



**MURRAY CITY
COUNCIL / ADMINISTRATION MEETING**

The Murray City Municipal Council met jointly with the City Administration for End of Year Service Reports on Tuesday, January 25, 2010, at 8:30 a.m., in Conference Room #107 at the Murray City Center, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jared A. Shaver
Jeff Dredge
Darren V. Stam
Jim Brass
Krista Dunn

Budget & Finance Chair
Council Member
Council Member
Council Member
Council Member

Others in Attendance:

Michael Wagstaff	Council Director	Janet M. Lopez	Council Office
Jan Wells	Mayor's Office	Dan Snarr	Mayor
Doug Hill	Public Service Director	Dan Barr	Library Director
Gabe Johns	Finance	Ron Koller	City Treasurer
Caren Lopez	Finance	Tom Steffey	Finance
Rachel Jackson	Finance	Blaine Haacke	General Manager, Power
Juliette Dorsett	Police	Linda Webb	Police
Dave Rowland	Police	Cameron Jarvis	Police
David Stallings	Police	Kevin Johnston	Police
Joe Tarver	Police	Connie Cox	Police
Deven Higgins	Police	Mike Walker	Police
Brian Wiseman	Police	Ron Johnson	Police
R. Conder	Police	Troy McCombe	Police
Eric Cardwell	Police	Marvin Barlow	Police
Brad Astin	Police	Erik Lindquist	Police
Sean Malouf	Police	Chris Brekenfeld	Police
Ed Verkler	Police	Jason Coons	Police
Ray Carrillo	Police	Tom Kern	Police
Julie Jackson	Police	Brian Hadley	Police
Steve Sanderson	Police	T. Hoffman	Police

M. Faircloth	Police	P. Christiansen	Police
D. Giles	Police	T. Badovinatz	Police
Doug Roberts	Police	Dan Terry	Police
Michael Williams	Justice Court	Robert White	MIS
David Larsen	MIS		

Chairman Shaver called the meeting to order at 8:32 a.m. and welcomed those in attendance.

Ms. Wells noted her appreciation for the opportunity to present the End of Year Service Reports. Each department head would make a presentation shown on slides, and they would entertain questions following that information. A complete copy of the presentation will be made available for each Council member.

Library - Dan Barr

Mr. Barr introduced Bruce Cutler, President of the Library Board of Directors, who was present with him. He stated that the presentation was in a format established by the mayor's office. He said the mission statement was developed in 1995 and the strategic plan was recently developed; both fit quite well.

The two elements that they *focus* on are the joy of reading, particularly with children, and a convenient source of popular materials. The use statistics show that the library is definitely popular.

The *value statement* says that the library is friendly. A deliberate effort is being made to change a stereotypical image of libraries. Mr. Cutler confirmed that fact with a story related to a recent visit to the Murray Library with his daughter. Mr. Barr continued that they try to be professional, treating questions with respect; they are readers, sharing suggestions on a website blog promoting a new book or DVD every other day; they endeavor to engage the community, having a community conversation; they are local, accountable, and inclusive, trying to have something for everyone.

The *core services* from the plan include, inspiring a love of reading from infants to teens; purchasing clientele's requests; developing a collection based on community choice; welcoming visits with friendly staff and comfortable space; and extending the use of technology for home or in the library.

More core services include: story programs, age appropriate collections and staff advice for children and parents; current collections of popular materials, including books, magazines, DVDs, music CDs, audio books and ebooks. The library is getting more and more ebooks. The state provides a basic collection, but the demand is such that one can rarely get access. We are considering purchasing our own local collection, Mr. Barr commented, due to the increased demand.

Mr. Barr explained that the way the producers have it set up, ebooks can be available to be read on almost every sort of device, except the Kindle. Amazon has that locked up. I pads,

Smartphones, and laptop computers all have access. Mr. Shaver added that the Nook and Sony reader will also work. Mr. Brass mentioned that he uses Bookman, and it is free. Mr. Shaver asked if there is somewhere for the youth to go for training on how to download. Mr. Barr said that staff will be trained on that, and informational guides will be made available. Mr. Shaver pointed out that when students are asked to read a particular book, they need to be aware that they may be able to go to the library and download it, until the expiration date. Mr. Stam asked how many can be downloaded at one time. Mr. Barr said that it is like a book, in that, it is one user at a time. You buy rights almost like a copy of a book. Responding to a question from Mr. Stam, he added that they will purchase their most popular titles, one copy each. The collection that will be purchased is 500 titles. He noted that he knows there is interest, however, they are testing the waters first.

Another core service is access to computer services. There are 20 internet work stations, free secure wireless, three laptops and three Ipads for use in the building. These items have been purchased with a grant. There is 24 hour access to the library catalog, renewing, and requesting titles. Mr. Barr expressed that there is an effort to engage the public more through outreach services, such as, social networking, forming partnerships, and brand identity, through a local design group.

The Murray Library tag line is "Take Me There."

The *library inputs* show the full time employees at 11 for a number of years, with the salary amounts listed. This is without benefits. This fiscal year one person was added to meet the additional demand experienced, however, one full time staff person passed away in November. With reassignment of duties, that position has not been filled. He is certain that when the next year's budget is developed, he will recommend to the Board not filling that position. That amounts to about \$65,000 in salary and benefits to be reallocated for other uses.

Mr. Shaver asked if volunteer staff was used. Mr. Barr responded that the Friends group is volunteer, however, they focus on special projects, not much day to day activity. Paid staff take care of the children and youth reading programs.

Referring back to the salary line item, Mr. Barr commented that it had increased over time, but would go back down without the extra position. There is no part time, however, seasonal help is used on a regular basis. These are 20 hour or less per week positions with no benefits. Both high school and college students have been employed and four full time staff members have moved up through the ranks. These are dedicated and loyal people. These may be expanded next year, although, he believes there will still be a savings in labor overall.

The chart below shows labor, full time, and seasonal plus benefits; operating costs; and materials. The materials have come down a little bit, which shows that we are making better choices about what is put on the shelf, because with fewer dollars to purchase, items are being used more. This is an education process, and reflects the response to patron requests. He is always concerned about dropping the materials budget because that is what they are in business to do. As a service agency, they need the people, but what they are really about are the books.

Mr. Shaver asked if the cost for an ebook is reduced when they purchase in a lot of 500. He feels the hard copy is pretty close to the cost of an ebook. He receives up to a 40% discount on hard copies, due to the volume of purchases. He does not have great volume in ebooks yet, therefore, he does not know if there will be any discount initially. He will be buying ebooks from

the producer. He purchases hard copies from Baker and Taylor, who is a wholesale warehouse facility for Barnes and Noble, Borders, and other book retailers.

The total budget has come down some and will continue to decrease from FY '07-'08. The asterisk on FY'07-'08 indicates the year of the renovation, which is not included in the totals. The Library Fund borrowed money from the General Fund for the renovation. On the bottom, the Program Revenue or Net Cost of \$88,612 is the difference between the revenue collected and library expenditures. That amount goes to the fund balance.

Output measures are numbers that are collected each year and published in the annual report. They are consistent, measurable, and comparative numbers that allow the library to compare with other libraries, and with their own results from year to year. Circulation is up 25%, which is very significant. Currently, the numbers show continual increases of 12% to 13% this year. Children's circulation is up almost 11%.

Responding to a question from Mr. Shaver, Mr. Barr explained that *reference questions* are varied from particular things, such as what's the weight of something or the height of an item, to, does the library have this book? The number is based on a sample week, recording all questions, making an average, and multiplying it out for the year. It is an approximation, however, it does reflect that there was a slight increase, and it has increased dramatically over the years with the increase of the internet.

Mr. Barr noted that the number of *programs* refers to the number of story programs for kids. The decrease is due to trying different kinds of arrangements. In FY 09, there were registered programs where parents would sign up for particular sessions, and this year more walk-in programs were tried. For FY '11 he expects another increase. These programs are tweaked from year to year. Mr. Cutler pointed out that what is significant is the increase in circulation. Mr. Barr commented that over the last 10 years, the circulation has doubled. This is true for most libraries, based on new trends.

Effectiveness and results' information shows that there are 19 measurable goals with specific target dates that the library has identified. These came from the Library Strategic Plan that was developed with a Community Advisory Committee. These are reported regularly in the Murray Journal, to the Board, the City Council, and the Mayor's office.

Issues and trends include: engaging the community through social networking; enabling the community to decide what is added to collections; developing a brand identity, which shows we are different from the county library system; and leveraging technology to increase convenience. One self checkout is available now, and will be expanded, as funds become available, to allow the library to keep up with increased demand. The County has found this to be quite successful. Again, the Murray Library is unique as the only independent library in the county, with the reciprocal borrowing capabilities, at no charge to non residents. It is a dilemma to let people know where funding comes from, although, they walk in the door and really don't care. We feel it is our responsibility to let people know who funds this service and how it is managed, Mr. Barr noted.

Possible 5% budget reductions reflect the loss of one employee, and again, he will recommend to the Board not to replace that position for a net 4% reduction. He considers this a planned reality. Mr. Barr stressed that his strategic plan is all about resource reallocation, which shifts fund savings to a need in another place. The zero based budget is not dependent upon additional funding. If demand continues to increase and resources continue to decrease, then he may be forced to decrease service. He could buy fewer books, however, that is not what

they are there for, so other options must be considered. He has considered closing one or two evenings per week, every other Saturday, or something similar. That way books could still be available. Any of these reductions would need to be approved by the Board.

Mr. Cutler related how amazed he is at the usage of the library. It is true that technology is advancing, however, it drives a greater interest when there are more options, and greater availability. As people see their budgets being reduced, they are going to the library for their service. He also, related his pleasure of renting older movie DVDs from the library. He stated that it is a real bargain to have service levels increasing and budget remaining the same.

