



MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, November 13, 2012, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Members in Attendance:

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

Others in Attendance:

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| Dan Snarr | Mayor | Jan Wells | Mayor's COS |
| Janet M. Lopez | Council Office | Pete Fondaco | Police Chief |
| Frank Nakamura | City Attorney | Craig Burnett | Asst. Police Chief |
| Trae Stokes | City Engineer | Kim Fong | Library Director |
| Justin Zollinger | Finance Director | Pat O'Hara | Murray School District |
| Richard Judkins | Naylor Wentworth Lund | D. Wright | Murray School District |
| Mike Adams | McNeil Engineering | Peri Kinder | Valley Journals |
| Ted Didas | McNeil Engineering | Preston Kirk | George K Baum & Co. |
| L. Skene | Citizen | Nick Skene | Citizen |
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Council Member Shaver called the Committee of the Whole meeting to order at 4:30 p.m. and welcomed those in attendance. He excused Mr. Brass from the meeting.

Minutes

Mr. Shaver suggested the Council approve the two Committee of the Whole meetings together and the two Council Retreat minutes together. He asked for corrections or action on the minutes from the Committee of the Whole meetings held on September 18, 2012 and October 2, 2012. Mr. Stam moved approval on the Committee of the Whole minutes as written. Mr. Hales seconded and the motion was approved 4-0.

Mr. Shaver asked for corrections or action on the minutes from the Council Retreat meetings held on September 26, 2012 and October 8, 2012. Mr. Hales moved approval on the

Committee of the Whole minutes as written. Mr. Nicponski seconded and the motion was approved 4-0.

Mr. Shaver stated that because Preston Kirk was running late, they would start with the Audit Policy discussion.

Business Item #1: **Audit Policy – Justin Zollinger**

Mr. Zollinger stated that after revising the audit policy one more time, they were able to work through some bugs and some areas that they wanted to improve. Mr. Zollinger also did some research so the City would have an idea of what other entities are doing with their audit policies.

Midvale City's audit policy is a three-year agreement with a two-year option of renewal, for a total of five years. They do not have an audit manager rotation. Taylorsville Ogden and Layton all have the same audit policies as Midvale City.

Riverton is a three-two city, but they require audit firm rotation after seven years, meaning they cannot use the same audit firm after seven years; they would have to choose another one.

Mr. Shaver verified that he understood that Riverton is a three-two city, but they rotate their firm after seven years.

Mr. Zollinger replied that he thought that was odd too. He doesn't understand why they wouldn't do five years and require the audit firm change after five years. He also stated that Riverton has asked the City for a copy of their audit policy after they are done with it. Mr. Zollinger continued saying that Logan has a three-two with no audit manager rotation.

Murray City currently has a ten year audit policy where we use the same auditors for ten years. The Finance Department's proposal is that the City does a three year with a two year option to renew. That protects the City from inflation and puts that risk on the auditors if the prices go up. If the same firm receives the bid again by being the low bid, and they are the most qualified, the City would require them to change audit managers. This way, the City can get a different set of eyes on the financial numbers.

Mr. Zollinger thinks this is a good change. Initially, in the first revision, they were going to go with five years, but he feels these new changes are positive changes.

Mr. Nakamura noted that as with any agreement the City has, it can always be terminated if we are not satisfied.

Mr. Shaver asked about the change of firm. He asked Mr. Zollinger to tell him about what his thinking process was based on the research he had done.

Mr. Zollinger replied that he likes a firm to come in and beat the firm that is currently working for the City. He likes that system and feels that it is a positive thing because then the other auditors that are bidding on the City's work know that they are going to have to come in and compete for that work. He hopes that this will ultimately hold the City's audit fee down.

Mr. Shaver confirmed that the firm change would create an environment where they would really have to compete for the bid.

Mr. Zollinger said that was correct.

Mr. Stam said that what Mr. Zollinger is saying is that the City is not requiring that the firm changes, we are requiring that it's re-bid, which could force a change, but we are requiring and audit manager change. Mr. Zollinger verified that.

Mr. Stam stated that theoretically, the City could end up with the same group for ten years.

Mr. Zollinger said that the City could have the same firm, but not the same people on the job.

Mr. Shaver commented that it could possibly be longer than that because it's a three and two.

Mr. Hales asked what it was before.

Mr. Zollinger said that it was a ten year.

Mr. Hales verified that there was no other option there other than terminating the contract for dissatisfaction. He was told that was correct.

Mr. Shaver said that part of the benefit of working with Mr. Zollinger on this was that they were able to come to some agreements on what is best for the City, such as having fresh eyes on the audit, but also to have the option to make the auditors come up with a price point that makes it profitable for the City. He feels that these are excellent things. He asked Mr. Zollinger if he would be moving forward with this and presenting it at a City Council meeting.

Mr. Zollinger said that it would be presented in one week at the November 20, 2012 City Council meeting.

Mr. Shaver asked Mr. Zollinger to present the fiscal year 2012-2013 budget amendments since they are already going out of order and he is presenting right now anyway.

Business Item #2: **Fiscal Year 2012-2013 Budget Amendment – Justin Zollinger**

Mr. Zollinger said there several budget openings that need to be taken care of. Many of them are from departments that are working hard and receiving grants and grant proceeds. The City praises them and is grateful for these departments. The first opening is for the Police Department. They were awarded a grant from the Justice Assistance Grant (JAG) for \$31,090.00. The Police Department also received a grant from Victims of Crime for just over \$36,000.00.

Mr. Shaver asked Mr. Zollinger if he could have Chief Fondaco or Assistant Chief Burnett address the Victims of Crime grant. He would like some more information on what that grant is and what does that money get used for.

