



**BUDGET AND FINANCE COMMITTEE
MURRAY CITY MUNICIPAL COUNCIL
MID-YEAR REVIEW FISCAL YEAR 2015-2016**

The Murray City Municipal Council met as the Budget and Finance Committee on Wednesday, February 17, 2016, at the Hilton Home 2 Suites, 4927 South State Street, Murray, Utah.

Members in Attendance:

Dave Nicponski	Budget Chairman – Council District 1
Blair Camp	Council District 2
Diane Turner	Council District 4

Members Excused:

Brett Hales	Budget Vice-Chairman – Council District 5
Jim Brass	Council District 3

Others in Attendance:

Ted Eyre	Mayor	Jan Lopez	Council Administrator
Jan Wells	Chief Admin. Officer	Janet Towers	Exec. Asst. to the Mayor
Pattie Johnson	Council Office	Mike Terry	Human Resource, Director
Beatriz Mayorga	Attorney’s Office	Frank Nakamura	City Attorney
Blaine Haacke	Power General Manager	Bruce Turner	Power
Tim Tingey	ADS Director	Greg Bellon	Power
Craig Burnett	Police Chief	Joe Tarver	Assistant Police Chief
Justin Zollinger	Finance Director	Doug Hill	Public Services Director
Gil Rodriguez	Fire Chief	Laura Lloyd	Fire
Kim Fong	Library, Director		

The Mid-Year Budget and Finance Committee Meeting was called to order at 1:05 p.m. Brett Hales and Jim Brass were excused.

FINANCE DEPARTMENT - Budget Overview - Justin Zollinger

Mr. Zollinger reviewed the **Summary Report** by fund for the budget as of mid-year. He explained the Budget and Finance leadership asked him to provide a summary report, which he preferred because it gave concise information as to whether some accounts were high, or right on target.

Looking at the General Fund (GF), Mr. Zollinger pointed out the *Encumbrance* column to describe a few departments that had high utilization numbers. He explained that during the new software conversion, many

purchase orders were carried over and had been relocated into wrong accounts. They have since been liquidated and are no longer a problem. For example, the *Police Department Capital* reflected \$289,382.51 spent. It was supposed to come from the Capital Projects Fund, so that has been liquidated and moved to the appropriate account. Mr. Zollinger noted that was the case for every large overage shown in the General Fund.

Mr. Zollinger explained the *Total Revenue* and *Available Budgets* on page 2 provide a comprehensive understanding of where the City is situated. He pointed out the *Actual Year to Date Revenue* was \$700,000 less than *Expenses*. This occurrence is common because sales tax receipts are behind by two months.

Mayor Eyre inquired about December sales. Mr. Zollinger replied it would be received the end of February. He explained how customers shop in stores, pay sales tax, then the restaurant or store had a month to calculate their sales taxes and file with the Utah State Tax Commission. Within the next month, the Utah State Tax Commission has the responsibility to distribute the tax money to the City. In addition, he reported property taxes are not reflected until the end of November or beginning of December

- **Sales Tax**

Mr. Zollinger pointed out a positive revenue of \$500,000 on the City's sales tax receipts and reported the task of reconciling two things: the stock market doing poorly and the local state economy going great. He believes with the stock market reflects concern about China's economy. After multiple discussions with financial, investment, and loan advisors, all had agreed with that idea.

Regarding sales tax, Mr. Zollinger reported the City is 6% above projections. This follows two years of 5% increases. He did not anticipate this in the revenue budget, however, it might possibly be utilized for raises this year.

Mr. Zollinger continued with sales tax information, which included our .2% and our regular sales tax. With this \$500,000 variance, a discussion was held with Mayor Eyre and Mr. Hill to consider the new sprinkler and irrigation system for the golf course, which will be brought to the Council in a future meeting.

Mr. Nicponski asked what percent Murray gets from the 7.05% sales tax collected. Mr. Zollinger replied .2% with a 1% local options sales tax, of which the City receives approximately 73%. The remainder is distributed on a population split formula and a point of sale. Before the redistribution, the City received 88%.

- **Property Tax**

Mr. Zollinger said property tax generally does not vary, unless there was a property tax increase. It is a very stable revenue source.

- **Franchise Tax**

The franchise tax revenue was looking very positive also. Mr. Nicponski inquired whether the hospital pays on that. Mr. Zollinger confirmed that it did.

- **Fines**

Mr. Zollinger reviewed fines and reported court charges were down. He explained this amount was counted as a permanent number and will not come back up. Enforcement policy has changed and he fully supports the Chief in whatever way he feels is appropriate to enforce the law. An adjustment is needed to lower the revenue.

It was noted that part of this would be offset by one less person employed in that department.

Mr. Camp asked about fine rates and if they were set by State. Mr. Zollinger confirmed they were and a bill was introduced with potentially more money going to the state. There were no results on that yet.

- **Miscellaneous**

Mr. Zollinger reviewed miscellaneous items. It was high due to a recent deposit from PEHP Health Insurance. By State law we cannot have a check sitting on our desk, it must be deposited within three days. He said the best practice is to deposit a check of this type immediately. It was placed there for a holding period and then distributed to various funds.