Mr. Barr mentioned two things regarding future budgets to bring to the Council's attention. One challenge will be a change in the way monies may be used. Something called "prior year exemption" adjustments will have to be considered differently. This will need to be confirmed with Pat Wilson, because it applies to the next fiscal year budget. It refers to late collected property tax revenue. In the past, the library could anticipate those funds and plan to use them. However, now, it may not be budgeted for its use until sometime in the future. Initially, it will go into fund balance. It will reduce the revenue by about \$40,000 per year, which may be offset by some of the staff cost savings we have discussed. On the positive side, the original bond on the building will be paid off sometime this year or next year. This will be an additional \$65,000 that can be reallocated for other uses within the budget.

Mr. Stam commented on the prior year exemption stating that if you are able to use the tax dollars later, after collection, then theoretically, it is only a shortage the first year. After that first year, you will be able to anticipate getting the dollars. Mr. Shaver added that once the tax dollars are collected, you will know the amount that is available for budgeting. Mr. Barr said that Ms. Wilson will come to a Board meeting to explain the impact on the budget.

Mr. Cutler suggested that eventually, with the continued growth of services, the library will outgrow the building. The bond money could be set aside to expand to the south or to another story. This is an option.

Mr. Barr said the idea comes up from time to time, but there are no real plans in that direction. He indicated that the library is on leased property, owned by the school district. With Hillcrest being rebuilt, there are some unknown issues.

Mr. Shaver asked if the library Board had considered what they would like to see happen as the growth continues. Mr. Barr responded that when the building was originally built, the architects designed with the idea that it could relatively easily be expanded south and gain an additional 8,000 square feet. The current building is 19,000 square feet. This is possible within the property limits now. Also possible is the 8,000 square feet south and 8,000 square feet up, locating staff services on the second floor, keeping the ground level for public access. All of this would be dependent with what the school district does with Hillcrest, because any additional square footage would require additional parking. There are times when the library is at capacity, both in parking and seating.

Mr. Shaver stated that by talking with the School Board regarding the Hillcrest construction, and communicating the library's future needs, they may take it into consideration during their process. They should be aware of what you would like to do. Mr. Barr has talked with the Superintendent, and discussions would need to take place at many levels, the Board, the Mayor, funding, and property issues. He has made his wish list known. Additional parking would be the first request.

Mayor Snarr said that the superintendent indicated he would take the library into consideration and the plans are to have more than adequate parking with the new school construction. They have also raised the number of home purchases in the area from 21 to 23. The district has already acquired 18 of those 23 homes. Mr. Shaver suggested that it would be a good topic for discussion at one of the City / School Coordinating Council meetings.

Treasurer - Ron Koller

Mr. Koller explained the *Mission Statement* as the desire to provide quality customer service to the residents of Murray.

Core services include managing the financial resources in and out coordinating with Ms. Wilson. Deposits are made daily, new financial tools are implemented, and customer service are priorities. Problems are handled so that people feel good when they leave the office.

Inputs show that there were budget increases since FY '08-'09, due to the new payroll person who was hired at midpoint of the salary range. She serves as Mr. Koller's backup. On a regular basis there are just two employees.

The measure of *outputs* shows that the relief program helped 465 people with \$17,000. This is an increase in number of people because of tweaking the amounts payable to each person. Some of the amounts from the Salt Lake Heat program were larger, therefore, our amounts change. This is about \$30 per person.

He has started taking electronic payments from FIS, the City's largest provider. About 1,300 payments per month come from them. The process includes receiving a file from them each morning. That file is viewed and corrections are made. The accounts need to be adjusted (by adding a dash), and it is sent back to them, resulting in receipt of funds one day earlier. This amounts to about \$10,000 per day from the FIS payments. When all the adjustments are made, it will be much easier. Murray has a total of 17,000 residential accounts. There are 3,900 storm water payments, and business accounts. There are other banks and providers that send payments to the City. The plans are to expand these payments. This is done by contacting the providers and informing them that the City would like to receive payments electronically. They work with MIS to format it correctly. There are many providers, and we expect that this system will continue to grow. Checks need to be hand entered, and there can be a time savings by electronic receipt. The provider informs the customers of this availability. It helps the customers' cash flow, and streamlines the City's process.

Mr. Koller explained that he is always looking for ways to increase the City's interest income, however, he would have to commit money for up to three years to get 1%. It has been decided that the risk is not worth that commitment.

He actually has only one and a half employees for the work in his office, and they try to be as efficient as possible. Rachel is backup. Mr. Koller noted that when he started with the City there were five employees. Heather works five hours a day, so that is really two thirds time.

In *issues and trends*, Mr. Koller remarked that the banks are indicating interest rates will remain flat over the next year or two. The City currently receives less than half a percent interest from the State Pool. They carry the bulk of cities' and towns' money in Utah. A few years ago he found a Zions Bank program called the ultimate savings. At the time, it way paying

1%, and Murray was the only city that took that opportunity. Now, it is not available to any cities or towns, because it was a one-time promotional rate. It has also dropped, and last month it was paying .63%, this month is .6%. This is still better than the State pool at .4883%.

Merchant credit card services have been bid out, resulting in a savings of about \$7,000 a month in fees. It was through Royal Bank of Scotland (RBS), although, it has changed to World Pay. The money is actually received by Murray one day quicker. He will try to grow that with other providers.

Explanatory factors include that flat interest rate. The increase in salary in FY '08-'09 was due to hiring of a new payroll coordinator, as previously discussed. You can see that the Treasurer's budget has been cut close to \$10,000 since 2007.

With a *5% budget reduction* the 2012 amount would go from nearly \$240,000 to \$225,000. That could possibly come from a reduction of \$1,000 in travel, and \$12,000 in personnel. Education and books have already been cut. The travel is one conference in St. George with all the treasurers in the state when they go over different ways cities are doing things. The state does some training, and other sponsors conduct training. However, a payroll cut like that would dramatically impact services, there would not be enough staff time to keep up on the work load.

Mr. Koller recalled the past when the city could get 18% in interest, and money was spread out among a number of different banks.

Mr. Brass commented that by bidding out the credit card fees there is a savings of \$7,000 per month. He asked when that was done. Mr. Koller stated that it began in June, therefore, the results should reflect in this current fiscal year. It took some time get everyone converted over. Mr. Brass noticed the \$84,000 savings in credit card fees. Mr. Johns informed the Council that it is spread out across the City. It will show up in individual departments. Mr. Brass further noted that the Council knows that every department cannot be treated the same, and they will take that into consideration. He appreciates the efforts to save money and find money.

Following a short break the meeting continued at 9:45 a.m.

Finance - Gabe Johns, Tom Steffey, Caren Lopez, and Rachel Jackson

Mr. Johns introduced Mr. Steffey, Accounts Payable clerk, who was handling the finance presentation in Ms. Wilson's absence. Mr. Johns is the Deputy Finance Director, Caren Lopez in the Utility Billing Supervisor, and Rachel Jackson is Payroll Coordinator.

Finance

The *Mission Statement* is based on what is done within the department. It is focused on receiving monies, giving reports, and working with other departments.

Core services include receipt of revenues, paying vendors, paying salaries, taking care of bonds, tracking City cash, making ACH payments for UTOPIA and UAMPS, and performing functions with DEA.

Mr. Shaver asked if there was a single postage machine for City Hall. Mr. Johns

confirmed that and noted that the Park Center has a postage machine, as does the library.

Mr. Johns explained that in the agreement for the DEA, the City receives 5% of a particular grant, amounting to about \$35,000 to \$40,000 per year. This money is compensation for the DEA personnel that assists them. Murray manages their books, pays their bills, and works with a liaison on their behalf. Mr. Shaver asked if this covers the expenses for DEA. Mr. Johns stated that it has not been analyzed to determine if the amount is fair compensation.

Mr. Steffey continued, detailing contacts Ms. Wilson handles with insurance brokers, investment brokers, and the county. Mr. Johns oversees the ambulance service and this will be the second fiscal year, therefore, we now have data to build on.

Inputs include labor charges that show a spike in 2008, when the former finance director retired, receiving a large payout, then it tapers down. When a person leaves on good terms, they receive all vacation pay, and 25% of sick time accumulated. They are also given some sort of payout for user services on sick pay. Mr. Whetzel's final payout was around \$28,000.

Mr. Johns mentioned that the payroll coordinator has been paid in the treasurer's budget, however, that skews the accounting, and where the personnel actually works. Ms. Wilson may seek to change that in the next budget year.

The four employees listed include Ms. Wilson, Mr. Johns, Mr. Steffey, and the open position. The treasurer's budget had two full time, which included Ms. Jackson.

Previous years had the float parade drivers in the finance budget, which will be moved into parks, accounting for about \$6,000, Mr. Steffey said. The OPEB study accounted for additional expenditures in 2007 and 2010.

Output duties are made up of processing 250 checks per week, for about \$800,000 per week, equating to \$40 million per year; processing 210 pieces of mail per day, for \$78,000 per year in postage; sending out 86 1099s amounting to \$500,000 per year, and 182 unclaimed property checks. There are close to 13,000 vendors, and 400 full time employees. W2s amount to \$25 million for a total of 935. There are more than 150,000 overtime hours. Interesting are the unemployment claims. The average has been 12 per year, totaling a payout of \$15,000 in previous years. This fiscal year there are already 30 unemployment claims, so that is trending upward.