Chief Fondaco said that grant funds mostly salary and reimbursement. It's for the victim advocates and domestic violence detective. It partially funds the salary, training and equipment.

Mr. Nicponski asked Chief Fondaco how many victim advocates the City has.

Chief Fondaco replied that the City has two victim advocates and one detective assigned to domestic violence cases.

Mr. Zollinger continued with the budget opening for the Police Department. There is \$510,000.00 that can be used to buy additional police cars if the City chooses to go that route. The \$210,000.00 already allocated plus this \$510,000.00 is enough to purchase 24 cars in this budget year. The CIP Committee talked about whether the City should advance this one year to be able to make the purchases. Mr. Zollinger thought it would be best to bring this forward because they are ready to go if the Council likes this, and he can pull it off if they don't.

Mr. Zollinger stated that the Fire Department has been awarded two grants. One is the Emergency Medical Services for just over \$9,000.00 and the State Homeland Security Grant which is for the Battalion Chief vehicle which was on the Fire Department's CIP list. That's great to see that. It's probably going to still cost about \$15,000.00 to \$20,000.00 to equip the vehicle but the vehicle is paid for.

Mr. Hales stated that it was impressive in the CIP meeting today when Fire Chief Gil Rodriguez presented this. Mr. Hales asked him who does these grants and the reply was Mike Dykman, an employee who is still doing his other work, but also does part of the grants. Mr. Hales thinks this is awesome; it's kind of like free money.

Mr. Zollinger said that it is great and it definitely helps out the City's capital replacement. This works very well especially when the City was planning on buying this vehicle. It just fits right into what the City needs. The State Homeland Security Grant was just under \$30,000.00.

Mr. Zollinger stated that the Parks and Recreation Department was awarded more money for the Zoos, Arts, and Parks Grants. They received \$11,225.00. The City had initially budgeted for this grant, but the department was awarded more.

The Golf Course or Murray Parkway would like to purchase the greens mowers that they have been renting. The total price for the two mowers is \$53,000.00. Initially they asked what they could do to find that money. Together, Mr. Zollinger and the Golf Course worked and found room in their budget to pay for a good portion of it. They came up with \$18,000.00 and then \$9,000.00 remaining in the rental account. That left a remaining amount of \$25,600.00 that they would like to use reserves for. The Golf Course is getting healthier and their reserves are improving as of the end of fiscal year 2012. Mr. Zollinger supports the Golf Course taking this money out of reserves as long as the Council is supportive as well.

Mr. Stam asked that in the long run, wouldn't this save the City money because the Golf Course wouldn't have to rent the mowers again next year.

Mr. Zollinger responded that would be correct.

Mr. Shaver added that the mowers do have a life on them of about two years.

Mr. Zollinger did not know exactly the life on the mowers. He had heard compliments on how nice the greens at the Golf Course are. There's no oil burns because electric mowers are used and make the greens look a little nicer.

Mr. Zollinger continued with the Library budget opening. The Library had asked Mr. Zollinger about getting some additional money in their budget for their parking lot. Initially this project was supposed to be \$40,000.00, which was the information that Mr. Zollinger had recently received. He just found out that the actual cost to replace the parking lot and the Library would be \$12,568.00. The reason for that is the City Engineer, Trae Stokes, went over and looked at the Library parking lot and evaluated it. Mr. Stokes concluded that a complete rebuild of the parking lot is not necessary. There are some areas that need to be torn out, but we can take those areas out and repair the rest of it. This will cost a lot less money.

Mayor Snarr asked if they would put a slurry seal on after the bad parts have been pulled out and fixed. The reply was yes they would.

Mr. Shaver asked if the City would be doing the parking lot work of if we would hire someone. He was told we would hire someone.

Mr. Zollinger continued that he just found out that the Library was vandalized and the air conditioning units on the ground were stripped of all their copper. The Library received a bid for that of \$38,000.00. This is both good and bad news for \$200.00 worth of copper.

Mr. Shaver asked if that money would be coming out of reserves.

Mr. Zollinger replied that it would have to because he doesn't see where the Library has that money in their budget.

Mr. Shaver asked if it would go through insurance.

Mr. Nakamura responded that it could be an insurance issue and that the City will be meeting with their insurance company and see where they are at with their insurance coverage.

Mr. Shaver stated that anything at all would help with that.

Mr. Zollinger continued on with the Library's budget opening. The Library also received two grants from the Library Services and Technology Act Program. One is for \$21,500.00 and the one for \$17,411.00. That money is for e-books and computer related materials. The last item for the Library is regarding the State requiring the City to budget what our tax levy is, not what we collect.

On the City's financial statements, there is a restriction for UTOPIA Debt Service. As Mr. Zollinger talked to the City's auditors, they said they don't agree with that restriction and it shouldn't be there. What that does is free up money that the City is restricting on the financials. He continued to explain that a restriction, for example "Class C" money, gives the State the right to tell the City how we can use that money. They restrict it. The City didn't receive any money from UTOPIA to have it restricted. We are required to pay it legally, but we haven't received any proceeds that have legal restriction on it.

Mr. Shaver said it is not earmarked for a specific thing.

Mr. Zollinger answered that right now, it's earmarked on the financials, but both he and the auditors agree that it should not be restricted. This increases the City's unassigned fund balance which we will take and move over to our capital projects fund. The amount is approximately \$1,508,000.00. One thing that was talked about was to possible use this for paying off debt service early in the general fund so then maybe the City could free up some money to build a new City Hall.