Mr. Zollinger explained that page two of the General Fund Revenue contained details of the previous page. He pointed out the breakdown of how property tax and sales tax was summarized and stated there were no concerns and overall financial statements and numbers reflected good news.

Ms. Turner asked what the CDBG is. Mr. Zollinger confirmed it was the Community Development Block Grants, which provided funding for the Heritage Center room expansion.

Mr. Nicponski asked about school resource officers. Mr. Zollinger said the City failed to bill quick enough.

Mr. Camp asked if that was a bill to Granite School District. Mr. Zollinger responded \$25,000 was billed to Murray and \$12,000 billed to Granite. So that shows a seasonally adjusted number but its \$37,000. Mr. Camp said he thinks Murray is paying the payment.

Ms. Turner inquired about the decrease in Park Center Memberships. Mr. Zollinger reported that daily admissions had been separated from memberships and pointed out how the two admissions offset the other.

This is the General Fund and if our revenues are not performing well, that is when you have to start decreasing expenditures. Murray is in a good position.

In conclusion, Mr. Zollinger reported the budgets were great. Departments are managing their budgets. He was grateful that should challenges arise, working together to resolve issues with the Council and Mayor was always helpful with positive options. For example, the new irrigation project at the cemetery with road removal and grave identification; Mr. Hill accomplished everything he could internally to handle the details. Then the Council approved additional funds, as required. Mr. Zollinger estimated \$150,000 for roads, in addition to \$700,000 overall. In the end, \$760,000 was spent on the entire project instead of \$850,000, which was a win overall.

- **Sales Tax by Month Chart**

On a bar chart, sales tax month and year showed a very positive trend. December has not been received for 2015. But you can see by month a comparison of the last five years. For the most part, each month sales have increased from the previous year. The Mayor noted March was the only time of decline comparatively. Mr. Zollinger agreed all other months were almost even, or just slightly above March of 2015, which was great news for the City. Mr. Zollinger plans to provide this report on a monthly basis

- **Auto Sales by Month Chart**

Mr. Zollinger reported 2010 to 2012 new auto dealerships came into the City. These were permanent changes that had occurred to provide a jump in sales. Mr. Zollinger noted if another time of recession occurred, similar to that of 2009 and 2010 levels, analysis would be necessary. If the City was required to make up \$1.5 million in sales taxes it would be a concern.

Mr. Nicponski asked what the total sales tax was in the General Fund. Mr. Zollinger replied just over \$14 Million and the City had budgeted \$13.5 million. Now that the City receives the additional .2% it could provide

a fallback position. He stated he could be more aggressive on sales tax, however, being aggressive is a little against his thinking, and would be difficult for him to justify. The increases will pay for the raises next year.

Using a bar chart, he reported 40% of the top 50% sales tax comes from our auto dealerships, which was 25% overall for the City. During recession periods, often times, residents are not purchasing new vehicles, which is why a close watch on sales tax is imperative.

Mayor Eyre commented one of our dealerships had its best year ever and won *Best Dealer* in the tri-state area because it had been completely remodeled, to keep up with dealerships on the west side.

- **Enterprise Funds**

Mr. Zollinger reported they were performing very well. Revenue is much less volatile. With residents conserving water, there will be less revenue for the Water Fund and Waste Water Fund.

The Mayor asked how much it would affect the City, in sales tax, if a vendor lost \$25 million in sales. This had recently occurred when a certain product was taken out of a Murray retail operation.

Mr. Zollinger replied 1% on \$25 million was \$250,000 and when multiplied by .73 tax rate, it would have been \$182,000 in sales tax losses. Mr. Zollinger replied an adjustment in next year's budget would need to be done because of this loss. The Mayor commented this vendor also sells more gasoline than any other place in the entire state.

CITY HALL

Mr. Zollinger explained the numbers to determine a cost for the new City Hall. When working with Think Architecture, he obtained information that they had just built a city hall for \$190 per square foot. Increasing that amount, he thought that the City would be able to build a very nice building for \$225 per square foot, therefore this would be a base assumption for determining an estimate. With a square footage of 80,000 they came up with the \$18 million number for City Hall. This is considering a 4 level building.

Working with the developers, Mayor Eyre, Tim Tingey, and himself, had been asked to look at what a lease might cost. Cottonwood Heights is one of the few cities who leases its building, and they are paying \$20 a square foot. Our developers confirmed this was very low. With a 10% increase he calculated \$22 per sq. ft. which amounts to a \$1.76 million lease payment. A twenty year lease would cost the City and its citizens \$35.2 million.

Another option negotiated in the development agreement was a minimum 8% rate of return for investors. Based off of this, if the building is \$18 million, the rate of return would have to be approximately \$1.8 million. Multiply this by 20 years and it is \$36.6 million.

- **Bond Option #1**

The City has been planning for this option. The City has planned to pay off the 2007 bonds this next fiscal year. Then that bond ability can be used for City Hall in the amount of \$15 million. Reserves of \$3 million will be paid up front. Again, we have already saved for that expense. With those factors, and the 20 year bond payment, at 3.1% interest the annual payment should be just over \$1 million.

Mr. Zollinger said our current bond payment is about \$780,000 so we would have a bit of a stretch to make the payment. Mr. Zollinger believes it is possible for a couple of reasons. A savings from the Court lease, if combined with our City Hall, would amount to about \$50,000 in our rental payment and \$12,000 in HOA fees. There are a few various sources where we could allocate funding, including our non-departmental. Mr. Zollinger believes the City can fund the new building without a tax increase.