Ms. Jackson explained that Murray is a reimbursable employer, meaning that we do not pay an unemployment insurance rate, we cover the actual claim when people file. It is actually less expensive to do it that way. The seasonal employees are talking and discovering that when the snow falls, and the golf course is not operational, they can claim unemployment in the winter. We are still under budget on that. Ms. Wells noted that it is a new phenomenon, happening more and more. There have also been valid claims for animal control.

Mr. Steffey detailed some *accomplishments* of the finance department. The Certificate of Excellence has been received for 29 years. Mr. Johns has simplified budget documents, and cleaned up the fixed assets. The department has tried to give policy makers better data.

Future goals include acquiring an integrated payroll system. There are numerous programs utilized by Ms. Jackson to complete each payroll, involving many staff people. Ms. Jackson added that Ms. Wilson's goal is to centralize to obtain more consistency. There are

many different payroll situations, with fire, police, and public services who work on work orders. Centralizing would bring all the functions into City Hall. The people that do the payroll, also have other responsibilities, and they may not understand all the laws and rules. An education process has begun. If the City had a Department of Labor audit, currently, it would be necessary to go to six or seven different City sites to pull time sheets for three years.

Mr. Brass added that there is duplication of services and with the recent social security deduction changes, it could be picked up one place and not another. Mr. Johns pointed out that the software is an in-house written program, not to discredit it, the program functions very well, however, the department relies very heavily on Dave Carpenter to make sure it runs well. It is not good to be so dependent upon his expertise.

Mr. Shaver asked if there were a process, system, or program that the City could invest in, in addition to working on centralization, communication, and coordination. Even though the cost comes now, ten years from now it would still be viable. Mr. Johns stated that the IT study in process will address that.

Addressing *issues and trends*, Mr. Steffey mentioned that Ms. Wilson believes Murray City salaries are not competitive. For an example, the same day the accountant position was posted, an identical position was posted with the retirement system, however it started at \$3,000 to \$4,000 more. Her belief is that in comparison to other cities we are behind.

Mr. Johns stated that another aspect of the IT study will be an eventual move from the software we primarily use. Some of these issues can be addressed then, compatibility, general ledger, the data that goes in, and pulling information out of the system.

Anticipating a *5% budget reduction*, finance has four line items that are essential. Those are the regular full time employees, benefits, the outside auditor and the HTE software. Keeping those four lines, and dropping all other items would not bring the department to a 5% reduction. The only way to meet that amount would be in staff reduction.

Mr. Brass stressed that the City is required by state law to balance the budget. The Mayor's State of the City address stated that sales tax revenue is off \$3 million. That is not quite 10% of the budget, a significant amount of money. At some point, the City will have X amount of money, and that is all that can be spent. By starting this process now, we will have a better handle on what can be done. We can hope that life turns out better. We are learning a lot. Five to six years ago, we had money coming in like crazy, all we had to worry about was where to spend it all. Now that it is not coming in, we have to change that. That is the question. When he sees big software numbers, in his dreamworld, Mr. Brass hopes that somewhere in there that number can be found that does not need to be spent, meaning that people do not have to be cut. He would like to drill deeper in the budget to see what is necessary.

Mr. Steffey confirmed that inflows and outflows are discussed constantly between Ms. Wilson and Mr. Johns, playing with revenues, and they definitely know the cash flow problem.

Customer Service

Mr. Steffey continued by mentioning the *Mission Statement* which says they are the face of the City, a direct reflection of the City, and a source of general information. Their mission is to serve the citizens of Murray in a courteous, compassionate and efficient manner. Their function is to provide accurate and timely utility information to the citizens and businesses in

Murray.

Core services, put together by Ms. Lopez, include, initiating utility accounts, billing accounts, reading meters, collecting delinquent accounts, and shut off or reconnect, depending on account status. If there are issues, such as power outage, or water cut off, they are flooded with phone calls to inform people. Ms. Lopez stated that often they are not notified of outages, and are only aware because the phone calls start. There is radio transmission that they can listen to providing emergency information.

Mr. Brass asked about disconnecting and reconnecting. Because of economic times, he expects that number has gone up, and wondered how often people wait to the last minute, get disconnected, and then pay the same day. Ms. Lopez said it is quite often, and some statistics will come up in the presentation. She explained that the department sends out a ten-day notice, a 48-hour notice, and then give an extra day. Weather is also an issue, because they can't shut off, and they do not want to shut off power when the day time high is below freezing. She said that they have a little moratorium over the holidays, and so due to that, when conditions are right, there might be 20 to 40 actual shut offs per week. They do find out that some people have actually vacated. The majority of people come right in to pay the bill and get it reconnected.

Mr. Brass stated that some people are doing it just because. He asked if there is a way to discourage that. The cost of sending someone out to disconnect and reconnect is expensive. Mr. Johns said that there are fees associated with disconnecting and reconnecting, however, it is difficult to know whether that really covers the cost. Mr. Brass stated that some people genuinely have a problem, and others just play the system. Ms. Lopez stated that more and more people are getting public assistance and that helps the City get its payment, however others will not pay for months and months until their assistance comes and then the bill is so high, they are in dire straights. Then they have to ask for special things like deferred payment agreements. It has been really rough for many people.

Mr. Shaver observed that there is not a specific policy as to how long they wait, but is something they feel as a department. Ms. Lopez said that they physically do not have the manpower to go out to enforce the 48 hour shut off. The 10-day notice is mailed out, and the 48-hour notice is hand delivered to the door in the winter. During the spring and summer months they are also mailed. This points to another issue, Ms. Lopez stated. As meter readers decrease with the new meters, the availability of someone to hand deliver notices will be decreased, as well. There are usually about 300 of those notices.

Mr. Steffey continued with *inputs* showing a new person added in 2008 to nine employees. In 2007, the operating capital of \$18,000 was for the initial software for the meter readers. It was an upgrade to the meter reading system to accommodate the radio read meters that are being installed now.

Explanatory notes show that in 2007 an employee from the power department was reassigned, and postage has increased over the last few years. The staff has been doing some cross training in customer service, so that the person up front can also run reports and the department can function more efficiently. They have been as frugal as possible with all supplies. Ms. Lopez added that paperless billing was implemented last summer. Slightly more than 400 customers have signed up. She adds a note on the bill about signing up for that whenever she can.

Outputs show that there are more than 17,600 utility bills generated and mailed each

month. Delinquency notices amount to 3,200 per month, and it all equates to just less than 1,600 pieces of mail each day, for \$39,000 per year. The City is split into four quadrants, therefore, one quadrant is billed each week.

Mr. Stam asked about after hours calls. He wondered if someone was in the building to respond. Ms. Lopez reported that someone is on call for after hour reconnects until 10:00 p.m. It will be one of the meter readers or Mark Williams, supervisor, who does that. Power dispatch will take the calls from 5:00 p.m. to 8:00 p.m. and if people have the money for their bill they will go out to connect, and typically, about four per week might be done. Calls are collected up until 8:00 p.m., and are reconnected between 8:00 and 10:00 p.m. Mr. Stam asked about the fee for after hours. The fee is \$25 during regular business hours and doubles after hours.

Mr. Steffey stated that accounts have grown by 20% over the last few years, and no additional staff has been added. The current economic environment has led to more delinquencies. UTOPIA has requested that our customer service department begin billing for UTOPIA services, however, if that does happen, additional support will be necessary for the department.

Mr. Johns mentioned that a meeting is scheduled with the other UTOPIA cities to detail this process. He and Ms. Wilson have met with UTOPIA operations and finance staff to find out how this would function. His understanding is that Murray will begin to bill new customers going forward and after that is operational, then current customers will be added. Timing is undetermined now.

The *5% budget cuts* in customer service are comparable to finance. The only place to meet that reduction would come from employee expense.

Ms. Wells added that the customer account department is paid for by the enterprise funds. Mr. Johns explained that the utility billing is covered 100%, finance department is 72% paid, and the treasurer is about 99% paid. Human resources, attorney, and MIS decreases to between 30% and 50% covered by the enterprise funds.

With the new automated meters, customer service can eliminate its staff by 1.5 meter readers. That does exceed the 5%. By cutting this staff, in winter, there would not be enough staff to hand deliver the 48 hour shut off notices. Ms. Lopez stated that there are 300 to 400 48 hour notices per week.

Non Departmental

The sole intention of the non departmental fund is to cover unexpected expenses. Lately that has primarily been used for tracking UTOPIA and UIA expenses. There is no staff, however, some citywide benefits flow through non departmental, such as a mental health service and tuition reimbursement, employment money for the general fund, and long term disability.

Mr. Johns reported that the large increase in operating expenses in 2010 was for UTOPIA and UIA commitments.

Because these funds are for covering unforeseen expenditures there is really no way to plan a 5% reduction, Mr. Steffey remarked. If the budget were decreased and expenditures became necessary, it would mean taking money from reserves to cover expenses.

Risk Management

This is an internal service fund for property, liability, crime, identity theft, and employee bonds. Mr. Johns said that this is a pool of money set aside to cover catastrophic law suit damage, or whatever may occur. Recently, it has been used as a flow through to pay city insurance premiums, which is then reimbursed by the individual funds. It includes power department and other enterprise funds.

The premium due dates have shifted some, however, they may become semi annual payments. It has been moved to this particular fund in order to better track, monitor and report on the insurance payments.

Effectiveness and results include the completion of the risk management study, and the department feels they are tracking expenditures better. Mr. Johns added that a finance software package has just been purchased to be used in connection with finance, the safety manager, human resources, and the attorney's office to expand tracking of claims and loss data. This should help in marketing insurance by the broker. One of the questions always asked of the City is to see a loss history. This has been non existent until now.