Mr. Nicponski asked for some more clarification. He wants to know why the \$1,500,000.00 is sitting here.

Mr. Zollinger responded that the money has been in the reserves, but called restricted, but it's not restricted.

Mr. Hales asked why the money was under restricted then.

Mr. Zollinger said it was restricted because the prior Finance Director thought it should be reported as restricted. Mr. Zollinger disagrees with that position.

Mr. Nicponski verified that the money would be moved into the capital projects fund. He asked where it was moving from.

Mr. Zollinger said it was moving from the general fund to the capital fund. Mr. Zollinger continued with his last item. Most cities have a 60 day availability policy on their financial statements. For whatever reason, the City has a 45 day policy. This creates a lot of journal entries at year end that are unnecessary. The City's June sales tax that comes in at the end of August is not available on the financial statements. Mr. Zollinger would like it to be a 60 day policy to make it the industry standard which will then make the City's June sales tax available at year end. That will increase the City's fund balance. In the meantime, that money is being moved over to capital projects also.

Mr. Shaver verified that this would be a one-time adjustment, it's not like the City is gaining money.

Mr. Zollinger verified that this would be a one-time adjustment. He continued by saying that this is a long budget opening and there will probably be a few more approximately each quarter. He doesn't anticipate them being as long as this one.

Mr. Zollinger added that his department just sat in on a grant writing class. The person who was giving the training was actually a grant application reviewer. He feels like the City is starting to move into that direction of applying for more grants. At first, you'll have a 10 to 15 percent success rate. Then you'll start to learn why you were denied for a grant, you'll redo and resubmit your application, then to odds of you getting the grant go up to 50 percent. If you get denied again, you get the information back, redo it again, and then the odds go up to 80 percent. It's a big rock we need to get rolling but we are working on it to try to provide extra funding for the City.

Business Item #3

Police Vehicle Lease or Purchase – Preston Kirk

Mr. Kirk started by saying that he has been involved with municipal finance for 32 years with a number of firms. He was the partner of Jim Matsumori and Dustin Matsumori that were born and raised in Murray City. Mr. Kirk has been involved in the quantitative side and they go

out and attend the meetings based on a lot of the numbers that are prepared for them. He thanked the Council for having him saying he appreciates this opportunity.

The whole concept of municipal finance and leasing and buying and bonding is not a stranger to Mr. Kirk. He's been involved for many years doing that. The advice that he's given everybody is to the extent that you have the money to buy an asset, take the money and buy the asset. You save yourself the cost of the legal fees, the consultant fees, bank fees and so forth. To the extent that you can't pay cash for something, Mr. Kirk's philosophy has been that you borrow. When you borrow, you put your best foot forward and you do it at the best rate for the shortest amount of time that you can to cut back on the interest expense. He thinks philosophically that probably resonates with a lot of the Council. Even though Mr. Kirk makes his living in bonding, his advice to anybody is if you can pay cash, more power to you. It takes a lot of strength and fortitude to do that.

What Mr. Kirk has been asked to do is look at the City's situation with the Police vehicles. He knows that the Council has probably studied this more than he has, but Mr. Kirk's goal is to present his quantitative peak at the situation and hopefully it will mesh with some of the thoughts and prior discussions that have been had.

Just by way of talking, if you had money sitting in your bank account today, you would invest that in the State Treasurer's Pool most likely and currently that's paying about three quarters of a percent interest. When Mr. Kirk was asked to present today, it was mentioned that the City is looking at up to 38 police cars and given the cost of about \$35,100.00 per police car. That would equate to about \$1,333,800.00. If you apply that interest rate that the City earns in the State Treasurer's Pool, three quarters of a percent, on \$1,333,800.00 in almost equals \$10,000.00 per year. To the extent that the City goes out and buys the police cars, you'd then foregone about \$10,000.00 of interest a year in doing so, but you've still spent the \$1,333,800.00. Mr. Kirk's understanding is that one of the alternatives that the City has been looking at is an operation lease of the same about of vehicles. That would constitute an outlay immediately upon the leasing of the vehicles when you take delivery of about \$267,000.00. That would continue for two years, and then you would have to roll over the lease. To be on par with essentially kind of the six year life, or thereabout, of the police vehicles, you'd have to enter into that lease three times to do that. So you take that \$267,000.00 a year in payments times six years and you're about \$1,600,000.00. The difference is about \$266,000.00. The difference between leasing and purchasing is about \$266,000.00, but you've foregone about \$10,000.00 a year in interest earnings off of the money or cash that you'd spend. So we can net those out. You take approximately \$260,000.00 less the \$60,000.00 and you've got about \$200,000.00 difference in payments. That's about 5.9 police cars. So roughly every year that you're involved with this lease you could probably go out and buy an additional vehicle.

One other alternative that was not presented, or may not have been readably evident, is the City is a very credit worthy borrower. If you were to go out and borrow on your own, you would be able to borrow the money at whatever rate is current existing and it would probably be on a tax exempt basis and in the neighborhood of about 3 percent given about a 5 – 6 year lease. Mr. Kirk has not given any financial institutions a call, but he knows that's about in the neighborhood of what they're seeing.

Mr. Kirk directed the Council's attention to the second page. He wants to walk them through the quantitative side of this, where Mr. Kirk has outlined and laid side-by-side these three options. There are really two sections. In the upper section, is option one in which the City purchases the vehicles. What he shows is roughly January 1, 2013, the cost of those vehicles would be \$1,333,800.00 as he described before. Six years later, there would be some residual

value based on some historical information that Mr. Kirk has. When the vehicles are about six years old there worth about \$3,000.00 a piece, times that by 38 vehicles, gives you about \$114,000.00. So when you deduct from the purchase price that \$114,000.00 the over cash outlay in terms of the amount of money going out is \$1,219,800.00 divided by 38 vehicles brings you to essentially \$32,100.00, by definition. That is \$35,100.00 less the \$3,000.00 residual value.