Ms. Turner asked if the City owns the Court property. Mr. Zollinger replied one level is owned, however the other is leased. She asked if this property could be sold. Mr. Zollinger said we would need to be in the new building before it could be sold. Mayor Eyre added the value was about half a million dollars and would go back into reserves.

Mr. Nicponski commented that he would like to see the City own its building and did not favor the idea of leasing. Mr. Camp and Ms. Turner agreed. Mr. Zollinger said he appreciated that direction.

• **Bond Option #2**

Mr. Zollinger explained his concern about increasing interest rates if the City waits a significant amount of time to issue bonds. However after discussing it with bond advisors, they did not anticipate much movement in rates this year. Therefore, in this option, the City would pay off the existing bond and issue a new bond in January or February. All of these steps would be brought before the Council. The project should be ready to go within a year of issuing bonds.

The Mayor asked about the possibility of the bonds overlapping one another. Mr. Zollinger replied they very well could be depending on when the bond is issued, stressing the need to be nimble if we see rates escalating. The Park Center bond would be paid off in December of this year.

Mr. Zollinger explained the difference between bonding option 1 and option 2 was a higher interest rate. We can save our citizens almost \$4 million if we are careful in bonding with lower interest rates.

Mr. Zollinger said it is a very exciting time with numerous accomplishments in Murray over the last four years. Significant projects were coming off the CIP list. Mr. Zollinger said it had been fun to part of a great team.

Mayor Eyre asked if the 80,000 square feet included the Innovation Center. Mr. Zollinger answered it was included on the 4th floor and thought the cost per square foot would be much less. Mr. Zollinger wanted to encourage good communication as things will continue to arise. He appreciated the immediate decision made that the City would own the new City Hall building.

Mr. Camp commented the reason there were not many questions for Mr. Zollinger was because he keeps the Council well informed and it was appreciated very much. Ms. Turner agreed.

RISK FUND – Frank Nakamura and Jordan Knight

Mr. Nakamura introduced his staff and discussed the Risk Fund, which began in May 2015. Financial areas of the Risk Fund are managed by Justin Zollinger. Beatriz Mayorga, the Office Administrator II, handles budgets and assists with Risk Fund transactions. Jordan Knight, was introduced as the newly hired Risk Manager. Mr. Nakamura said Mr. Knight had done an extraordinary job including establishing a new program.

Mr. Knight thanked the Council and stated that over the last eight months, since the creation of the new program, significant effort had been placed on risks. He would explain the program, where they had come from, accomplishments, and future goals for the program.

Mr. Zollinger directed the Council to look at the overview budget on page 15.

Mr. Knight stated many of the processing procedures and programs already existed. His goal was to formalize and coordinate everyone's efforts. Initially, he started out in a Health and Safety position for the City in 2013. The main priority for opening the new position in Risk, was for incident reporting and to uniformly report, manage, adjust, mitigate, and resolve all current claims. Accomplishing the task as efficiently as possible was imperative. Mr. Knight explained two main strategies. First, was to establish instant reporting procedures in claims, with immediate phone reporting on vehicles accidents, property damage, injuries and other kinds of claims. Departments had been excellent, had cooperated appropriately and made significant strides in this

one area.

Second, was to compile data in order to understand what exposures and losses there were: how many, how frequent and at what cost. Instant reporting from all departments in this area had been outstanding with active cooperation. He said he could not ask for better support with the task for reorganizing a more useable format.

- **Claims**

Mr. Knight stated 105 liability claims were reported at a cost of \$120,000. Each required a significant amount of time to process, due to detail variances, such as: nonpayment, thorough investigating, collecting data, and photographs. Departments had been very proactive in handling and adjusting claims.

- **Workers Compensation (WC) Claims**

The City averaged 45-50 claims per year, valued at \$145,000 to \$150,000. He explained WC uses an Experience Modifier (EMOD), which is how WC establishes premiums, with a rolling average of the previous three years loss history. Comparing the City to an equal size business conducting comparable services a national average number is provided. A #1 implies a 'normal' range. He stated a desired goal is always just below a #1 rating and Murray had been below a #1 historically. He reported recent increasing numbers, causing the premium to go up. However, as the new process continues with better control, it will decrease again. Data is absolutely key in the new program. Speaking with risk managers in the beginning phase, all advised the two greatest areas of need are data and building the program off the data. Top level executive management buy-in support and accountability is important. Mr. Knight reported data had been a very big focus over the last eight months. Logging, tracking and gaining a true idea of where losses came from are the keys to success. The data drives the policies, programs and trainings, which is how Risk is operating now. Customizing the program to our needs without management support, means failure.

- **Insurance**

Insurance consisting of liability, workers compensation, property, crime, pollution, and cyber, all total significant costs of over \$700,000 per year. This will slightly increase. Future goals are to provide a monthly presentation and activity report, continued training and monitoring. He would like to reduce frequency and severity, and reduce premiums. He explained a natural progression with risk claims and insurance, is to slowly move more and more towards a self-insured point. It is difficult to achieve this in the beginning, but can be successful with the creation of Risk programs, continued support and training, and incremental increase in the Risk Fund.

