



MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, July 12, 2011, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Members in Attendance:

Jim Brass	Council Chair
Jeff Dredge	Council Vice Chair
Darren V. Stam	Council Member
Jared A. Shaver	Council Member

Members Excused:

Krista K. Dunn	Council Member
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Others in Attendance:

Michael D. Wagstaff	Council Executive Director
Dan Snarr	Mayor
Jan Wells	Mayor's Chief of Staff
Frank Nakamura	City Attorney
Janet M. Lopez	Council Office
Peri Kinder	Valley Journals
Pat Wilson	Finance Director
Gabe Johns	Finance Department
Jennifer Brass	Citizen
Tim Tingey	Comm & Econ Dev Director
Mike Terry	Human Resource Director
Doug Hill	Public Service Director

Chairman Brass called the Committee of the Whole meeting to order at 5:30 p.m. and welcomed those in attendance.

Minutes

Mr. Brass asked for corrections or action on the minutes from the Committee of the Whole meetings held on June 7, 2011 and June 21, 2011. Mr. Shaver moved approval as written. Mr. Stam seconded and the motion was approved 4-0.

Business Item #1:

Budget Discussion related to Reorganization

Ms. Wells distributed information regarding the reorganization budget, which was compiled by Ms. Wilson and Mr. Johns based on the revisions with the retirement incentives. The chart shows in the first column the Fiscal 2012 Base that is the current approved budget without changes for personnel salary and benefits.

The second column indicates the base after people retire. Following that is the budget reorganized with numbers plugged back in. Then you will see the Cost / Savings by department after the reorganization. The column titled Fiscal 2013 shows the next year figures as a result of the retirements. The final column has the Cost / Savings in Fiscal 2013.

The Cost /Savings column for Fiscal 2012 does include the factors that have been worked through by department. The second page contains a narrative explanation on what has been done related to moving people around for the retirements and the changes for reorganization.

One of the things realized with the retirements was the City would be required to make a FICA payment for each payout. That amount varies between \$5,000 to \$6,000 per person for a total of \$204,000. That cost had not been anticipated. Another item that finance cannot figure until each person retires is the average payout, which amounts to about 80% of each salary. Because of these requirements there is not as much of a savings as expected.

In the Fiscal 2012 Cost / Savings column the bottom number shows a savings of \$134,000.

The numbers for ongoing savings are a little misleading in the police department. For explanation, Ms. Wells remarked that there are four police officers retiring. Three police officers have left the force through attrition. Those three officers' salaries were included in the base budget. The 2012 Cost / Savings difference shows only two retirements because the others were taken into account in the base budget rather than in the retirement figures. The personnel line item from police has gone from \$8,330,000 to \$8,087,000, which is a savings of \$240,000. If those numbers were there the retirement would show a healthier savings. The police department will be down a total of five officers. Two of the original officers that left through attrition will be replaced.

Mr. Dredge asked if the Cost / Savings column that shows a savings of \$134,000 includes the FICA. It does include those costs, Ms. Wells responded. Mr. Dredge asked if vacation and sick leave have been paid out.

Ms. Wells said that those items have been calculated on the worst case scenario. The numbers in the Cost / Savings column show the ultimate that people could receive in their payouts and also reflect the higher salaries being paid to those employees who are bumped to higher positions. The City does have control over the replacements. Therefore, where we show a cost of \$87,288 it could very easily be diminished based on timing. The numbers also assume paying for a family insurance policy and that may be an over estimate. It is really what could happen, although, there are still some variables that can lower the City costs.

The Mayor explained that the insurance costs in the bottom chart are based on employees staying with City subsidized medical insurance until age 65. In reality, if they get

another job, that can very well end the Murray City paid medical costs. Ms. Wilson corrected stating that the chart shows 2012 and 2013 medical costs only.

Mr. Shaver asked if there is a projection on when the actual numbers will be known. Ms. Wells said that it is hard to estimate based on when the retirements occur and when positions are replaced. It could change during the course of the year. She thought that at midyear it might be more certain.

Ms. Wells stated that of the 34 employees retiring it was expected that six positions would be replaced because of statute or demand, however, Ms. Wells did not account for the fact that staff from other departments have applied for some of the jobs. They may be qualified and the right person for the job, however, that may leave an open position to be filled in another department, rather than the option to leave positions open or unfilled. With this in mind, there are a couple of scenarios where that is the case. There may be eight or ten positions to be replaced. There is not a lot of control when a job is opened up internally, anyone in the City can apply legally. This is one of the unintended consequences of the retirements.

Ms. Wells reiterated the total savings for Fiscal 2012 of \$134,410; however, the big savings ongoing could be as great as \$2.5 million in the next budget year. She feels that as time goes by, finance will have a better idea whether it is necessary to open the budget for the possible \$87,000 increased expenditure. She realizes that it is not a big savings for this year as everyone had hoped for.