A 5% budget cut in this department would be difficult as the budget is just being developed. City insurance must be adequately covered, and the expenditure of claims against the City is totally unpredictable. The finance director and City attorney believe a reserve of one million dollars should be kept in this fund, and more reserves could allow the City to become self insured.

Mr. Shaver asked if additional monies are going into that account or if it is just earning interest, and how much is necessary to self insure. Mr. Johns responded that additional money is going in, however, it is small. If the City desires to self insure, significant money would need to go into this account. The amount to self insure depends on the circumstances of the City, and it may be helpful to have an assessment. Ms. Wells said that her recollection is that about \$5 million is the number, however, Ms. Wilson has that figure. She pointed out that these funds are being used to take care of City matters, police car replacement, for example. The gap between insurance and the replacement cost will be covered from this account. Since Ms. Wilson started with the City, this fund has grown from about \$750,000.

Mr. Dredge joined the meeting in progress at 10:25 a.m.

Following a short break the meeting resumed at 10:40 a.m.

Ms. Dunn joined the meeting.

Power - Blaine Haacke

Mr. Haacke explained that he would address future issues, which are affected by the economic situation, and legislation on the state and federal level. Carbon taxes and climate change are matters to be considered. He introduced Greg Bellon, who would make part of the presentation.

The power *mission statement* is to provide reliable service that is reasonably priced. Power is an exciting business, and Mr. Haacke stated that he is second generation and finds

the industry fascinating. The department is committed to making wise decisions, and one such determination was to be involved in the landfill methane plant. It has become very economical among renewable resources. Wind power is near \$90, nuclear \$110, and methane at \$60 is reasonable. It is envied by the California market.

Power has a lot of people to answer to. The Power Advisory Board, appointed by the Mayor and Council, is a five-member board with transitions in new and retiring members. Rates are based on costs, and Murray is priced at the lower end of the state average, a little lower than Rocky Mountain Power on the residential and large commercial sectors. Murray's small commercial is higher than Rocky Mountain. Cost of service studies reveal this information. The rate was left status quo, although raised 3% overall. Customers realize that Murray power is a good buy. The department did experience an underground problem the previous weekend that took longer than usual to resolve.

Mr. Haacke related that the department feels it has a good mix of renewable and non renewable resources. Renewable resources are solar, methane, and hydro; non renewable are coal fired, and natural gas. About 60% of Murray energy comes from coal plants: Hunter, San Juan, and from the Utah Associated Municipal Power System (UAMPS) pool. Federal hydro from the Colorado River accounts for 20% to 30% of our energy, 10% comes from the natural gas plant on 4800 South, and 5% comes from Cottonwood hydro. We feel this is a good mix, Mr. Haacke expressed. If coal taxes are raised, then hydro will become more important. UAMPS is discussing nuclear, which would cost about \$118 to \$112 per MWh. Minimal fuel costs remain once the debt is covered, however, that could be 40 to 50 years down the road.

Power consists of three divisions: Administrative, operational, and engineering. The senior staff is three people: Greg Bellon, administrative, multifaceted; Ken White, operational, more blue collar work; and Charles Crutcher, engineering, metering and substations.

Mr. Bellon addressed the *core services* in administration. They include facility maintenance of the five substations, with landscaping, security, and are a large part of the administrative core. Budgeting and finance includes reporting to the Power Advisory Board. Energy and resource scheduling is done on a 24-hour basis, month to month, with a graphing system to match load with resources, taking into consideration all energy sources. This is one of the most important areas, with power costs over half the budget. Purchasing and warehousing is another huge area, accounting for all items, in addition to purchasing for other departments in the city. Fire, streets, and parks all use products from the warehouse. The 24 hour dispatch monitors the substations, water, and system control. Some entities have discontinued 24 hour monitoring, which can cause huge problems overnight. Safety and security are important. There have been numerous incidences of people stealing copper wire.

Core services also include the education and conservation programs headed by Dan Stireman. He does a good job, partnering with the National Electric Foundation, to go into ninth grade classes, 12 times a year teaching science and electric classes. Murray schools have taken field trips to the methane power plant. Mr. Brass mentioned that Salt Lake Community College also speaks highly of Mr. Stireman relating to the teaching of engineering students. His customer service skills are excellent, resolving numerous problems. Mr. Stireman conducts energy audits, completing 12 residential and two commercial properties every month. He gives them a three-year history of power bills. The public power celebration is also handled by Mr. Stireman.

Committee assignments include attending UAMPS and Intermountain Power Project

(IPP) meetings.

The operations area *core services* are headed by Ken White, including the linemen, and also the drafting persons working with the contractors. Equipment and clothing are important as safety measures. The department is extending the life of vehicles as long as possible. Murray is a 12 square mile area to provide service to, except for the annexed area. The arborist program, tree trimming, and line clearing are important. One of the biggest reasons for power outages are line clearance issues. The arborists work hard. Shade tree planting on park strips is their responsibility, along with Arbor Day celebrations, and the Christmas decorations on State Street and City Hall. They also do some snow removal and Beautification awards, in cooperation with the public services department. Street lights and new service installations are part of Mr. White's area. There are 15 line workers, and 7-8 arborists in his crew.

The engineering *service* area is multifaceted, led by Charles Crutcher. He is responsible for meters, substations, hydro, and gas turbines. The radio read meter program is just being finished on the residential properties. It will only be necessary to drive down the street with a radio responder to read meters. No more manual reading. Water is doing this as well. Power is about 70% installed. It is an ongoing phase, opting to bring it in over a matter years. To finish, it will require another \$2 million to \$2.5 million. It can be done by the end of 2012. One meter reader has retired, leaving John Galanis, who has help from three operations department staff to install the meters. There are five substations that are inspected monthly, with record keeping to maintain compliance with North American Electric Reliability Corporation (NERC) and Western Electric Coordinating Council (WECC). The government mandated specific regulations to prevent power outages and insure future reliability. Murray will be audited by WECC, and reporting is very important, as other cities have had fines as large as \$50,000 due to reporting inconsistencies. They track what is done on each entry into a substation, and the condition of the regulators. Relay and transformer testing and maintenance are important; the test sets are budgeted and cost about \$100,000. This will increase reliability; each individual circuit will be relay tested, and coordinated.

Mr. Brass asked if UAMPS could purchase that and allow members to utilize it. Mr. Haacke stated that they will purchase a sister set with Provo, and as it will be used yearly, it is cost effective to have the two-way set to work with Provo. The IR guns with UAMPS have not worked well because the condition has decreased as they are moved from city to city. The calibration is not accurate.

Engineering works with the contractors on work orders, assessing line extension fees and impact fees. February 15, Mr. Haacke will meet with the Committee of the Whole to discuss the impact fee rates. It has been reassessed and will be proposed to decrease the fees.

Power department *inputs* show that the full time staff has decreased by three employees, to 52, in the 2010-2011 fiscal year. With retirements and another staff loss, the department has been able to move people around in order not to rehire. Some GIS work has been shared with public works, but for now the position will not be filled. Labor costs have been steady, and operating costs have fluctuated, which is mostly accounted for by resource costs. Resource costs have gone down. Natural gas was at \$12 a decatherm, and is now about \$4.

The capital budget was high in 2007-2008 at \$1.7 million, having to replace a capacitor bank, and transformer. In 2009-2010 the capital budget was \$1.2 million, however, the department backed off spending only \$67,000. This is done by eliminating backyard rebuilds. Cutting this budget will eliminate the rebuilds, and vehicle replacement. No facility upgrades

have been completed, although, there is a wall down on the Riding substation where there has been heavy cracking. It will need repair someday.

Mr. Brass asked if the department had been hit with power correction charges. Mr. Haacke responded that it has not happened yet, however, he explained that Rocky Mountain Power monitors Murray's power factor. It has to be 95% or better over peak. It is basically the quality of power entering the city. Rocky Mountain, is our transmitter, and if the power factor is bad, it means that Murray is taking advantage of the grid. Verbal and written warnings will be given, resulting in about 18 months to correct it. Capacitor banks take care of that problem. Mr. Brass commented that they extend more power than we are metered for. Correction costs can be huge, almost, doubling the power costs. It is a drain on the system of 5% that Rocky Mountain is not being compensated for. Mr. Bellon said that another capacitor bank is in the next fiscal year budget, and these are installed in the substations. Mr. Haacke said they run \$60,000 to \$70,000. Additionally, there are some small ones on boxes on the system, but they are a short-term fix. We have two, but need five more. The difficult problem is holding back on capital expenditures will catch up with us. Immediate problems are being taken care of.

Mr. Brass mentioned some high tech firms and businesses who have taken a look at locating in Murray, and our shining example is our power reliability. We have 99.99% availability. Risking that development by cutting capital is not good.

Mr. Bellon said that there are some capital items on work orders that are not reflected in the operating costs. Probably about \$250,000 has been spent on the system.

Mr. Haacke reminded the Council that last budget season, the department presented a balanced budget, however, the Council asked for more ILOT paid into the general fund. It was raised from 5.7% to 6.8%, and that 1.1% of total revenue was about \$400,000 to \$500,000, taken from capital expenditures.

There is a \$2 million difference in revenue and expenses. Revenue includes metered sales, wholesale power sales, REC sales (green tags), impact fees, and pole attachment fees. We receive about \$100,000 per year from Qwest for using Murray poles. This revenue is \$33.1 million, and expenses are \$31.2 million. Principal and ILOT are included in the expenses. The debt service is close to \$2 million per year, and is not included in the expense figure.

Mr. Brass noted that the Council had decided to put \$500,000 into reserves each year, however, this has not been possible the last couple of years, Mr. Bellon reported. Two years ago, power borrowed \$400,000 from the water department, which was repaid in the last fiscal year. With that, the department was even for the year.