The second option is essentially showing what would happen if the City was to go out and enter into some kind of tax exempt lease with some kind of a financial institution where you lease to own. The City would own the vehicles and would still have to sell them at the end of the lease to get the residual value, but we've assumed that would be financed over six years at three percent. You can see that the debt service payments would be \$246,000.00. Unlike an operational lease, those lease payments would probably be due in arrears, that is at the time of closing, you wouldn't have to come up with any money. At the end of the six years, the City would still have that residual value because you own them. It would be akin to the same residual value if you were to just outright purchase them. Under this scenario, the net cash flow is \$1,363,296.00. When you divide that by 38 vehicles, you get about \$35,876.00. The difference between a cash purchase and financing it is really \$3,776.00 per vehicle.

Mr. Kirk looked at option three which is the operating lease where the City would really have to do it three times in succession to equal buying or financing the vehicles. Based on that cash flow that was discussed, the \$266,000.00 difference, that's about \$10,000.00 per year. In the lower section, Mr. Kirk takes a little bit of a different look at it. When you buy a car or vehicle, it's no mystery that the greatest amount of depreciation comes the minute you drive it off the lot and second to that is probably in the second year. As the vehicle ages, the depreciation starts lowering. To the extent that you buy a vehicle and you hang onto it and it is not wrecked or damaged and provides pretty good service, realizing that each vehicle has different life spans, you are the beneficiary of that lesser depreciation in years four, five, and six. What Mr. Kirk has done is to take a guesstimate as to what deprecation might look like. With the equipment lease, the operating lease option, the value decreases by 20 percent a year. With the other vehicles, if the City was to outright purchase or finance them, Mr. Kirk assumes about the same amount of depreciation, but it decreases over time and the financing or outright acquisition passes that benefit onto the City. That depreciation belongs to the City. If one of the objectives is to have very new vehicles and avoid any kind of maintenance problems, then the City may want to look at the operating lease. Generally with that lease the vehicles shouldn't have any trouble and would be under some kind of a warranty during that period of time. That is if the City is like Mr. Kirk, who can't afford to drive a brand new vehicle every single year just for the sake of that depreciation.

Last but not least, Mr. Kirk took and imputed the effective interest rate that is applicable on that operating lease where the City pays \$267,000.00 at 7.9 percent. Given the math and the cash flow, you can kind of back in to what the effective interest rate is. Mr. Kirk came to the conclusion that if the City's alternative use of funds are in the PTIF, Public Treasurer's Investment Fund, earning three quarters of a percent, or paying ten times more than that to enter into an operation least to acquire the vehicles, the City may want to look at some of the other alternatives. Mr. Kirk asked if the Council had any questions. He reiterated that this from a mathematical standpoint and that there could be other scenarios that could be discussed, some that could have political ramifications. One of the risks when you don't outright own the vehicle is when you renew your lease two or four years from now, who absorbs the cost of the increase in the vehicles if that occurs in the process.

Mr. Shaver asked the Police Department if we give our old vehicles to an auctioneer. He wanted to know if they pay us for what they assume the value is or do they get a value after they are sold.

Chief Fondaco answered that we do give the old vehicles to an auctioneer and we get the value after they are sold.

Mr. Shaver said so they bid it out and the City gets whatever that value is back to us after the vehicle is sold. He was told this is correct. Mr. Shaver continued with the second part of his question which is in the lease, in the two year rotation, is there a cost associated with that by moving equipment from one vehicle to the next each year or is that assumed in the cost of the vehicle in the lease renewal?

Chief Fondaco replied that is in the renewal.

Mr. Shaver continued by saying that the thing the City looks at is putting the officers in new cars every two years. Unfortunately, the City doesn't just have 38 vehicles. The City has 38 patrol officers. By doubling that 38, assuming that the City can and purchase, we have a six year time period. We do three years that says we purchase year zero, in three years we purchase the next half that means every three years, we're doing a purchase to replace all of the vehicles. By the time we get to the sixth year, you replace the first of the first three, you have three more on top of that, and then purchase the next half or another 38 puts you at 76. That gets all the vehicles replaced ever nine years. So literally by every ninth year, you would have had brand new vehicles for everyone.

Mr. Nicponski said to keep in mind that there are different uses for vehicles. A patrol vehicle is going to rack up a lot more mileage than a detective vehicle. You need to account for that. What one City does is has a policy to replace the vehicle after 100,000 miles, they just buy a new one and replace them. There are different ways to approach the replacement, but that's just one example.

Mr. Shaver stated that patrol are heavy users, approximately 25,000 miles per year. At six year, you'd be talking about 150,000 miles.

Chief Fondaco said that the trouble with the fleet is that we have 26 cars with over 100,000 miles on them right now. When the original budget came in, you have to remember there was only six cars budgeted for the Police Department. That's when they started looking at the lease; saying we could replace, for that same amount and yes it's yearly, basically replace the entire patrol fleet because we haven't had a new car for four years. This would be the first time in four years. This was basically a catch up. The figures you're looking at are for if we purchase or lease 38 cars, but like Justin just said, we can get 24 cars if we buy them.

Mayor added that there is a possibility, based on what the vehicles are sold for, to pick up another two.

