



MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, June 19, 2012, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Members in Attendance:

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

Members Excused:

Jim Brass	Council Chair
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Others in Attendance:

Ben Hathaway	Citizen	Dan Snarr	Mayor
Janet M. Lopez	Council Office	Jan Wells	Mayor's COS
Frank Nakamura	City Attorney	Peri Kinder	Valley Journals
Tim Tingey	ADS Director	Jennifer Kennedy	City Recorder
Justin Zollinger	Finance Director	Doug Hill	Public Service Director

Vice Chairman Shaver called the Committee of the Whole meeting to order at 5:45 p.m. and welcomed those in attendance.

Business Item #1:

Solid Waste Fund – Doug Hill

Mr. Hill addressed the Solid Waste Fund or garbage fund and mentioned a proposal to increase garbage fees. The Solid Waste Fund was established about 10 years before. Prior to that, those expenses were paid for out of the General Fund, which subsidized the solid waste pickup. The City decided that it was time to charge for garbage collection like most other cities. Since then the fees were charged based on whatever the garbage collectors charged the City. It has not operated as a true enterprise fund and the City has continued to subsidize the collection over the years. No operational transfer has been charged and costs have not been covered for the street employees who haul trailers out for green waste collection or repair of garbage cans. He stated that the department had decided that this was a good time to discuss with the Council the possibility of turning this Solid Waste Fund into a true enterprise fund.

Mr. Hill referred to a chart, which showed that the expenditures for garbage pickup this fiscal year are actually more than is being collected for that service. This has been anticipated since the last waste bid process because the fees charged were not sufficient to sustain the expenses being incurred. The rates go up every year with a cost of living adjustment; the landfill has increased tipping fees; and a fuel surcharge has been incurred as gas prices increase each year. The City has known for a couple of years that eventually an adjustment would need to be made.

As of the June 30 audit last year, the Solid Waste Fund had about \$450,000 in reserves. Mr. Zollinger has determined that the amount is now about \$375,000 in reserves. Mr. Hill confirmed that it was time to consider fee increases. The goal is to make sure revenue is exceeding expenses and to transition from a subsidized fund into a fully funded enterprise fund.

Looking at a chart provided by Mr. Hill, the current garbage rate is \$8, which provides one black can and one green recycling can. If a resident needs an additional can the cost is \$5.50. Projecting these costs will cover several items that the City currently subsidizes.

His proposal is to amend the fees in the 2013 budget. These are not the numbers in the Fiscal Year 2013 Budget that is under consideration for adoption in the Council Meeting that evening. If the Council agrees to this proposal, then the final 2013 Budget would have to be amended.

The fee increase proposal would cover the cost for a full time employee, salary and benefits, for \$38,000. That employee would spend most all of their time hauling trailers back and forth and repairing garbage cans. In addition, he would hire a temporary employee to assist that person. The general fund has been paying for this during the summer months. There are also costs for fuel and maintenance.

Mr. Shaver asked if those vehicles are included in the Capital Improvement Program rotation fund. Mr. Hill said they are included because currently they are being paid for by the street department. Mr. Shaver said this would not be just an increase in the budget; it would also be a line item shift from one department to another. Mr. Zollinger clarified that the new rates would cover the increase in costs and would create a surplus in the General Fund. Mr. Shaver stated that the vehicles would be moved from the General Fund into the Solid Waste Fund, making this a true enterprise fund. Others agreed.

Mr. Hill said that the other item to be added would be an 8% operational transfer. This would be consistent with the other enterprise funds, should the 2013 Budget be adopted. The operational transfer would not take place until 2014, so that the fee increase is modest each year and not a shock to the residents. The fee adjustments would be phased in with a 25% increase the first year and gradual increases over time. The amended budget on the chart shows that the projected revenues and new expenses will give a minor \$22,000 profit. The rates would go from \$8/\$5.50 to \$10/\$6.85 if the rate increase is approved. Mr. Hill would like to start these rates as soon as possible, probably August 1, 2012.

Following that the costs would be carried out over the next three years with a 10% increase in 2014, 2% in 2015 and 2% in 2016. This would cover cost of living increases and fuel increases. If the tipping fees do increase, these rates could be revisited; although, Mr. Hill feels this will be ample for the next four budget years. He will propose in the ordinance that the Council adopts a four year rate schedule, which has been done in power, water and sewer funds. He does not want to go beyond four years, because the garbage contract will be

complete and the City will have to go to bid again. That would be the time to look at the bids and consider a fee increase, if necessary. He is confident that these proposed rates will cover the expenses.

A handout in the packet shows what other cities charge and most are charging more than Murray even with the proposed rate increase.

Mayor Snarr asked how much in lieu of tax transfers would go back into the General Fund. Mr. Zollinger said it would be approximately \$100,000 per year.

Mr. Shaver said that the administration fee is still in the budget. He said that the chart shows a cash basis with revenue and expenses shown. Then there is a utility basis that shows projections over a specific period of time. He pointed out that Mr. Hill is proposing to make adjustments every four years and if that is true, how did he come up with the 2% increase in years three and four? Mr. Hill said that takes into account the garbage pickup with the Ace contract, which projects a cost of living increase of 2% each year. He feels that this would be a safe number for the waste collection. For the City employee costs a 5% increase is built in based on COLAs, merit, health care and retirement increases. It is only a projection and the 2% fee increase is based on bringing in enough revenue to cover these expenses.