Outputs in power show the kWh purchased, which have decreased over the past year. It is felt the decrease is due to climate, conservation and economic reasons. A cloud cover in the middle of the afternoon on July 15 can cause a load decrease of 15 MW instantly. That affects cooling into the evening. For fun, Mr. Haacke pulled Council members' usage history, and it shows that reductions of 4% to 5% have occurred over the last two years. One went down 2.5% from the previous year. Theoretically, wholesale power purchases should go down accordingly, however, sometimes power is committed in advance, and it is not possible to cancel the purchase. When IPP is called back it is done on a seasonal basis, and if the load goes down, the City is stuck with the energy contract. Currently, sales are about even with last year, and we did not call back IPP, Mr. Haacke explained.

Mr. Brass stated that everyone is pushing energy savings, and Murray power gives away compact florescent light bulbs. For every bulb changed you save 60% energy. He feels that the numbers will continue to trend down. You need to budget for a declining revenue stream.

Mr. Haacke did a three-year history on Intermountain Medical Center (IMC), and their usage has gone down from 2008 to 2010 about 25,000 kWh per month, and the peak has dropped about 1,300 kW a month. They are doing things differently, because they have two new floors, and a new building coming on. It is difficult to project to that.

Other statistics show that the number of unplanned outages has decreased, and response time is 21 minutes on after hour outages. The average outage duration is 34 minutes. These are well below state and national averages. Safety wise, there were no loss time accidents. We have a good safety program, and our guys have good safety equipment.

ILOT transfers years ago were 2.2% of revenue. Recently, they have been increased to 5.8%, shown for the last four years, and last year was 6.8%. This year that amount is planned at \$2.4 million. This is probably equal to or slightly below some of the other utilities.

Debt service will be about \$2.2 million for the next 15 years, with three bonds out.

Production numbers show that small hydro produced 17,000 MWh in 2008-2009, and last year only 10,000 MWh. More important than the snow pack is how the snow comes down. A quick thaw results in production losses around the plant. A slow thaw means more production that may even extend into August and September. This last year saw a good snow pack, however, there was a quick thaw ending in July, hence the flooding. It has been down all winter due to concrete construction rebuild. Last week production began again, and there is current production of 250 kW. That is enough energy for 60 to 70 homes. The transmission line comes down near La Quaille.

Gas turbine production is based solely on natural gas prices. The peak demand was 2007- 2008, and the other years pattern in. We run 97,000 to 98,000 kW peak in summer, and about 65,000 kW in the winter.

Customer numbers remain stable at around 16,500 for the last four years. The radio reads are 13,400. Large commercial customers are 400 in number. These customers use more than 30 kW, amounting to about 60% of the total energy used. Less than 1% of meters use 60% of energy. Dan Stireman stays in contact with these key accounts, some of which are Larry Miller Group, Costco, Sears, Sam's Club.

Renewable energy credits (REC) for the two methane plants are received for every MW hour, and they are sold into the market. California entities purchase these to show that they are green power consumers. California utilities must now be 20% renewable resources: solar, geothermal, biomass, etc. There are volumes of documents necessary to prove that we are truly a green plant. The market has gone from one dollar to six dollars per MWh. It will fluctuate from day to day. Last week the California legislature passed a TREC mandate, which is a tradable REC. This will open up a market in the \$10 to \$20 range. Currently the REC is only worth 70 cents.

Mr. Stam asked about areas like Fireclay with 600 apartments and commercial. He wondered if this density gives an opportunity to produce more income, or is it even. Mr. Haacke

has the ability to produce that power and he feels it will be more bang for the buck. Infrastructure will be easier for the power department. A new circuit has begun along Box Elder.

Mr. Brass commented that rates in water and sewer are on a sliding scale upward, however, in power the rates have come down. Mr. Haacke said that the power factor issue, which may cost penalties, is in the rate now and could go out to customers. Some extra revenue could be brought in by being more strict. It would be recovering costs that we incur anyway.

Issues and trends include carbon tax, climate change legislation, and what will happen to the IPA plant in Delta. In 2027 the mortgage will be paid up and operation will be turned over to a small Utah contingent. In the meantime, California uses the resource and pays the mortgage. Californians want the plant, and many meetings have taken place, suggesting a number of options for after 2027. Some of the ideas being tossed around include shutting down the plant; running only one unit, bringing the cost up to about \$90; changing out the boilers and allowing bio products from wood; shutting down one and making it natural gas, while keeping one coal.

A carbon tax of \$20 would cause Murray to raise rates by about 20%. We are heavy in coal so that would have a big effect.

Fly ash is residue from particulates that are captured. For years it has been put into concrete and used in blocks. In the east there was a flood of ash, and the EPA is calling it an environmental bio hazard waste.

Rebuilds will be scheduled in Hunter and San Juan for SRCs, which are particulate protection on the plants. These are scheduled for 2017 and 2018 and will probably raise costs by \$5 to \$6.

Mr. Bellon continued discussing trends, addressing high load hours (HLH). Prices are the highest during this time, which goes from 7:00 a.m. until 8:00 p.m. The IPP is laid off and not called back, because it is \$55 round the clock, high and low load hours. HLH has just been purchased for February at \$38.50. Low load hours can be filled in at \$20 from UAMPS or other providers. This process has been followed for about the last six months.

About 70% of the landfill plant has been bundled and is being sold to Truckee/Donner, since January. This is our most expensive resource, and is being replaced, as detailed before, with the HLH and low load hourly rates. This is revenue of about \$2,000 per day.

For the REC production and marketing to the California utilities Murray must be CEC certified, therefore, Mr. Stireman is working on that.

Discussing employee issues, Mr. Haacke related that he has 17 employees eligible to retire. The workforce is not that old. These folks are only 54 to 55 years old. Power would lose their experience, however, there are a lot young guys moving up.

A rate increase is expected from the Colorado River Storage Project (CRSP) in a year or so, probably about 10%. Lake Powell, Lake Mead, and Flaming Gorge are part of this project. Sometimes we are hit with equalization flows. If, for example, Lake Mead is only 30% full, and Lake Powell is 50% full, then they will let 10% of the water out of Lake Powell so the lakes are closer to the same level. Unfortunately, they usually choose February or March to do that by letting the flood gates open, and we use as much power as possible, however, if they did it in July we would have greater usage needs.

Power board members terms were discussed, and IPA transportation issues mentioned. The Crandall Canyon Mine was half owned by IPA, but it was very low key during the disaster there. Since then, IPA sold its interest to Mr. Murray.

Rocky Mountain is thinking of raising transmission rates on the grid from \$1.70 to \$2.10 per kW. That could affect Murray by \$100,000 per year. UAMPS watches that.

Budget explanatory items include the ILOT to the City in the amount of \$2.4 million, and Mr. Haacke remarked that Hunter Plant debt has been paid off. Instead of realizing that extra revenue, the same amount as the mortgage will be put aside for 20 months to prepare for the capital rebuild of the plant. That is about \$3 million.

Portions of our Trans-Jordan Landfill generation being sold to Truckee/Donner can be diverted back to us if we had compliance issues to fulfill in the future.

The Craig-Mona transmission line is not being used, and Murray would like to sell its interest in it. Our cost is about \$15,000 per month. Some leasing is done, but if we could find a buyer, we could eliminate that expense. It is unnecessary for Murray or UAMPS.

A possible *5% budget reduction*, would come first from labor. There are three people who have already left the City, and with our commitment not to rehire, it produces a \$326,580 savings. Public power week can be eliminated for a \$20,000 savings, and the appliance rebate program will not be started for a \$75,000 reduction. The remote meter program can be slowed and not finished until future years, saving about \$85,000.

Mr. Dredge asked if the remote meter program would reduce labor costs. Mr. Haacke said that it would not reduce power department labor, because it is monitored in utility billing. There is a total of five meter readers, and some bad data is received, therefore, he feels they need to keep the readers awhile longer to make sure everything is operating properly. In the long run, fewer meter readers will be necessary, and that is part of the return on investment.

Power board expense would be reduced by \$5,000 from the travel budget. The total reductions are \$500,000.

Mr. Dredge asked about the possible 17 retirements. Specifically, he wondered if there are qualified people coming up through the ranks? Mr. Haacke responded that some would have to be replaced, although, some will not. Ken White is one of the eligible employees, and he is only 56 years old. He would definitely have to be replaced. Mr. Stam asked if any are closer to 65 years old. One is a dispatcher who is 62, and he wants to work until age 65. A number of them are between 55 and 60.

Mr. Stam mentioned that if tours of the IPP plant or methane plant are scheduled for power board members, he would like to see them, as well. Mr. Shaver voiced his interest also.

Mr. Haacke pointed out the struggle to put money into reserves. There is one more 3% rate increase scheduled in October, and even with that it may be difficult. The resources are the bread and butter. Hundreds of thousands of dollars can be realized by just changing the format of usage.

Mayor Snarr stated that there are some shuttered stores not using power, however, when the mall is completed and Larry Miller dealerships are operational, it will create more power

needs. It is the large commercial that uses the majority of power.

Mr. Shaver asked if there is any incentive for people to use power in off-peak hours. Mr. Haacke stated that it would take some expensive metering for graded rates such as that. Time of day metering has been done by other cities. Rocky Mountain has done that with a two-year commitment, however, people don't like it and try to get off as quickly as they can. California has tears, and Seattle has the time of day meters.