Mr. Camp asked if the goal was really to become truly self-insured, or was there some sort of threshold that we are not willing to take a risk on. Mr. Nakamura confirmed the goal was ideal and reported there were other cities who were self-insured. Mr. Zollinger added there would always be a catastrophic policy in place.

Mr. Nakamura stated our goal, if not self-insured, would be a desire to close the gap, so that the current deductible rate of \$250,000 may go to \$500,000. He stated the City may always have to carry excessive liability insurance. The EMOD could cause an increase in Workers Compensation premium based upon the average of the three previous years. He reported there was a claim or two out of the ordinary and it was anticipated that long term the EMOD would decrease. Mr. Nakamura stated he was satisfied with the progress and happy with the experience Mr. Knight had brought to the City.

Ms. Turner inquired what EMOD was. Mr. Nakamura replied Experience Modifier (EMOD) was the factor that evaluates our experience and determines what our insurance premiums should be when Workers

Compensation coverage is paid. He said the City was in a good year and it is projected to go down for future years.

HUMAN RESOURCES – Mike Terry

Mr. Terry reported the Human Resources budget was good. Discussions continue with department heads on compensation for the next year. Options were being considered for adjusting employees to a higher range, based on tenure. An employee of six years will be at mid-point. An employee with 20 years might be considered at red-line, which is the top of range. Options are also being considered for the cost of living (COLA), combined with the merit. With funding available, he stated they are glad to make some of these special adjustments. Diligence and finding out department needs is imperative and areas of concern will be considered, as well as, finding options uniformly, Citywide. All employees should feel valued and rewarded for their good efforts. A good balance is the goal and Mr. Zollinger would provide estimate cost measures. A budget will be submitted to the Council with recommendations for pay increases.

Mr. Nicponski inquired about the number of employees currently not at tenure position. Mr. Terry replied there was no precise number but probably 30-40 who would move up to mid-point. He reported an equal amount of employees maybe up to 50, who have 20 years and would be at top range or red line. Mr. Terry also reported approximately 60-70 employees were at red-line. Ideally an employee's goal should be to continue on long enough to see red-line.

Mr. Nicponski asked if the number of City employees was about 400. Mr. Terry confirmed it was 385.

Mr. Zollinger commented Murray is very dynamic with lots of challenges.

Mr. Nicponski inquired about the percentage increase for the next year. Mr. Terry replied consideration was for a COLA with 3% merit and funds remaining for adjustments. He reported the City was in a good position.

MURRAY CITY LIBRARY – Kim Fong

Ms. Fong reported the library budget was right where it should be at this time of year. She explained, however, challenges for employee increases and a lack of funds. Capital and materials budgets had been cut in order to provide the employee increases for the previous two years. New book purchases and building projects had also ceased. With this report, the Library Board was planning to request an increase in the tax levy for the next fiscal year. For an additional \$500,000, Mr. Zollinger anticipated an increase of \$19 per \$250,000 home, coming in at a rate of .0005 per dollar of assessed value. This was just under the neighboring rate of .0008.

Mr. Zollinger reported the last tax increase was in 2006.

Ms. Tuner inquired if this would be sufficient funding. After much discussion, Ms. Fong believed it was. She had formulated a budget that would allow for raises, capital projects and an increase in the materials. It would also allow for some savings. She reported the library was on tenuous ground, since they do not own the lot where the library is situated. Considerations for buying land are needed and funding allocated. She hoped the City would assist with the land purchase in the future. The library is 25 years old and with imminent challenges in the future.

Ms. Fong reported the Library Board and Mayor supported the request and believed \$500,000 was reasonable. She hoped the Council would also support the request.

Mr. Nicponski inquired about the new land purchase and how imperative was it. Ms. Fong reported the current lease would expire 25 years from now, however, she believes the availability of land will be very scarce by that time. Mr. Nicponski agreed now was the time to consider looking for available land. Ms. Fong realized now was not the time to discuss land purchasing, however, she stated allowing the City time to designate a piece of land for a future library would require saving funds in an effort to contribute to the costs. The current land owner, would be the only interested buyer to purchase the building. The structure itself would be very old by the time the lease expired.

Mayor Eyre inquired about square footage for a new library and what would be the desired size. Ms. Fong reported the current library is slightly under 20,000 square feet. Estimates on size for a new library should be one square foot, per capita. She said a 50,000 square foot building would be adequate 25 years from now.

Mayor Eyre inquired if a building that size would be needed with the popularity of E-books. Ms. Fong assumed there would be a need, due to current usage. Rooms for meetings, internet access, and community events, etc. were currently being facilitated and the need was not just for book use. She stated there was currently no other facility for residents to have this free access for such events. For instance, HOA meetings, and many other community groups use the library.

Mayor Eyre asked if a community center, such as the new Innovation Center (at the new City Hall) was available, would there still be a need for that amount of square footage. Ms. Fong assumed the Innovation Center would not be free. She pointed out the Library does not charge for scheduled use and that would be the difference. She stated there are many other venues for rent, however, the library was one place where there was no cost.

Ms. Turner inquired if \$500,000 would allow the savings requirements. Ms. Fong replied it definitely would and an excellent start. Saving \$200,000 for the year was part of her planned budget. She stated being patient with good planning was important and in five years there would be \$1 million saved.