Mr. Shaver said that is why he asked the question to begin with because it isn't just a straight purchase. There's some money that's going to be coming back based on whatever that value is going to be. We want to try to buy as many vehicles as possible. The 38 is a split, that gives you half, and that's why he likes that number.

The question becomes about a cash purchase. As a finance/business guy himself, Mr. Shaver likes the idea of using somebody else's money and paying a little tiny bit of interest for that. Practically since we're not looking at 10 – 15 percent, we're looking at 3 – 4 percent. He asked Mr. Kirk, since he has expertise in bonding and other things, since this is such a marvelous rate, would he recommend the purchase flat out over a payment process.

Mr. Kirk responded that he's given the Council kind of a "buffet". One of the assumptions is that the City has the money to buy the vehicles. That would be one option. You might justify that by saying, as low as interest rates are; your reinvestment rate on that money is equally low. To the extent that you're earning three quarters of a percent on that money. Why would you pay three percent to borrow it and you keep it at three quarters of a percent, wouldn't you be better off to take that money? An alternative or a variant to that Mr. Kirk thought of as he looked at the City's situation, where there are so many vehicles that are in need of replacement, might be to divide the baby and say we're willing to use half the cash. Maybe the City buys 20 cars and in a year or 18 months from now, go out and borrow enough money to maybe buy other 18 – 20 cars. You'll still have some cash on hand and you then start staggering the acquisition of these vehicles so they are not all either brand new or totally old.

Mr. Shaver stated that was what he was thinking. He asked Chief Fondaco by staggering it, it seems they will be able to get through the total number in a much quicker way by doing exactly as Mr. Kirk described. The idea is trying to get through and get new vehicles as rapidly as we possibly can without putting the City in some kind of a bind. That's seems, based on the CIP, based on how many vehicles we have that would seem to be the best option to him.

Chief Fondaco agreed with Mr. Shaver. He said that was what the Police Department was doing. Through the budget process, they were budgeting 12 – 15 cars per year. Then the recession hit and we said no cars this year, no cars next year, no cars the year after. Each 12 cars added up and that's the position we are in now. That's all this ever was; how are we going to catch up. What can we do to get these.....he interjected that he believes these old vehicles are unsafe. When they get over 100,000 miles in patrol, they are unsafe. He's not saying they are going to fall apart or the officer has a problem driving them. They are getting to the point where the brakes need to be replaced more, there is more maintenance cost, and everything starts to go on them. The work Justin, the Mayor and Jan did, if we can get 24, the only problem he has is if money is advanced to him for next year this year, then what is he supposed to do next year?

Mr. Shaver said that was the whole point. For him, that is where the CIP comes in so handy. It's when they look at the money and bringing it in and saying this is what we project and this is where we plan to be. Because after 18 months or two years we do have a much more firm grasp of what that money is going to look like. That way we're not robbing from one year in order to get into the next one. That's what we want to be able to do. He thinks that in the CIP process, as it's looked at and reviewed, he feels that the City is better fitted to bring about that rotation as quickly as we possibly can.

Mr. Stam added that we can order all the cars, but it's when we have to pay it. If we could get things and end up making most of the payment of the money that you're getting back from the CIP after July 1, then it doesn't become an issue anymore. We are already half way through the year.

Chief Fondaco said that if you order these cars within the next month, you won't receive them until February or March. You're looking at least that amount of time.

Mr. Stam asked if it would be possible to do something like order half now and order half in March. Then you end up paying the bill after July 1, so then it goes into next year's money. That way you're not borrowing it.

Chief Fondaco responded that his concern is that they are splitting that same number. If they tell him to take 24 vehicles and let him order 12 now and 12 in July, he's still only replaced 24 vehicles. If he replaces the 24 vehicles now, is the Council going to give him more money for vehicles in July, in the next budget year?

Mr. Shaver said that is what they want to be able to do.

Mr. Nicponski stated he thinks that the Mayor has come up with a good plan in recommending the replacement of 24 police vehicles.

Mayor Snarr said they are going to look seriously and they could come back and have a budget opening if the sales tax dollars come in much stronger than we've projected. The Mayor has no problem sitting down one more time and looking at this. He would like to see the Police Department get caught up on their vehicle replacements. His whole life has been if you've got the dough, and you know you've got it this year and you can spend it wisely....don't bank on the future because you never know what the future will bring.

Mr. Hales stated that is what Mr. Kirk had said earlier.

Mayor Snarr continued that although the interest rate, 2.74 percent, 2.9 percent on cars now. The credit unions advertise it everywhere. It's phenomenal. Of course they're giving you .15 percent on your savings.

Mr. Nicponski added that we have certain expectations from the citizens for public safety so we budget a certain amount to the Police Department to do their job. That's where he thinks that money should come from. He's not saying that the Capital Improvement Plan is a bad thing; it's a good thing, because it puts everything in perspective. You just heard from the budget adjustments, we're taking a million and change and moving it from restricted to capital improvement projects. That's a lot of money. They you ask yourself, is that money for a New City Hall or is that money we should use for new police vehicles?

Mayor Snarr said that Justin's idea was to retire some of the debt and that will frees up the capital to go ahead.

Mr. Shaver added that the debt also has an interest rate associated with it.

Mr. Stam had another question. He asked how many of these companies offer zero interest for 36 months now. He thinks that there are a lot. He is wondering if it would be worth looking at buying 12 vehicles outright and buying 12 on a loan and paying them off after July 1st.

Mr. Hales asked Mr. Stam if he was referring to a lease or a loan. He was told he was referring to a loan.

Mr. Stam said that you would only be paying interest for six months or less then you would pay the vehicles off on July 1st. That way, you get both worlds because the amount of interest in six months wouldn't be that big.