Mr. Dredge asked if the meters being installed now have the ability to be retrofitted to be read by fiber. Mr. Bellon said that there is a system that has a collector to read a group of meters, and then uploads to the fiber. Mr. Hill said that it was looked at for water, but it was too costly and intrusive to take it to every meter. It would take towers and collectors in the neighborhoods. Mr. Haacke indicated that the radio read meters have been phased in over several years, and he was about half way into the program when he was approached about the fiber possibility. The value to fiber would be for the "smart home" to utilize the remote capabilities from your phone. Mr. Bellon said that with the meters they have, the fiber could get the read to the department, however, they do not have the ability to distinguish hourly. Time of use rate requires something that records hourly. It was suggested that frequency could be read by the fiber.

The meeting recessed for lunch until 12:55 p.m.

Police - Pete Fondaco

The police department has about a \$10 million budget. The Chief said that he has gone through the budget by each line item and pulled out fixed costs. Fixed costs include salary, Valley Emergency Communications Center (VECC), insurance, utilities, fuel, vehicle maintenance and items that must be paid. These expenses have been pulled out and what is left shows on his slides as operational funds. Operational funds are left as \$340,000, without fixed costs, and cutting 4% from the entire budget is \$496,000. There is no way to cut 5% without decreasing personnel.

The role and *mission* are to create safe streets in which to travel, businesses and industries in which to work, playgrounds and parks in which to relax and play, and homes in which to live for the citizens of this community.

These are the individual accounts making up the police budget: Administration, Patrol & Traffic, Criminal Investigations, Narcotics & Vice, Juvenile Investigations, Records & Communications, Community Policing, Firearms Training Center, Animal Control, Crossing Guards, and Cadets.

Administration

Core services are the department management, which is the chief, assistant chief, records management, and a data analyst. A list of their responsibilities was shown and the budget remains constant at four employees. The net cost of staff and operation is \$1.034 million.

The Chief stated that vehicle maintenance will go up with the age of the current fleet, and he is anticipating a significant overage because there were several vehicle accidents that were our fault. The repairs for those vehicles, rather than coming out of the Risk Management account, came out of the vehicle maintenance account. We would like those funds to be

reimbursed to maintenance. The fleet is also a concern, as no vehicles were in the budget this year. July first of 2011, there will be 13 vehicles more than 70,000 and up to 120,000 miles. Six of those are from 90,000 to more than 100,000 miles. He tries to replace vehicles at about 70,000 to 75,000 miles. Looking ahead at June 30 of 2012, 25 vehicles will have more than 70,000, and 14 more than 100,000 miles. Each year the numbers double. These vehicles are hard to maintain and that line item increases.

The *budget* breakdown shows the fixed costs, and operational costs. The \$1,000 travel is for Ms. Dorsett who attends a number of meetings. Desktop computers are listed at \$10,000, and that includes every computer for the department. Two training accounts are \$15,000 each. Forty hours of training are required by law for each officer. Included in those numbers are the travel if they must go outside the county. The miscellaneous services line item of \$10,000 is used for excess in physicals (biannual) and the yearly police awards banquet. The physicals are done for half the department per year, and that account has \$3,000. After the fixed costs, there is \$52,000 left in that account.

The fuel line item is \$204,000. The officers that take cars home are charged for fuel costs and that revenue is \$28,500 into the general fund.

The Chief feels that cuts cannot be made from this budget.

Patrol and Traffic

Core services are to: respond to calls for service, make arrests, report dictation, traffic enforcement, accident investigations, K-9 deployment, extra patrols, and evidence logging.

The employee costs cover 40 officers, and two additional officers who have not been replaced.

Outputs show that calls for service are down about 4,300. On view cases, calls not dispatched, are up; citations are down here, but up in motors. Motors are specifically to enforce traffic laws and patrol is not. You can see that charges are down, however, arrests are up, so that refers to the number of charges per arrest.

Mr. Shaver mentioned that Salt Lake says they have an officer who has not written a ticket in a year. He asked if the Chief does a review like. A long time ago, Chief Fondaco instituted a rule that officers will enforce traffic laws as part of their daily duties.

The department is operating with two vacancies and going down more than that will impact the ability to respond in a timely manner. Additionally, it is unknown how any state immigration legislation may affect us. If they require that people be arrested and transported to jail, that will impact our availability.

Proposed cuts in this budget are the two officers that will not be replaced. In laptop replacement we are anticipating that because costs have come way down, the same number of computers can be replaced with \$10,000 less.

Ms. Dunn asked if some people have both a laptop and desktop computer. The Chief responded that patrol officers do not, however, some detectives do. He noted that there is a three-year rotation to replace one third of the laptops every year. The ones in police cars get pretty beat up.

Five percent of this budget is \$188,600, and with the two employees \$190,000 has been cut.

Criminal Investigation

Core services here consist of criminal investigations of both property and persons. They handle the evidence, crime scene investigations, and victims advocates. For the victim advocates there is some revenue: a grant of \$36,702 for personnel, \$880 for training, and \$1,500 for emergency assistance. It is a cash match with the department contributing \$9,800.

Inputs show that by May the detectives will be down by one person, with a possibility of a second one. His numbers indicated a decrease of \$67,594. Of the seventeen employees, included are two sergeants, a lieutenant, a record's person, and the two victim advocates. That will leave ten detectives.

Outputs show that case loads are down, due to calls going down. Crime lab statistics are way up because we received the AFIS machine, enabling us to do latent print analysis, processing a lot more of those. Mr. Shaver asked if there were a savings from having to send them outside to be done. Chief Fondaco explained that the AFIS machine prevents them from having to send the body to the state. The machine was acquired with the JAG grant. Maintenance is programed in now.

Most of the cases are going down, but there are more victims. This occurs because for one domestic case there could be several victims.

Looking at *proposed 5% cuts*, we have shown the savings for the one detective that we know will be leaving. It could be doubled if the second person goes. Mr. Stam asked if one would be replaced. The Chief responded that the Mayor is still in a strict hiring freeze. He is trying to get the Mayor to agree that if we go down more than two, then we can replace. It will probably be a decision between the Mayor, and the Council. This could be a total loss of six officers, and he would not be able to maintain service down by that many. He stated that there has to be a line in the sand where we say we can stay at three or four less, but six makes it impossible to maintain service. Mr. Shaver asked if there is talk of retirements. The Chief said he thinks there will be two retirements, in addition to the four other officers mentioned. This budget has been cut 4.6%, due to the one person.

Narcotics and Vice

This area covers enforcement of narcotics and vice ordinances, S.W.A.T operations, and Metro-Narcotics. Currently, we have four officers, and the Chief has planned that two of these will go back into patrol. I am not showing that as a savings because it will be reallocated.

One of the problems in moving people, is the impact in contacting complainants. These officers have been asked to contact people within 24 hours. We may not be working the case that soon, but they should know we have received the case and are looking into it. One of the major problems is neighborhood drug sellers. We call them spitters, who are selling balloons. They are very hard to enforce because you never know where they will set up shop. We have had them in Southwood Park, at Hidden Village Park, and the neighbors call in. They have been asked to make these a priority. Of this offense, they have arrested 14 sellers, 22 buyers,

confiscated 740 balloons of heroine, 316 balloons of cocaine, and they responded to 140 tips. The Chief said he does not see these tips going down because we have not stopped it, but it is a lot of drugs, and this doesn't count impounded vehicles. Pulling two officers will seriously impact results. It is a serious problem and people call complaining drugs are being sold in front of their kids.

The *budget* shows that the vehicle lease payment has been cut. We have four vehicles. The reason for the lease is that by keeping a vehicle six to seven years, they become known throughout the City. With the lease, they can be traded every two years. The lease was \$25,000 per year. The final residual is \$86,000 and then the cars are ours. That reduces the budget by \$25,000.

Metro narcotics is where the police get their equipment. We have proposed to cut \$4,000 and use the grants for equipment. Investigation buy money has not been used this year. Mr. Burnett keeps that money in case the narcotics officers need money for a spur of the moment drug deal.

These amount to 5.2% in cuts. He does want the Council to know that he anticipates moving personnel to fill patrol and investigations. If he loses two of each, he will move one into each division and will still be down one of each. Total officer count is 77.

Juvenile Investigation

Services here are the school resource officers, DARE and GREAT. There are seven officers in this division. The outputs in all schools show total cases and arrests are up. DARE is completed for the fall and spring is beginning. His vehicle has been damaged by \$4,000 to \$6,000. He rear-ended a car and there is not much money left in vehicle maintenance, therefore he has to talk with Ms. Wilson on how to cover those expenses. That account is anticipated to be \$60,000 to \$100,000 over budget.

Budget cuts have not been proposed in this division, because it must certainly have to go through the school board and the Council. It is a very lean budget with only DARE expenses.

Records and Communications

Core services include: transcription of police reports; Grama requests; expungements; TAC, criminal justice entries/removals; and validations on data entry.

The department has been down one person in this division, which has caused some problems. When one person left, the position was not filled, however, now we are about six weeks behind in the transcription of police reports. There was some contract work here, when we sent reports out to be transcribed, the Chief reported. That was cut, along with the overtime

line item cuts. We learned that personnel and overtime cuts together, produced a problem for the department. We are behind on statistical analysis and have not completed year end reports. We have authorized some overtime, but that budget will be way overspent.

Of this one million-dollar *budget*, \$65,000 is considered operational. Chief Fondaco proposed to cut \$5,000 out of software maintenance, and laptop communication has been cut by \$9,000 because of Ms. Dorsett negotiating air card expense. State and county data processing has been cut \$2,000. We are transmitting citations and accidents directly to the state, and sending less paper. This is just an estimate. The VECC expense may be going down by about \$8,000. This totals \$24,000 in cuts, 2.5%.

Community Service

This includes motor division, code enforcement, crime prevention, citizens' academy, park patrol, and warrants.