Ms. Turner agreed coming back to request more funding would not be desirable and the library had been at the current location for a long time. Ms. Fong stated she did not want to appear greedy however the needs are real.

Mr. Zollinger added the library would actually be able to save more money in future years, due to one-time, current remodeling plans, for instance, remodeling restrooms. Savings could be \$250,000. Flexibility in the budget is expected, which had not been the case in many, many years. Ms. Fong commented budgeting had been a challenge in the past.

Mr. Nicponski inquired if waiting 25 years when the lease expired was the desired plan. Ms. Fong replied it was a definite deadline, however, sooner would be better for the City.

Mayor Eyre stated that breaking the lease would not save the City money. The lease is currently only one dollar per year. Ms. Fong believed the School District would be thrilled to obtain the building.

Mayor Eyre asked if the School District would be required by state statute to pay fair market value, or could they offer two dollars and destroy it. Ms. Fong did not know the legalities but believed fair market value on a 50 year old building would not be much. We cannot count on the sale to pay for a new library.

Mr. Zollinger added that if the land owners do not want the building, it would actually create a liability to tear it down. He pointed out that in 25 years a solution would be imminent, but hoped it could be resolved much sooner than that.

Mr. Camp said it is important for the City to look at owning its own facilities and the property as well. Prior to the current location of the library, the City owned two buildings and the land, one on Vine Street and one near the Heritage Center. Owning again would be desirable. Ms. Fong agreed.

POLICE DEPARTMENT - Chief Craig Burnett

- ***Budget***

Chief Burnett reported the Police Department was pleased with their budget and there are no glaring issues. Overtime had been a slight concern initially, however, it will be fine for the remainder of the year.

- ***Animal Shelter***

A bid for renovation at the shelter was finally awarded in order to separate cats and upgrade flooring issues. The bid came in lower than anticipated. Mr. Nicponski asked if Murray owned the facility. Chief Burnett reported Murray owns the building, however, services are contracted with West Jordan. A shelter attendant is provided to care for the animals and help the public. The contract was renewed last year with a two year flat rate, although there may be an increase next year of 5%. The facility handles adoption, pet rescue and works with the Humane Society. He is pleased with the conduct at the facility and after legislation changes several years ago, euthanasia by injection was adopted as more humane and the gas chamber is no longer in use.

Mayor Eyre inquired about the lowest bid and asked if it was part of .20% sales tax for capital projects. Chief Burnett reported the lowest bid was \$48,800 plus \$10,000 for architecture fees. Currently, unless there are extras, the cost is anticipated at \$60,000 to \$70,000 of the \$100,000 budgeted. He reported the bid was considerably less than anticipated and there would be reserves to take good care of the facility with funds remaining.

Mr. Nicponski asked generally speaking what is being done. Chief Burnett stated a room is being added to the south end of the building. Dogs and cats were previously kept in the same area and will now be separated with the new additional room.

Mayor Eyre commented it was very important to have the flooring done and would be more sanitary.

- ***Vehicle Replacement***

Chief Burnett reported vehicle replacement was good. Cars have been well taken care of with scheduled maintenance and are getting better gas mileage. Years ago a car with 60,000 miles needed trading in, now a trade in will generally occur at 100,000 miles. Crown Vic vehicles will be retired next year. He stated one car had been totaled last summer with insurance coverage at \$14,000. It will be replaced.

Mr. Nicponski inquired other than cars, do we have any specialized vehicles, for instance SWAT.

- ***SWAT***

Other than the fleet of cars and motorcycles, the department has two vehicles that are used primarily for SWAT. One is a box truck that has communication equipment and cameras, which had been used for command post. The other vehicle, given to the City by the military at no charge, is a 1979 Dodge. This armored personnel carrier is older and has been a great tool used by the SWAT team.

- **Training Center**

Funds were available this year to repair the leaky roof. Other expenses at the center involve replacing the assimilator, which no longer working and the company is no longer in existence. A bid has been submitted for a new system switching to a laser with scenario based training. It is considerably less than the previous system with many changes in the newer models. The department has two ranges. The small range is not safe and has not been used for some time. Investing to improve and expand it up to 3 or 4 lanes with moving targets is desired. The upgrade would cost approximately \$50,000, but would be well utilized afterwards.

Mayor Eyre inquired as to whether the department receives revenue from the training center. Chief Burnett replied anyone utilizing the center pays a fee. Sandy City and West Jordan, who helped with the initial construction, pay an annual flat rate fee with limitless use. Others will pay per head or per day usage. The LDS Church, the US Probation Department, and Cottonwood Heights are some of those paying a fee for consistent use. The center is very busy. The main concern had been keeping up with supplies as the center provides all the targets. With the yearly budget for ammunition and targets at \$35,000, funds are running low at this time. The cost of ammunition continues to rise so a fee increase might need to be considered to compensate.

Mr. Camp inquired if the revenue from the center is returned to the General Fund and added a fee increase would be appropriate. Mr. Zollinger replied that it was part of the money used to balance the General Fund. Chief Burnett confirmed that the fee had been increased for agencies utilizing the center last year with no complaints whatsoever.