Mr. Shaver suggested using an inflationary amount of 3.5%. Mr. Zollinger said that is another way of indexing rates. Mr. Shaver said that this is future thinking and would not be addressed at this time. Mr. Hill clarified that he is proposing that the Council adopt a rate schedule that would automatically go in place July first of every year without the need of an ordinance change each year. Other departments, power, water, and storm water, all have that model in place and it has been very successful with other agencies copying that model. Politically, it is hard for the City Council to have to do a rate increase every year. When Mayor Snarr was elected the sewer fund required a 125% rate increase because nobody wanted to take an increase through the years. The fund balance was used until it was gone and then the increase had to be taken. It is unpopular for anyone to take 125% rate increase, so the City has learned that if minor adjustments are adopted and taken each year it is not offensive. Every few years it is important to stop and see where you are. In the water fund, for example, a five year rate expired the previous year and the fund was healthy so no increase had to be taken.

Mr. Zollinger said that this is financial position that is being discussed. The current solid waste position is okay but the trend is going down; therefore if a correction can be made now then the fund will not get into a bad spot.

Mr. Stam mentioned his concern for people on fixed incomes that will be upset by the increase. He asked if the City used the 3.5% increase, could an assistance program be established to help those who are struggling. There is the power Heat Program and he feels this could be overwhelming for some.

Mr. Hill said that part of the problem is that bonding documents do not allow for those types of programs to be included. They require that rate payers are paying for the expenses. The City is not planning to bond for the garbage fund, but should that be necessary in the future and it is discovered that an assistance or subsidy program is set up it would be a problem.

Mr. Nakamura said that an assistance program could be created but the bonding company would want to know expenses are covered. The City would have to budget a certain amount of money, not the fund. Further, it cannot be a discount program.

Mr. Stam pointed out that there is not a lot of revenue in the fund. Mr. Hill confirmed that expenses are estimated high and revenue slightly low and the objective is not to make money on the garbage fund, or any utility fund, the intent is to pay the cost. He is comfortable with the numbers anticipated.

Mr. Stam said that his concern is that the reserve fund is large enough to make a difference. It should be healthy enough to cover additional expenses.

Mr. Shaver proposed that the City have a reserve fund policy indicating when it is used and when it should not be used. The policy should dictate how much is kept in reserve and what the purpose is. Many funds do not have this and he would like to see that. The Council rotates; however staff members have more longevity. If there is a specific policy then the Council can see the guidelines. Specific language should be developed for the policy with very specific parameters.

Mr. Hill pointed out that in fiscal year 2014 the temporary employee would become full time, as they see that as necessary to carry out the duties of the fund.

Mr. Zollinger advised that this fee increase schedule would remedy the \$95,000 deficit of fiscal year 2013.

Mr. Nicponski asked when the contract with Ace Disposal was entered into and if it had increased from the prior contract. Mr. Hill said the Ace contract was entered into a year before and it had gone up.

Business Item #2

Information Technology (IT) Report – Tim Tingey

Mr. Tingey noted that the IT Governance Committee (ITGC) had been active in the matters that were outlined in the IT Strategic Plan. Second, he mentioned proposals to the City on community information services to get information out to the residents.

The ITGC had been meeting since October 2011 adopting policies and procedures for the committee and had drafted the IT standards incorporating a variety of things that will be standards for the entire City. This encompasses the use of computers, internet, email, software packages, pc replacement, and disposal program of equipment. A recommendation has been submitted to the legal department and they will review those. Input will be sought from the City department heads and finally those standards will be adopted.

The amendments to the budget for 2011-2012 and the proposed budget for 2012-2013 have been reviewed and recommended by this committee for IT needs and capital improvements for IT. The parameters of the pc replacement program have been developed by this committee and will be implemented over the next year. In the future the AS400 will be evaluated and modifications made. A cell phone policy has been considered and will be brought forward to the Council.

It is an active group and he has appreciated those who participated on that committee, Mr. Tingey related.

Related to the community information issue, three separate organizations that provide these services have made presentations to the City. One called Black Board Connect made a

presentation and another called City Watch wants to present. This is something that has not been accounted for in the upcoming budget year; however, the department wants the Council to be aware of these services and if interest exists it can be planned for in the next budget.

What these groups do is provide the services to inform the community members on a variety of topics, such as safety, emergency alerts, utility services, power outages, utility billing information, road projects, and press releases, as well as, conduct community or area surveys. They accomplish this through obtaining telephone data, email, cell phone data, and social media information. The cost is figured by population. Black Board Connect provided a scenario that would cost \$1.91 per rooftop. Murray has about 16,000 rooftops so the cost would be about \$31, 000 per year. They get files from the GIS division to identify an area and if a conditional use permit is going to be considered in a specific vicinity then within a 300 foot area they can provide information on when a public meeting would be taking place. The advantage is to provide public relations in very specific areas and inform citizens in better and more efficient ways. Citizen input can be given through this service. There are still questions, including can the costs be recouped by increasing efficiency. If the City decides to pursue this other issues must be investigated. There are state law requirements on public hearings of notices and mailings for conditional use permits and rezones and he did not feel they could meet those code requirements. There is a lot of information on this from different groups and Mike Wagstaff wanted it presented to the Council to see if there was interest for the future.

Mr. Stam mentioned a company called "I Count" that is the same kind of thing and really excelled in getting responses back from the community. He felt the cost was less from this group. Mr. Tingey said that if the City proceeded with this and the funding was budgeted then they would likely do an RFP process to evaluate a number of different proposals.

Mr. Shaver asked if this still depends on the City providing the contact information to the service company. This is an issue to collect these contact means. Mr. Tingey said that the telephone data can be provided from utility billing; however cell phone and email data is trickier.

With no further business the meeting was adjourned at 6:20 p.m.

Janet M. Lopez
Council Office Administrator