Five percent of this budget amounts to \$38,497. The \$1,500 cut is the citizen's academy, which has not had full classes. The officers were doing this on flex time.

The motor division shows citations way up, however, the case load is down because calls for service have decreased. Neighborhood watch number of meetings and attendees are shown, and the code enforcement statistics are slightly down. Mr. Barnett commented that those are fewer because they previously did a lot of animal control work during the transition time. Warrants made 431 arrests for the court in their first year of service.

Firearms Training

The core services include: In-service training, Taser training, OC training, firearms, open shoots, and all in house training for the Department. The only thing we cannot do in the Murray Training Center is rifle qualifications, due to the range length. This is done at the farm or post. We receive revenue from this account of about \$25,000 for rental of the training facility. Strictly operational costs here total about \$50,000. A new roof has been requested, although, a patch has been done and it is holding well. Any supplies that the department purchases for the officers come from the \$35,000. The officers must remain certified on Taser, asp, and two firearm shoots that they must pass.

Animal Control

This is now contracted out, and our service costs will decrease by \$87,300. Our employee costs will go down \$246,800, and our contract costs are \$159,500. The costs will increase slightly each year. The vehicles are not included and the savings of \$50,000, which was requested last budget year, is not part of the \$87,300. Another will not be requested next year, so there is a good savings. They have made some major upgrades, which we did not know were needed. The cadets still go down there, so many pets are being adopted out to Murray employees. There is no proposed budget reduction in these accounts.

Crossing Guards

The location and number of guards needed is a joint decision between the school districts and the police department. There are no full time staff members, and the seasonal number of 39 has been constant. These are the 12 elementary schools only. There is a \$4,000 supply budget for the winter coats and hats, and summer coats, signs, cones, etc.

Cadets

Core services include: vacation watches, property checks, animal shelter, data entry, city recycling, City Hall tours, bike rodeo, safety fair, parade, and Sub for Santa. We have cut from 20 to 15 cadets. We suggest no additional cuts in this program.

Outputs show that property checks have increased now that these can be done on-line. Alcohol and tobacco checks are staying the same, because by law we can only do twice a year for each business. The health department does one also. A field interview is entering it into the database.

In closing, Chief Fondaco related three main internal priorities that are stressed to the officers: a quick response to calls for service, using whoever is available; narcotics and traffic complaints in the neighborhoods; and an overall timely service to the citizens, patrol, detectives, narcotics, and code enforcement. He emphasized the 24-hour response time to calls. By pulling officers there will be a problem in this area. He wants to know if the department must go down officers. It is going to be impossible to maintain the service level, and he feels that going down more than three officers will create a severe impact.

Mr. Brass commented that the Council is going through this now so that they have plenty of time to kick around ideas, rather than waiting until April. He reiterated Mayor Snarr's State of the City address, in which he reported that Murray is dealing with the reality of huge decreases in sales tax revenue. Three years ago that revenue, which is a large part of the City's income, was \$15 million per year. Now we are at \$12 million. That is a large percentage on a \$38 million budget. In two years the state will take away the "sales tax floor," and that is a guarantee of \$12.2 million, regardless of actual sales tax revenue. Now, we are taking in about \$10 million of actual sales tax revenue. That is another \$2 million decrease. The object now is to drill into the budget to see where the money is spent and if there is anywhere to deal with this decrease. We feel it is important to take care of those items before going to the Murray citizens for a property tax increase, which we may have to do in two years. If we increase now and then in two years realize we were short, and have to go back and increase a lot, it will be difficult for everyone. The numbers are not arbitrary. We are trying to get control of this. The economy does appear to be turning around, although, we still have nearly 10% unemployment. If cars start selling, it could turn around quickly in Murray, but, in the meantime the Council is taking the time to look at this. We appreciate the presentation, and we will review it. Budgets have gone up a lot, and we would like to find a way to cut, without eliminating people. However, 75% of our budget expense is personnel. At some point, it has to be looked at, and we would prefer some type of retirement option as opposed to asking people to leave.

Mr. Shaver reviewed that by statute, the City must have a balanced budget, and for many years Murray had wealth. How and where to balance is the question. In some departments we can take out 6%, in others we cannot. He stated his appreciation for the candor in which

department heads have shared with the Council. There will be another meeting following this process, and we have decided to become more proactive, which the administration has advised. We are working with them very closely. These are all positive steps. Mr. Shaver asked for questions. Mr. Brass asked for ideas for savings, and invited phone calls to the Council with staff thoughts and comments.

Mr. Dredge said that economics has forced this situation upon everyone in the City, and it is important that the employees not feel that this is something the Council is doing to them. He voiced his appreciation to the administration and all who had put this together, because people need to make a living, and City taxes need to be affordable for the citizens, while we continue to provide services. It will take all of us working together to become creative.

Mr. Shaver related a police incident in front of his house, he watched them work and expressed his pride in the police force and how they responded.

At 1:50 p.m. the Council took a twenty minute break.

Mayor's Office - Jan Wells

Ms. Wells related her appreciation to the Council for taking the time to hear these department presentations. Her hope is that everyone will have a clear understanding, and be able to ask the right questions, and move forward together with the tough decisions to be made.

Our *mission* is to showcase Murray City as a unique place of beauty and safety, we focus on outreach to our citizens, and strive to make life better by providing quality, affordable and timely service through the outstanding employees.

Core services include: providing leadership and direction for the City in cooperation with all departments; communicate with the City Council on issues; handle internal and external day to day issues and concerns; work with other cities, counties, private individuals and businesses; track legislative initiatives; provide public relations coordination, and manage the City website. Additionally, the Mayor's office works with interlocal entities; responds to code enforcement violations; and staff and track members on the boards and commissions, with the Council approval.

Inputs show that there are five staff members and no revenue. Operating expenses have decreased since 2007-2008, and we have worked hard to make those cuts, Ms. Wells stated.

Outputs in 2010 include external liaison with other organizations, providing communication, and staff support, such as the budget which is an ongoing process. The American in Bloom program was positive for the City. The website was taken as a responsibility of our office and reflects on the talent of staff people; Ms. Tyrrell constantly updates.

Code enforcement has experienced definite improvements with a well-oiled process and a team that seems to flow well. Mayor Snarr added that many people want things done

yesterday. We explain the process and answer to their needs. It is difficult to enforce rules and not step on people's lives. There must be a balance. In winter there are not as many issues, but it will pick up with weeds, etc. The employees are good with the residents. There is a big difference between cities, and Murray does a great job.

We are grateful to have your support in cleaning up the boards and commissions process. We have wonderful people who volunteer on our boards.

We continue to work with Mr. Tingey closely on economic development and EDCU. We feel that is one thing we do a fabulous job on, and the Mayor takes a personal interest in it. The downtown is important to us, a performing arts center, and garnering support from sister cities. The armory has been a challenge, not being able to find dollars to work on that, but we continue to try to work through that. It is being used to build floats and art sets. Parks has used it for storage. Mr. Shaver asked about ownership of the armory. Ms. Wells explained that the county purchased it for Murray, and an agreement with them requires their approval for what we ultimately do with it.

The budget shows that we have cut operations 45% since 2007. The employee line is pretty fixed. To make the additional 5% it would make a total of 59% decrease in operations. It has put us in a very tight place. We suggest cutting more in books and subscriptions. Ms. Wells noted that they have just finished reading Beyond Reason with the department heads, and took turns with discussions on that. She would like to try that again, as it gave them a chance to see the talents of everyone, relate improvement possibilities, and talk about things out of the ordinary. Another \$1,000 has been cut from travel, leaving enough for the Mayor and Mr. Fountain to travel to St. George for the conference, and she would attend UCMA, not using any travel dollars. Office supply is cut where possible. In equipment maintenance all we have that requires maintenance is a copier that is about five years old. Small equipment is to replace computers occasionally, as all are at least five years old. Education has been cut slightly. The special projects budget was brought back into the Mayor's budget, and after the fact, it was discovered that almost \$15,000 was spent, therefore, we have eliminated the Hall of Honor and made an effort to cut another \$2,000, so that brings us to the \$10,000 projected for next year. With these cuts, Ms. Wells feels that it will be difficult to do the things they are required to do.

Mayor Snarr added that it is okay to cut some of the conferences. When first elected, he was encouraged to go to Washington, D.C. and after two years, he decided that was not necessary. He said he can eliminate the national mayor's conference, as well.

Ms. Wells said that she is happy to provide more details on the special projects budget, if the Council would like it.

Mr. Shaver referred to the last budget and asked what Ms. Wells sees as a line item. To him it is something that is done every year, on a regular basis. For example, in police the banquet is done every year, yet it is in a discretionary fund. To him, that should be a line item for tracking expense. Mr. Johns said that the preference is to keep the general ledger smaller and concise. By adding additional line items it becomes burdensome and challenging to do reporting and budgeting. The point is valid, however, he would like to find another method to accomplish that task. Ms. Wells understands the point, and explained that in her special programs, they hold

the boards and commissions dinner, that in past years has cost nearly \$5,000. Last year they did it for \$2,500. Almost every year Murray has hosted the conference of Mayors. Sometimes special things come up. Mr. Shaver stated that what he is looking for is this explanation for the fund expenditures in the discourse that goes on. When the numbers are larger, it is more difficult to track. It seems that there are discretionary items that add up. Mayor Snarr said that sometimes unique situations arise, such as a grant that requires matching expenditures, and money is shifted around to meet needs. The police cars where we were at fault require us to cover the repairs, however, where citizens were at fault, the insurance companies are being difficult to work with. Some of these cars need to be totaled and replaced. The tracking is important and I think we are doing a good job with the risk management fund, and insurance companies, Mayor Snarr commented.