Mayor Eyre asked about the need for constructing a facility to secure police cars and if there had been any concerns in the past with unsecured parking areas. Chief Burnett replied that there might be a need for SWAT, specialty vehicles and impounded evidence vehicles. He said a large space would not be necessary for patrol cars however, having a few in a locked gated area would be of great value. Mayor Eyre inquired as to whether there might be available land near the Training Center for an inexpensive secure area. Chief Burnett stated he was not certain due to some right of way with the railroad.

Ms. Turner inquired if fine revenues were down. Chief Burnett confirmed they were, however, his direction has been not to impose work standards on the officers for issuing tickets. Three years ago there was a daily standard. He explained he is very comfortable with the work enforcement officers are doing. To some degree, fewer officers may have contributed to the drop in fees. Graffiti, shootings, domestic disputes and other violations take precedent. The officers are doing the best they can to address problems as they arise. Chief Burnett has communicated clearly to the officers for the last two years, he does not require a work standard or stat for citations. He has great trust in the officers and believes they do a great job.

- **K9 Unit**

Mayor Eyre inquired if there was a need for a K9 Unit. Chief Burnett replied there is and the City has gone two years without a K9 unit. He believes there is currently an opportunity for the program. The DDA Metro Task Force has given a \$3,000 credit to Murray. He reported a Capital Improvement Program (CIP) request to purchase a K9 and vehicle. Murray currently has an officer who is an experienced K9 trainer. He would be a great asset and is available to assist in getting the program started up quickly.

FIRE DEPARTMENT – Chief Gil Rodriguez and Laura Lloyd

Chief Rodriguez explained budget numbers in line with the exception of overtime being rather high. This was

expected with the addition of two new positions. Last year at this time, the third ambulance was only running 10 hours per day. This year all three are up and running 24 hours a day. As a result, overtime increased. A request for a \$50,000 increase in overtime was presented last year, but only \$30,000 was received. He hoped to see things even out during the slower winter months. Overall the budget is right where it should be.

Mr. Camp asked whether additional overtime funding would be needed this year. Chief Rodriguez confirmed it would be. Years ago the need was not there. Emergency calls have increased by 700 this year causing that need. In the past he had seen an increase by a couple hundred but never 700. He confirmed a request for more funding would be necessary because the unforeseen is the toughest part. Mr. Nicponski inquired what the exact number of increased calls was. Mr. Rodriguez said calls for service went from 5,500 to 6,200.

Chief Rodriguez reported ambulance supply costs had increased as had revenue. He explained this was relative, because of increased transports and transport fees. A new billing company had been hired resulting in more revenue. Mr. Zollinger reported the new company was able to better collect more efficiently. No increase would be planned until the figures actually came in.

Mr. Camp reported, in Provo City the same billing changes had resulted in positive revenue increases. Chief Rodriguez commented it was exciting for them because in the past they had only collected 40-50%.

Mr. Zollinger added the collection company does not actually do write-offs for three months, once they are able to determine what will be a write-off. With the previous collection company, write offs were established much quicker. Revenue adjustments are anticipated with our new billing specialists and the new write off policies.

Mr. Nicponski asked how many fire fighters the .2% sales tax would pay for. Mr. Zollinger replied it would pay for two. Chief Rodriguez explained prior to this, there were 18 fire fighters per shift and now they could have 19 per shift including the fire Chief.

Mayor Eyre inquired if the department was appropriately staffed now. Chief Rodriguez confirmed they were fully staffed, however, in the future another manned ambulance might be needed. Much of this depends on population and housing projects. As much as boundaries are adjusted, the station at 4800 South reports to most of the calls in the northwest part of Murray and those calls continue to increase. He hoped the additional 700 calls were not a trend, but statistically increases never go down.

Mayor Eyre asked about the age of that station and wondered if it was still adequate for their needs. He asked if a new station was needed. Chief Rodriguez reported it was considered outdated about 25 years ago and the station itself was 30-40 years old. He explained if they were to build a new station it would need to be similar, with a smaller bay for an ambulance and accommodations for administrative offices. Mr. Zollinger asked if administrative offices could be relocated to City Hall. Chief Rodriguez replied they could. The only fire departments in the valley whose administrative offices are located in City Hall, is West Valley. All other fire departments have an administrative station.

Chief Rodriguez noted repairs to the plumbing, electrical and lighting, however, they are not a permanent solution. Mayor Eyre said with a new station, would that leave four completely updated stations. Chief Rodriguez replied that would be three, Stations #81, #82 and #83. Station #84, the battalion chief command station is a really good station but it is very limited in what it can do. The extra ambulance is kept there, along with medical equipment; running another ambulance from this station has been discussed. He reported the master plan would be to move and rebuild, although remain in the same vicinity. Murray's locations are better than any other jurisdictions in the valley.

Chief Rodriguez said his concern focused on Station #82, where he suggested installing bollards to prevent further collisions. The station had not been hit yet, however telephone poles and vehicles had been hit. Large boulders had been placed along the curb to prevent collisions, and reduced speed, however, they had not been strong enough.

Ms. Turner inquired if Station #82 was the location on Vine Street. Chief Rodriguez confirmed that it was and further discussion with Mr. Zollinger and Mr. Nakamura were necessary for this risk issue.