Another savings will be seen in the enterprise funds. The reallocation of charges from cost allocations to the enterprise funds could benefit the general fund as retirees leave. Reconfiguring those expenses could produce another \$122,000 that would increase the savings. The new cost allocation study that Ms. Wilson is planning will affect these numbers with new adjustments.

Ms. Wells said that going through each department for 5% cuts has produced another one million dollar savings that is not reflected in these figures.

Ms. Wells addressed the reorganization related to the formation of the Administrative and Development Services Department (ADS). A lot of work has gone into this effort of organizing the new department. Mr. Nakamura has revised the ordinances that apply and these revisions will come before the Council on July 19, 2011, putting some divisions under it. Personnel will be moved around.

Mr. Tingey has met with the people in these departments in City Hall talking about their responsibilities and expectations and getting prepared to move forward with that department. Listed are the divisions under that department. As part of this department some key positions need to be filled. These are the Recorder, the Treasurer, with more responsibility, and a Community and Economic Division Manager, who will take on much of Mr. Tingey's prior responsibility. Also are GIS division supervisor, and an Officer Administrator III to help with the work in the ADS department.

The Council will have a resolution on July 19 to move money in the approved budget from the divisions to the ADS department to fund these revisions.

Additionally, Ms. Wells mentioned some building modifications that will need to be made for housing this department for people to be more efficient in their positions. An example of this

is rotating things around in the Treasurer's office. Another window in Finance will be created to have two places for customers when they come in.

The final page of the handout shows the timeline for the building modifications. Mr. Baker feels that he can handle most of the remodeling with some help from seasonal employees. Some changes will be made in public services, as well, and it is anticipated that about \$30,000 will cover the conversion. A budget opening may need to be done to take that from reserves as it is unbudgeted. Most everyone is aware of what is going on.

Mr. Shaver asked how the payout recovery will be measured. Ms. Wells said that those replacements will be made based on the reorganization rules that the administration has put in place. Mr. Johns has figured out when the payouts will be recovered so department heads know when they can replace personnel. Mr. Hill and Mr. Nakamura both know when they will be able to hire.

Mr. Stam asked where Mr. Tingey's office will be located. Ms. Wells stated that the Recorder's Division is a little smaller and will be moved to the Treasurer's office. The Finance people will move to the Recorder's space, with five people. Customer Service will stay where they currently are with Mr. Tingey's office on the east end and the Treasurer on the west end, overseeing the billing and customer service. The IT programmers' work closely with utilities; therefore, there has been some discussion about having them housed closer to customer service. Some of these are very simple moves and others will take some movable walls, or half walls.

Mr. Brass pointed out the Fiscal 2012 cost savings for the power enterprise fund. This is a savings of \$230,081. ILOT is based on 8.5% of revenue; therefore, if that savings goes toward revenue, then the general fund will get nearly \$20,000 back from the enterprise fund. Mr. Johns said that is not reflected in the funds.

Ms. Wells said that Ms. Wilson and Mr. Johns can answer any questions regarding the numbers.

Mr. Dredge asked how the vacation and sick pay will be paid out and he wondered if it is quantified in the numbers. He wondered what the total would amount to. Mr. Johns estimated that for most people that amounts to between \$20,000 and \$40,000 based on longevity. It is included in the estimated numbers.

Mr. Dredge asked what that policy is on carrying vacation and sick pay forward from year to year. Mr. Johns said there is no limit on carry forward for sick pay. Vacation can be accumulated up to 280 hours total. Throughout the year this could increase to over 280 hours, however, when the hire date anniversary hits, nothing over 280 can go forward. If one resigns or retires midyear, there could be more than 280 hours to pay out. In any one year 40 hours of vacation can be carried over, Mr. Terry explained.

Business Item #2:

**Committee Assignment - Strategic Plan Consultant
Selection Committee**

It was decided that the Council needed two representatives for this committee. Ms. Wells confirmed that the interviews would be held on July 19 from 2:30 to 3:30 p.m. and July 20 from 12:00 noon to 3:30 p.m.

Mr. Shaver said he was interested. Mr. Brass indicated that he was very interested but that he was not available on Tuesday. Mr. Dredge would be out of town that entire week and Mr. Stam had VECC Board meeting on Wednesday, July 20.

Ms. Wells said that three of the four companies were coming from out of town and some notice had to be given to them. As part of the publicized process, it is important to stick to that time frame.

It was decided that Mr. Shaver and Mr. Brass would represent the Council. Mr. Wagstaff confirmed these committee members stating that they would flow into the next stage.

With no further business, Mr. Brass adjourned the meeting at 6:05 p.m.

Janet M. Lopez
Council Office Administrator