Mr. Shaver stated that is a conversation that they need to have. He doesn't think that decision will be made this evening, but it is something, that with new information, obviously with that very prejudiced view that the Council had, Mr. Kirk bringing his expertise to the table is what they needed to hear. He thinks that this discussion is going to continue. He also realizes that they need to make a decision as expeditiously as possible.

Business Item # 4

Hillcrest Junior High School Project Update – Pat O'Hara

Mr. O'Hara started out by saying that Dr. Steven Hirase could not make it so he is standing in for him. He introduced the people who were accompanying him. They included Richard Judkins, with Naylor Wentworth Lund Architects and Ted Didas with McNeil Engineering. Mr. O'Hara reminded the Council that the discussions for the new Junior High School started a while back, leading up to this meeting. There is a lot that is going to be going on with the property for the new school and the School District wants to make sure that they have all their ducks in a row, both in terms of the statute and in terms of the Council's informational expectations. The architect that is here tonight is planning to talk about the site plan a bit. Ted Didas, the Engineer is here to discuss something of Frank's interest which is all the legalities and all the pieces of property over there. That includes 22 homes and some commercial property. They want to make sure that the Easements are handled the right way. They also want to make sure that the new Easement corridor is developed the right way. Mr. O'Hara turned the time over to Mr. Judkins.

Mr. Judkins said he wasn't sure how familiar the Council is with the project. The idea is to rebuild the school and place so they can keep the existing school open. They purchased the homes behind the school; they will abandon the right-of-way of the road hopefully within the next couple of months, and start construction of the school. It will be a two year construction process to get the new school up and going.

Mr. Shaver asked if all of the homes have been closed on. He understood that there was one or two that hadn't been done yet.

Mr. Judkins stated that all the homes have been closed, including the Daines Building. They will probably begin demolition of those homes in February to make way for the school which they will be starting construction on in the late spring. What the Council is looking at is the site plan rendition which shows that the school building will go pretty much where those homes are now, where Hillside Drive was. Hillside Drive will be redirected to the south, as you can see at the south end of the school in front of the condominiums. The north portion of Hillside Drive will remain the main access to the school. That will become the parent drop-off which they have increased by more than four times of what they currently have. That will help the drop-off situation. They do have a small parent drop-off that they've had a traffic study on and of what this Hillside closure is doing to the neighborhood. They held a public meeting last Thursday.

Members of the Council asked how that meeting went.

The Mayor and Mr. O'Hara answered that the meeting went well. Mr. O'Hara continued that he appreciated the Mayor being there. There were about 28 people that showed up. The first meeting had about 22 people show. The second meeting was actually called on account of the first meeting. On the first meeting they wanted to orient everybody with the plan. The

citizens' concerns were about the closure of Hillside Drive and what effect that would have on them. Fehr & Peers is a national engineering firm with an office in Salt Lake that specialized in traffic engineering studies and consulting services. The meeting started out like the last one, the citizens wanted to hear the findings and recommendations of the study. It took the engineers a couple of months to do that. Once the citizens could see the numbers and once they could see what the engineers are telling the school district about the traffic flows, the time spent at stop lights and intersections, what's the impedance of the commute for residents and that sort of thing, it went very well. There will be more traffic pushed down 5460 South. There will be some traffic that will likely go up on Alpine Drive. Those delay times at those stop signs will be a couple of minutes. The models that they use are pretty sophisticated models and they have been doing this a long time. It looks pretty good. Basically what the study says is the same number of parents are going to drop off their kids on the south end of the property is the same number as the parents who currently driving down Hillside Drive and dropping off at the new parking lot that was build. You're trading one location for another on those. What you get out of it is a massive treatment on the front where a lot of the cars are going to go, simply because it is going to be several lanes that will enable a lot of cars to come in off of 5300 South and drop their kids off. It will also keep buses completely out of the picture. They are going to be on that second loop on the south end.

Mr. Shaver said this is his district. He was unable to attend the meeting, but he heard from several residents who live up there. One of their major concerns was to have buses rumbling down their street. They were very pleased with what they heard at that meeting. It was different from what they had anticipated. He thanked Mr. O'Hara and Mr. Judkins for the presentation that they made at the meeting and easing the citizens' fears and concerns.

Mayor Snarr added that he felt there was one thing that the residents didn't understand or appreciate is the fact there's a light at 5460 South now and there wasn't a light before. When the new High School was built and working in conjunction with UDOT and the issue of getting the students out of the parking lot safely, they recognized that a light was critical. Although the distance between that light and the light at 5300 South was a little bit of a concern, there's still plenty of stacking capabilities for those who want to turn left. There are two left hand turn lanes because they redid the intersection at 5300 South and State Street. The Mayor thinks the idea presented by the school board is brilliant. He looks at what they have done compared to what is currently there and he feels the school board has more than addressed the safety of the students and the parents getting their kids in and out of the school in a safe manner. The plan will create less of a bottle neck and less time for them to drop their students off, because there will be multiple locations and the buses are separated.

Mr. O'Hara stated that all three of them have an interest in this. The City has the interest in traffic, the school district has the interest in student safety and traffic flow, and the parents have an interest in getting in and getting out.

Mayor Snarr said that people don't realize that if they go to State Street, the lights are going to be in favor of State Street much longer than they are for 5300 South. To go up 5460 South, hit State Street and go over and turn left, it may save you more time than going down 5300 South and waiting for the lights to change there to take you west.

Mr. Judkins continued by saying that the other thing that came up from the traffic study was looking at the pedestrian traffic on 5300 South. The recommendation they came up with was to put an overhead pedestrian signal that would come right off of the formal Hillside Drive, which will be the new main entrance.