Ms. Turner inquired asked if signage had been helpful. Chief Rodriguez reported signs had not helped noting that most incidents had occurred during the daylight hours.

Ms. Lopez inquired if speed was the main factor. Chief Rodriguez replied it was as well as, a driver who had experienced a medical issue.

Chief Rodriguez stated his department had worked very hard to stay within their budget. Vehicle maintenance and payroll were where they should be, and some testing had been done for other department positions.

Mayor Eyre reported a conversation with one of the fireman, who said he was very thankful to the City for providing some of the finest equipment to the department. Chief Rodriguez stated the Arson Group had complimented the City on its cooperation.

Mayor Eyre thanked the department for maintaining all its vehicles. Chief Rodriguez stated the refurbished engine was from Chicago, and the older vehicles are well taken care of and in great shape.

Mr. Zollinger reported a new engine would be purchased this year. Mr. Nicponski inquired what type of engine it would be. Chief Rodriguez stated it would be a pumper and would affect insurance rates. He reported the Insurance Service Office (ISO) rate (Fire Suppression Rating) went from a four to a three this past year (with one being exemplary). Mr. Camp stated it would help commercial ratings also.

ADMINISTRATIVE AND DEVELOPMENT SERVICES (ADS) - Tim Tingey

Mr. Tingey reported there were no concerns or big issues to report. His divisions include Building, GIS, Community and Economic Development, IT, Recorder's and Treasures divisions.

• IT

Mr. Tingey reported it has been a big year for the IT department. The City software and telephone replacement had gone well with much heavy work behind. Both are being implemented at this time. The Council had authorized \$390,000 for the phone system replacement project. The project came in \$65,000 under budget and will be fully implemented by April. Also included under budget, were switches, a San server and all infrastructure elements.

Mayor Eyre asked if the majority of the system would be transferable to the new building. Mr. Tingey replied the entire system including infrastructure can be transferred. Mr. Zollinger pointed out it was part of the planning and imperative for funding the new system. He also noted this completed the Emergency Operations Center (EOC) redundancy on City servers, which had been a three-year process.

Mr. Tingey reported increased overtime in the IT area would be requested for next year. Over the past several months many extra hours were needed for the various projects, including holiday and full weekends on duty.

The firewall was replaced, troubling shooting and other circumstances occurred on weekends while staff was away.

Mayor Eyre inquired if a transfer between funds was possible, for instance savings from one project utilized for the increased overtime funds. Mr. Tingey replied it was a commonality and Mr. Zollinger suggested it was also possible with the savings from elections.

Mr. Camp added it is imperative to keep IT services up and running in this day and age. Mr. Tingey stated that during the last three weeks the phone system had gone down many times because the system is at the end of life. He was very glad to see the City replace it, but mentioned challenges could be anticipated until the new system is fully implemented.

Mr. Tingey also explained the IT Governance Committee approved a three to four year rotation for the servers. He agreed with Mr. Camp regarding the importance of upgrading servers that are now eight, ten or 12 years old. In addition, the computer replacement program has been exceptional. Instead of computers breaking down, rotation has proven to be more effective in preventing a complete breakdown. New computers had already been purchased with 50% of them rotated in.

Mr. Zollinger commented it was a great project compared to previous methods. By pooling resources, we achieve a general four year rotation time frame, and employees would always have up-to-date reliable computers.

- ***City Recorder***

Mr. Tingey reported \$60,000 was budgeted for elections, which was typical, however, with the mail-in ballots this last election, the cost was only \$23,000. A huge savings. In two years, it will be a city-wide election and a cost of \$40,000 was anticipated.

In the issuing of new passports, he reported the biggest revenue year ever. Revenue had already passed the previous year.

- ***Redevelopment Agency (RDA)***

Mr. Nicponski stated the next large revenue increase would come from the Central Business District (CBD) and inquired whether property taxes are recirculated back into RDA. Mr. Tingey confirmed they would be. Mr. Nicponski asked if the franchise and sales taxes would be coming to the City.

Mr. Tingey confirmed that and believes sales tax should remain in the General Fund and not part of an incentive package. He stated the revenues from the CBD are approximately two years out, after construction begins this summer. Projections of future revenues from the CBD are a challenge to determine at this time, stating the original proposal was \$45 or \$50 million for one portion of the area. Another area came in at \$30 million, with the developer aspiring for \$250 million. It is just not easy to determine at this time.

Ms. Turner inquired when meetings would begin with the various taxing entities.

Mr. Tingey replied they would begin on an individual basis, after an initial meeting with the County. The Council would be informed at that time. After all issues have been addressed with the School District, and others, additional individual meetings will occur. With a more formal decision approximately two or three months after all issues have been addressed.

Mr. Nicponski inquired how much property tax was generated from Fireclay and how that compares to the

amount of service provided to the area by police and paramedic calls. Mr. Tingey replied he could access those numbers but reported property tax in base value and tax increments just over \$1 million. The City's amounts are significantly less but he anticipates growth in the Fireclay area. Over time, he believes it will be a positive thing as commercial industry increases, however, he explained one of the biggest challenges was the low tax value of the apartment projects, because they are residential. Apartments are at 55% which is much lower than commercial or assisted living projects.

