be replaced all at once. The Department would like to request a bariatric ambulance with a stretcher. This type of ambulance is more expensive than a regular ambulance and will be close to \$225,000.

A savings process needs to be started for a new engine so that one could be delivered in 2015-2016. The CIP has been a great way to save money and see it come back to the budget, noted Chief Rodriguez. The cost of a new engine is approximately \$560,000 to \$600,000.

Mayor Eyre asked about the cadet program. Chief Rodriguez said that the cadet program is working great. It consists of high school age kids, age 16 to 21. There are 15 kids that really want to see if they want to be a firefighter. Some kids are certified EMT's. There are a couple of firefighters that oversee the program. The cadets get paid for five hours a pay period, but often work more hours than that. It started out as an Explorer program. The Department has hired 2 of them full-time, and others have been hired by other agencies.

There will be a Fire 101 course offered in the late spring. This gives the elected officials a chance to be a firefighter for a night.

Ms. Turner commented that the department was to be commended for their response at the Village III fire. The firefighters were wonderful and went above and beyond, she stated.

Council Office- Jan Lopez

Ms. Lopez stated that \$7,000 in travel was budgeted to send two Council Members to the NLCT (National League of Cities and Towns) Convention in Washington, D.C. in March 2014, and for the Council Members to attend a local ULCT (Utah League of Cities and Towns) Conference in St. George in April 2014. Mr. Nicponski asked about the ICSC (International Council of Shopping Centers) convention in Vegas. Ms. Lopez noted that would be paid from the ADS budget. Ms. Lopez added that the UAMPS conventions are paid for by the Power Department.

Ms. Lopez noted that there was not any money spent yet in Professional Services. That fund was set up in case there were any needs that were not budgeted for. There is still some money in communication supplies set aside for possible neighborhood meetings, etc. The Lobbyist line has been spent because Dave Stewart has been paid in full as per the lobbyist contract. Small equipment funds were spent on IPADs for the new Council Members. All of the other items appear to be right on budget.

The only other concern would be new carpet for the Council Offices, but that should be rather inexpensive, and that money is available.

Mayor's Office-Mayor Eyre

Mayor Eyre stated that he wanted to justify some of the increases since his term began. The employee compensation line was only at 37% at the beginning of the year, because there were previously four employees in the office and that had decreased to two people. The current number for employee compensation is at 40%.

Overtime pay is an area that is being addressed and that number will come down significantly, and will not be a factor in the future. Books and travel have not had any money spent year to date. Small equipment increased to 56% due to the purchase of computers. Sundry expenses increased to 54% because of the retirement and special events for Mayor Snarr.

There is some extra money left from the salaries that is being used for the remodel of the Mayor's Office. Mayor Eyre said Tom Baker has been able to do a lot of the remodel at minimum costs. Some significant changes in the office have been made, that will allow a person to enter the lobby area of the office. He suggested that if there is any extra money from his budget, that it would be used to remodel the VECC conference room.

The Mayor noted that he may take another look at personnel next year, but that it is working out fantastically for now. Rondi is taking over some of Jade's prior responsibilities.

Mr. Camp and others agreed that the VECC conference room could use an update.

MCEA (Murray City Employees Association) - Jackie Sadler

Ms. Sadler stated that Mayor Eyre attended the last MCEA meeting and they addressed some of the concerns. She will bring the same issues to the Budget Committee, she noted.

Employees still want a raise in salary. The compression adjustment worked for a lot of employees but many of the employees feel like there is not pay equity. It was a great start, but more needs to be done, she added. Many employees in the top half needed an adjustment, but didn't receive it. There are some employees that have worked here a long time, but just missed the cutoff, and are making less than they should be. The employees are hopeful that the

economy is getting better and that they will be rewarded for sticking through the hard times. Employees are getting second and third jobs in order to keep up with the cost of living. In some departments, it is hard to cover overtime shifts because employees need to work at their second jobs. The Mayor previously explained that increasing property taxes or utilities isn't an option to give pay increases to the employees. Mayor Eyre stated that citizens want to visually see something when property taxes are raised, such as improved streets, etc.