Mr. Shaver asked if it would be a flashing sort thing that warns of a crosswalk. He was told it would be.

Mr. Nicponski asked if the crosswalk signal would be initiated by the pedestrian. He was told it would. Mr. Nicponski then verified that the pedestrian would come to the crossing, push a button and the lights would flash on and off.

Mr. Hales asked if the crossing would be similar to the crosswalk over by the IMC Hospital.

Mr. O'Hara said it was different. It would be like the one at Gardner Village. It's the HAWK System, which is different. The one by the hospital just has yellow. This one will have red.

Mr. Judkins said that what they would probably be proposing is to move the crosswalk from where it is down on the corner by the Library, and move it up. The second page of the handout, which is an updated site plan from the recommendation, has a sidewalk that runs along the east side of the old Dines property. That sidewalk runs straight into the main entrance of the building. It would give the kids a straight shot out of the building. It was actually in the afternoon that they witnessed about 101 kids using that. Not as many kids use it in the morning. They feel this change will make the crosswalk a much safer pedestrian approach. It won't cut down on all the kids jaywalking, it will certainly help.

Mayor Snarr said that the lighting system at the crosswalk doesn't necessarily mean that when the kids push the button the light will automatically turn red. It will be timed so that the traffic coming down 5300 South will not have to constantly stop every time somebody pushes the button on the light.

Mr. O'Hara added that once school is in session, the light goes dark, it's off.

Mr. Judkins reiterated that if you get one kid pushing it, you can't have someone coming behind them and immediately push it again. The light will make them wait, queue a little bit, and then let them cross.

Mr. O'Hara added that Trae Stokes, the City Engineer, is in agreement with that kind of signal. He likes those types of signals.

Mr. Judkins continued by showing the Council a preliminary landscape plan that they would ultimately review with the Planning Commission. He believes the final is a recommendation that will go through the staff. The idea is to heavily landscape between the school and residential zones. The condominiums on the south wanted to have some input on what landscaping would go up against their property, which the school has no problem complying with. Once the school is complete and the other school is torn down, they will be coming in with a revised sub-division plat that would probably include one big parcel now. Then they will come back and determine where a commercial zone would be.

Mayor Snarr asked Mr. Judkins if he knows what depth the parcel would be

Mr. Judkins answered that it would probably line up with the U-Haul property, but they would like to study that a little further with the school and see what they need for the play field.

Mr. Shaver noted that Mr. Judkins has included the Seminary building in plot. He asked if that would remain a constant.

Mr. Judkins answered that they don't have a say on that. They have been approached and they know where the school is moving. He thinks they are looking at options in the neighborhood.

Mr. Shaver said that was what he had hears also. They are trying to find another place that's closer to the entrance so the students don't have to walk so far. Particularly, based on where the school is going to be at, they are going to have a long walk.

Mr. Judkins said that there is a grate there. He would imagine they would find some other property in the neighborhood to make the Seminary location a little more convenient for the students.

Mr. Judkins continued saying the school will be a two story structure. They are increasing the size of the theater arts through some grants and he thinks the City is chipping in on that. The theater will be vastly improved from what you would see at a typical Junior High School. The stage is going to be deeper than the Murray High stage. The theater will seat about 800-825 people.

Mr. Shaver added that is just about the capacity of the school.

Mr. Hales asked how many people the current theater seats.

Mr. Judkins replied around 700. He wasn't quite sure, but he's heard that number in the past.

Mr. Shaver stated that the think he likes, being that he has a teenager who attends Hillcrest Junior High, is that there is no height increase.

Mr. Judkins said on the upper floor, all of the classrooms are down straight corridors, no stairs. The materials on the building would be similar to Murray High School. They may be concrete masonry or clay brick; it has yet to be determined by the budget. It may also be mixed with some metal panels, similar to Murray High.

Mr. Shaver asked if there would be an outside entrance directly into the auditorium.

Mr. Judkins said there would not be. There are emergency exits. The whole east side is kind of down played. It's not really a main entrance between the school and the residents there. They would like to control that through the school.

Mr. Shaver stated that when the school has concerts and things, that becomes an issue for parking, and right now it is an issue whether there is a band playing or the choir's singing. Right now, there's a mad scramble to get out of there. His concern is how people would get in and out.

Mr. Judkins said that you can exit and there is circulation to the east to the parking lot which he feels will help that. He feels the school will want to control the entry. He noted that they

are exceeding the parking count of what is required by the City. He thinks 160 stalls would be required for this and they have well over 230 parking stalls.

Mr. Shaver asked Mr. Judkins to talk about the space just to the west of the Library property now. Will that be used for parking?

Mr. Judkins responded that yes, that's additional parking but it's also additional access. It's a right-in right-out only. It's another example of them putting in multiple accesses to the property to get people in and out quickly.

Mr. Shaver noted that runs right into the abutment in the street, so it is a right turn only.

Mr. Judkins said that actually they would end up extending that abutment further so people can't cheat that like they do now.

Mr. O'Hara added that is a recommendation they have made to the City. The City Engineer is considering that and his recommendation of extending that will be sometime in the future.

Mr. Shaver said that right now they come out of that parking lot, it say's don't make a U-turn, and that's exactly what they do.

Mr. Judkins said it would be nice to make it a right-out just to help the traffic get out of there. He thinks if you make it an in only, you'd still get people cheating it and going out in the end.

Mr. Shaver asked about getting out of the school in the morning. They'll come out of that parking lot headed north and immediately try to get into that left turn lane to make either a U-turn or turn left onto the next street to try and get through there. Sometimes it just blocks everything up.