Justice Court - Mike Williams

The *mission* of the Murray City Municipal Justice Court is to provide the citizens of Murray, and visitors therein, an open, fair, efficient, and independent system for the advancement of justice under the law.

Goals include providing: a safe and fulfilling work environment for court staff; appropriate service to the public; an appropriate setting for the administration of justice; collocation of key judicial programs; management and growth; timely delivery of judicial services; uniformity of process and procedure; and flexibility, economy, maintenance, and protection of judicial resources.

Inputs show fiscal years 2007 to 2010. The employee expense has grown from \$722,000 to \$857,000, and the part time has decreased to \$8,000 from \$28,000. There is no seasonal labor. Total expense for 2010 was \$1,167,000. Revenue collected was \$2,343,000 and the retained amount was \$1,764,000. Some of our income is sent to the state treasurer.

Measuring *outputs* on a comparison between 2008 and 2009 indicate that cases filed were 13,100 and cases disposed were 16,241. Small claims show a small increase, however, those should go up steadily because of the new law that all small claims are filed with justice courts. It has not happened yet, as some confusion exists. People may be going to district court who is directing everyone to Salt Lake City. Time impacts would be seen if the increase is more than 20%, and then we may have to add a day for small claims. We could go back to night court. It is nice to have bailiffs present for small claims, because it is pretty heated. Filing requires more clerk work too, although there is not much additional work. The filer has to collect the debt, and then report that it has been resolved. The fee collected does not really cover the costs.

Cases disposed far outnumber the cases filed, which means we go through our inventory very quickly, due to our case flow management system. It looks like you would eventually catch up, although, there are always cases that linger and take a lot of time. Our cost per case is one of the lowest in the state at \$6.39 for a traffic case, and \$7.09 for a misdemeanor. That covers the judge, case manager, and court clerk.

Mr. Williams explained that staff support is the Judge, court administrator, eight clerks, two bailiffs, and one hearing officer who handles traffic.

We have specialty courts for DUI, and domestic violence, and a warrant court with the police department. The bailiffs use down time to contact people who have warrants, and advise them to come take care of it. There is the web court and voice court. These are on line or by telephone and totals about 36% of the revenue. Last year there were more than 25,000 contacts to the web and voice courts combined. Small claims have shown a small increase, and the court has been successful in reducing recidivism in both DUI and domestic violence cases. The state average of recidivism is about 11%. Murray is at 2%. DUI is a transient crime, but domestic violence is easier to track, and our recidivism is about 3%, with the state average at 9.5%. Every case receives individual attention proportional to the need. Our decisions and processes demonstrate procedural justice, getting things done by the book, and judicial control is exercised over the legal process, meaning we control the calendar telling people when they need to be in court. We dispose of as many cases as possible before setting trials. The pretrial is at the arraignment time, eliminating multiple visits to the court, having the prosecutor in the court at the time. If people have pretrial motions, we will rule on it at the time, which is all legal, although, some courts drag it out.

We have calendar dynamics, meaning that on specified days, we handle certain things, for example, on Mondays we have domestic violence cases to take care of what happened over the weekend. Bench trials are in the afternoons. Tuesday is the DUI calendar, and reviews in the afternoon. Jury trials happen on Wednesdays, Thursdays are a repeat of Tuesday, and Fridays will be the legal defense attorneys.

There is a firm continuance policy, giving only one to each case, unless there is a legal cause for it. Mr. Williams said that he has judges on call for when he needs help, for example in conflict of interest cases.

Budget cuts can be seen in our regular employee line item, due to the loss of a high paid clerk and replacement with a lower paid clerk, amounting to \$27,000. Our temporary employee will be gone, and coverage with court clerks has been rearranged to handle that work load. Total savings are \$36,000 with these staff changes.

Other budget cuts are shown by line. Travel will be restricted, although, there is some mandatory educational training. Building maintenance has gone up with the aging building. Equipment maintenance is high because a multitask color printer still needs to be purchased. Professional services formerly covered the LDAs, traffic school coordinator, and transport, although, those are broken out to defense counsel and witness now. That is the reason for the huge drop to \$10,000, from \$100,000. Looking at this fiscal year expenditures indicates that it could probably be about \$8,000. We have to transport, however, more and more jails are on Skype, for contact purposes on arraignments.

People needing interpreters are grouped together by language, and using an email system they are notified of their trial date accordingly. Spanish pre trials are already set for every other Wednesday or Friday for a hearing officer.

Rent remains about the same, education and training are for required classes. Judge coverage has been cut, because Judge Thompson is really good about being there. Condo fees remain the same, and credit card fees are unknown, so that is an estimate. Equipment was the maintenance fee to Selectron for the IVR web court. It was a one time charge.

The overall budget proposal is about a 7% decrease, at \$1,122,900. This means less access to education and training, however, working with the district courts, they will allow Murray to send clerks to their training events. Computer purchases will be delayed. These are about four years old. We have tried to update, but they are still slow. Maintenance projects will also be

delayed. Mr. Williams said the carpet is really hazardous, with degraded padding. He has increased the work load, by reassigning duties, which seems to be working well. Mr. Williams said he will be down one clerk when she has a baby, and he plans to reassign again, at that time.

Rob White informed Mr. Williams that MIS has upgraded computers to Windows 7, which is increasing the life of the PCs, and is working really well. Speed and efficiency can be obtained by that process. He would add memory and buy a Windows 7 license for about \$150. Mr. Williams would like to do that in the current year.

The meeting continued following a short break.

MIS - David Larsen

The *mission* of the Information Systems Department is to: provide computer support, including programming and operation, for City functions, including accounts payable, payroll, utility billings, budget reports, and other matters; to establish priorities for computer activity and usage for City departments; and to review department requirements for software, hardware, and computer time.

Core services include providing: core infrastructure and support, such as, servers, applications, and web services; programming services for Sungard and in-house packages; auxiliary support for all other purchased software; network administration, web and email filtering, and desktop support; and GIS services for the city. Police has a person who does some GIS work, and power recently lost their GIS person, so MIS provides that. Janie Richardson develops programs for public works, police, and power.

Input shows that MIS has gone from nine to eight employees and that is reflected in the employee cost decreases. The fiscal year 2011 total represents a decrease of 14%, and 20%, 21%, and 13% reductions from FY07 to FY10 respectively. These are significant cuts, Mr. Larsen added.

Outputs include staff support, technology for all city departments for business applications, utilities, on line requests, and electronic fund transfers. Over the past year, on line utility payments have been updated, and on line inspection applications. Various reports have been completed to enhance the finance transparency requirements for the state. Mr. Larsen pointed out that we are one of the first entities to complete this. They have requested some enhancements, which are being reviewed currently.

Email function through cell phones has been developed, and we are switching over from Blackberry, which will save about \$30 a month per phone. We have updated web applications for GIS, as well, for the internet and the website. Base maps for utilities are taken care of in MIS, such as garbage collection, Council districts, voting districts, and land use. GIS was updated for the emergency operations and VECC. Work has been done for the school district, fire department, code enforcement and good landlord.

Mr. Larsen continued to detail all the information services provided to various departments in the City.

Mr. Shaver asked about cloud computing and if it might be a possibility for the City. Mr. Larsen referred to a study being done by the Azimuth Group on the IT infrastructure for the entire City, and it may be a possibility they are considering. Some services might be used in a

cloud like email, although, in a consolidated environment, how to manage it with a document management system produces some security concerns. Mr. Shaver asked if that is something the Council will get information on when they are finished. Mr. Larsen said it would be shared with the Council on March 1.

Other work includes installation of several wireless access points. Mr. White said he wanted to make sure he generates a really safe key. MIS does everything with the phone system for the City.

Mr. Larsen detailed the study being completed by Azimuth Group. They have looked at all aspects of organization, budget, staffing level, and technology within the City. We have saved lots of money by keeping our PCs a long time, although, now we have a lot of old technology. Azimuth will talk about that. Part of new technology is the document and records management system to share things. It will capture institutional knowledge that we can share, and not let it walk out the door. He explained that in GIS, we had engineers who knew where water lines were, and knew the intricacies of the system, but not everyone had that information. When the engineer left, we did not necessarily know that there was a water main in a particular spot, how deep it was buried, and how big it was. It can be captured in GIS. With the document management system, there are people who know details of the Smelter Site, or issues with economic development, or with buildings and permits, and a comprehensive system will make that knowledge available to more people, rather than just the specialists that work with that each day.

Mr. Larsen addressed the budget for fiscal 2012, with the adjusted 2011 budget and 2010 actual expenditures. You will notice a reimbursement for services from the enterprise funds, however, without that figure, the budget has decreased to \$1,157,000 from \$1,402,000 in 2010. With the consultant recommendations budgeting may change somewhat. It will have to be prioritized according to budget constraints. The phone system expense is completely gone, and paid off.

Mr. Dredge asked if when new technology is proposed a return on investment could be analyzed and detailed.

Books and subscriptions have been eliminated and there are no longer any memberships to professional organizations. We no longer use the green bar paper, for the supply reduction. In equipment maintenance, there may be longer response times and unknown expenses for repairs on major systems. Those contracts are due to expire anyway, and leasing the system costs less than what our current support costs run now. We will have them repaired if they break. Cell phone costs have been reduced. Reduction in training may result in falling behind. We have let some contracts on software expire because we have anticipated that Azimuth will recommend changing software. A significant cost investment will be required with what they are going to suggest, about \$150,000, and an FTE, that is just for email.

Ms. Wells made arrangements for getting the presentation to the Council through Mike.

There being no further business, the meeting was adjourned at 3:27 p.m.

Janet M. Lopez
Council Office Administrator