Ms. Sadler is hopeful that the merit system can be reinstated. She is aware that not all employees can be compensated to the point where they should be, but believes an attempt needs to be made. Morale is really bad among a lot of departments, and employees are beginning to leave. The employees are leaving and getting significant raises at other agencies. Employees are getting restless, tiring of waiting for the raise to come and looking for better options. Mr. Zollinger questioned if the employees are finding higher paying jobs. Ms. Sadler responded that some of the employees are finding jobs with higher wages.

Ms. Sadler stated that if raises are simply not possible this year, then possibly another extra floating holiday could be given. The employees appreciated that gesture. Another idea would be to give employees more vacation hours.

Mr. Zollinger commented that the City is trying to free up ongoing money to give raises to the employees. He added that if employees could find money saving options to free up money that would really help. For example, the paying off of a bond for the VECC contract will free up \$160,000 that could be used for other things. Mr. Nicponski added that the Fire Department went from four man trucks to three man trucks and made a significant savings. Ms. Sadler commented that employees may know how to be more efficient than possibly Department heads, and will pass that information on.

Ms. Turner asked what the cost would be to reinstate the merit system. Mr. Zollinger said there are challenges bringing that because it hasn't been in place. Mr. Terry commented that for every 1% increase, it is about \$200,000 in base salary. Some benefits are tied to salary also, and there are other costs on the back end. The average merit increase was 4% based on the evaluation. That would cost the City between \$800,000 and \$1 million for a 4% increase.

Mayor Eyre asked what percentage of the employees are MCEA members. Ms. Sadler replied that there are about 170 members out of 370 employees. Mayor Eyre commented that there have been concerns about morale and raises from all the departments. Mayor Eyre noted that at this time no one can guarantee raises until the budget is evaluated. He added that there are non-tangible benefits, such as the work environment, co-workers, etc. also and asked if there are other non-compensation benefit ideas that could increase morale. He would like the employees to think up innovative ways to incentivize the employees and would appreciate any other ideas to increase morale.

Mr. Zollinger asked if more vacation days, and less sick days would be appreciated. Ms. Sadler said she would ask the employees. Mr. Camp commented that more vacation days could

be a hard cost to some departments.

Ms. Sadler stated that ice cream day in July is a great thing. She also added that Christmas is on a Thursday this year, so suggested giving the day after Christmas off, so that employees could have a longer weekend before returning to work.

Human Resources- Mike Terry

Mr. Terry complimented Ms. Sadler and the MCEA association. They serve as a good sounding board for policy changes or other things. All of the departments are represented, and he is appreciative of the Association.

The Human Resource budget does not have too many issues. Most of the line items are very close to where they should be. There will be some software maintenance in the future. The department has a new printer, and is working with other departments for the payroll software. This would eliminate the paper job applications and responses to by mail. That new software will have a HR solution to streamline the process.

Mr. Camp asked about testing for the Police and Fire Departments. Mr. Terry said the Fire is tested every other year, because there are so many applicants; the list will last for two years. Usually the Police Department tests about every six months. The City requires POST certification to even apply and they receive fewer applicants. Mr. Camp asked if any other departments require testing. Mr. Terry said that an in-house testing is done for customer service hires but has no additional cost.

Ms. Turner asked about drug and alcohol testing. Mr. Terry replied that all new hires are drug tested, and that random testing in safety situation jobs is done also. There are usually about nine a month. The process goes through Intermountain Health Care, and selections are totally random.

Mr. Nicponski asked about the process if an employee is taking a prescription drug that could possibly alter the results. Mr. Terry said the employee would disclose that information to IHC. If a test comes back positive, then a MRO (Medical Resource Officer) would call the employee to let them know. If the employee could provide a valid prescription, then it would be fine, and Murray City would simply be notified that it was a clean test. Mr. Terry said that it could happen that a person has a positive marijuana test but was in a state where marijuana was legal, so that could be an interesting process.

Mayor Eyre commented that Mr. Terry is in a position interacting with all the employees. Mayor Eyre remarked that the Employee of the Month program sponsored by the Council was a great program, and really goes a long way with the employees. He believes there are innovative ways to make employees feel appreciated. Mr. Nicponski commented that the employees really want pay increases.

Mr. Brass adjourned the meeting.

Kellie Challburg
Council Office Administrator II