Mr. Judkins stated that the traffic pattern here, for the most part, would be coming in the old Hillside Drive and doing a U-turn in the middle of that island. That's the main drop off zone. Kids want to be dropped off where they have to walk the least. That gives a really good distance. So if the cars are already heading east then we see that only the occasional car, dropping off early, would sneak out if they were only going east off of 5300 South.

Mr. Hales said he couldn't remember what the decided to do with the gym.

Mr. O'Hara said it will be a gym and a half; basically the same thing they have now. There will be one full size gym and one that is a little smaller.

Mr. Judkins added that they are making provisions so the community can continue to use that. There are some controlled doors in there so they can't walk through the bulk of the school on the weekends or evenings. It should be nice.

Mr. O'Hara stated that the layout of the new school is going to be really nice for both community use and the kids too because the gyms, locker rooms, the hallway, etc. are being built like a symphony this time instead of what they have now, like a rat maze. Mr. O'Hara said if the Council doesn't have any more questions on the site plan, they would like to bring Ted Didas up and talk to them about the engineering.

Mr. Didas began by saying that one of the first tasks they were looking that on this is the vacation of Hillside Drive, roughly from the intersection with 5480 South straight north to 5300 South. The first step in the process from the engineering/surveying prospective will be to work with the City on the vacation and providing the legal descriptions. This is a draft of that document to vacate that section. Going hand in hand with that is there are a number of utilities either in the right-of-way or a in a number of cases back lot lined overhead utilities through the area. They have made contact with all of the utility companies at this point and discussed the necessary abandonment, demolition, and relocation in some instances. They have discussed the costs with the school district for those relocations. They have started those discussions on the associated easement vacations. He reiterated that they are working with the City on the vacation or the public right-of-way, working with the various utility companies on the vacation on a number of the easements to "clean-up" the property.

The next step would then be, if they're looking at obviously multiple parcels across the site right now, after the right-of-way section is vacated, would be to file that almost immediately with a subdivision or consolidation plat that creates a single parcel out of that. They would anticipate ending up with the vacation of the right-of-way, consolidation of lots, and vacation of as many Easements as possible. Some may be a vacation of a utility Easement and exchange for a replacement Easement if the lines need to be relocated to a different location and not simply removed and demolished. There's a little bit of mixing and matching of exactly what those solutions are. They are into that process now at this point working with the various entities to take that through to completion. They are also trying to work with the architect to make sure that these relocations are going to reflect the intended site plan.

Mr. Shaver asked if most of the utilities Mr. Didas are referring to are just sitting.

Mr. Didas responded he wouldn't say most of them. For instance, Questar is only in Hillside Drive and they can simply be pinched at either end and go away, barring what service is needed for the new school. The four big utilities that are over there are CenturyLink, UTOPIA, Comcast, and Murray Power.

Mr. Shaver added that most of the telecommunications cable would be on that side of the City. He asked if there were any water or sewer.

Mr. Didas verified that there are both water and sewer. There are actually a number of sewer lines that come through the ball fields now. There is also a trunk line for the storm sewer and comes through the ball fields now. The water is in the street. They would anticipate as there are developing the new school, there are going to be fire suppression and hydrant needs for the project. He doesn't know the answer for that now, but there will be some relocation of the water line around one side, or the other, or both around the school to provide the adequate fire protection. The sewer in the street is only serving the residences and can simply be abandoned or removed because what comes down Hillside Drive actually turns and comes out over to the trunk lines and out. We're a little bit fortunate in that respect of not having to bear the cost of relocation for that.

Mr. Shaver asked if there was timing as to how quickly this will happen.

Mr. O'Hara responded they are targeting the January meeting for the movement on the abandonment. They expect to start the demolition between the 25th and 28th of February, right at the end of February. From the 15th to the 25th of February they've given the property to Chief

Fondaco's people to blow it up, burn it up, shoot it up, whatever they want. They're going to do some SWAT training.

Chief Fondaco said it actually a nationally known explosive breaching class that is coming in. All the houses are going to be doing explosive breaching.

Mr. O'Hara added that they are planning to save about 35 of those mature five to six inch trees. They are planning to move them in order to save them.

They expect to start the demolition the end of February and start on the building sometime in March. Their goal tonight was to deliver documents and mainly to assure the Council and assure Legal Council and the City Engineering Department that they are making good headway and getting all of the legal things tied together and getting the engineering done. Their architect and engineering people are way down the road on this. The School District is in constant contact with Trae and his staff as well as Doug Hill. They will continue to do that all the way through this project. They will keep in close contact with the City agencies.

Mr. Shaver mentioned the upcoming meeting on Thursday. There are a couple of issues that will be discussed there as well as part of the School Board City Council meeting. He asked Trae Stokes if he wanted to add anything to what he saw or heard.

Mr. Stokes said that Mr. O'Hara has been keeping his department in the loop well. They received the traffic study and they reviewed it. They've seen the site plans.

Ms. Wells shared that Mary Ann Kirk and Doug Hill, who couldn't be here, wanted to make sure that it was noted on the record that they are working with the district some of the issues for the arts that the City has been talking about. Frank is working on those, along with Doug and they had some kind of specific things they were hoping to have placed in the facilities. Ms. Wells feels that they are being worked on.

Mr. Shaver asked Chief Rodriguez and Chief Fondaco if they would like to weigh in on this and how they see access or any issues either of them have seen on any of the plans.

Mr. Shaver adjourned the meeting at 5:50 p.m.

Jennifer Kennedy
City Recorder