Mr. Nicponski inquired as to the number of police calls occurring in the area. Mr. Zollinger reported the costs between 12-15% of the million dollar revenue, which is about \$120,000. Mayor Eyre reported that there were 2000 calls to that area last year.

Mr. Tingey reported \$502,000 was currently going to the School District from the RDA budget. This included an education mitigation amount of \$102,000 from the Fireclay area, which was about 12% of the increment gathered each year. An amount of \$400,000 was allocated from the Central Business District (CBD). The School District receives a significant amount of the tax increment, even though, the City is not required to provide it. Smaller tax increment areas, such as Cherry Street and Vine Street receive a haircut provision, which is 20%. The City receives 20% less, in each of those areas. With the base value they receive, a significant amount of funding, about one million dollars, is going to the School District. If they were ever in need, there are significant amounts available that can be contributed back to them for assistance.

Mr. Tingey reported this year will be huge for CBD expenses and hopefully revenues will begin to increase. Additional property will be considered for acquisition in the area, primarily the School District property and possibly property from UTA. The upcoming budget will be complex due to those issues alone.

Currently, the CBD has had significant expenses, due to acquiring the Murray Theater. Related to the theater building improvements, signs, interior lighting and general cleanup of the property has been expended. Utility bills are very high due to poor insulation. It was a great acquisition for the City overall and he looks forward to seeing the final results. With grant opportunities available and possibly state legislation funding next year, more enhancements will occur on the building.

Mr. Zollinger commented he did not believe it should remain an RDA property. If the property is run by the City, as a possible performing arts center, or a theater, it would be considered a City function and not an RDA function. The opportunity was great for RDA to purchase the facility, however at some point it should become City property. Ms. Turner agreed.

Mr. Tingey stated it might be considered for exchange with City property on the west side of State Street.

Mr. Nicponski inquired if the goal was to keep the Murray Theater and begin developing various programs, such as management companies showing films. Mr. Tingey stated it had not been completely defined yet, as to who or what would utilize or manage the property. Beginning this April, it will be a practice location for local performing arts, however, that will be temporary as the redevelopment process continues. Deciding factors on use of the theater will be determined by the Council.

Mayor Eyre added that adequate parking is a priority and would take precedent over determining future functions. Mr. Tingey definitely agreed and stated good things are taking place in the RDA and it was a very exciting time.

Mayor Eyre asked about a possible triple signing with the school property. (Purchased by the RDA and then by the City.) It may be a possibility, or an exchange. Mr. Zollinger added the Myrtle property was a similar exchange situation and noted with the plan of pickleball courts, an exchange should be considered. Mr.

Tingey agreed.

Mr. Nicponski inquired about the status on the Ore Sampling site. Mr. Tingey replied there was nothing significant to report. Calls had been received from various groups, one particularly about tax increment financing. He had received direction from the RDA Board, to prepare a plan to move forward on an RDA, however, not until a diligent group provides a serious offer. A 15 year timeframe would be adequate, although, his main concern was generating value on the site in order to get increment reimbursement. The property evaluation is roughly \$1.5 million. A \$50 million improvement there is not likely.

Mr. Tingey reported numerous calls received related to the old fish factory. Calls reported hazardous waste being dumped. Of three visits to the factory, he had not witnessed any waste that had been dumped. Mr. Zollinger asked if the fish factory property was for sale and Mr. Tingey stated options were available.

POWER – Blain Haacke, Bruce Turner, Greg Bellon

Mr. Haacke reported the Power Department is in good hands financially. A \$37 million budget was presented this year including:

- \$21 million of resources, which was basically the City's power bill, paid to the Utah Associated Municipal Power Systems (UAMPS) organization and other contracts.
- Capital purchases of \$2 million
- \$2.8 million for the 8% In Lieu of Tax Transfers (ILOT) paid to the General Fund.
- Administration fees in the amount \$1.7 million for City Hall services.
- Revenue to reserves, because power costs are very low at this time.

Conservative projections were made, as Mr. Zollinger attested because natural gas costs are usually \$3.50 to four dollars per dekatherm (Dth), but are currently just below two dollars per Dth. Although this cost decrease is good for the City, it is not good for the global economy with \$1.50 for gasoline at the pump and coal mines closing; pipelines shutting down in the Uintah Basin, is not good for consumer rates in many ways.

With a balance of \$16 million in the bank, a bond of \$8 million is scheduled to be paid off this spring. The Power Department would be completely out of debt, providing a savings of \$700,000 with the bond being paid off one year earlier than anticipated.

• Resources

Resources are both contracted and purchased from several different places:

- The Colorado River Storage Process (CRSP)
- Hunter Coal Fired Plant
- San Juan Coal Fired Plant
- Intermountain Power Plant (IPP) near Delta, Utah
- Two landfill facilities
- Gas Turbines (4800 South operated as the market dictates)
- Cottonwood Canyon, small hydro (when the river is running high)
- UAMPS Market

Mr. Nicponski asked how many megawatts (MW) are required to operate the City. Mr. Haacke replied during summer months, approximately 110 MW and during the winter about 70 MW. Mr. Nicponski inquired if all resources together were providing this amount of power. Mr. Haacke reported the City is short during the

summer and adds additional MW.

Mr. Nicponski asked if this was provided from Rocky Mountain Power (RMP). Mr. Haacke replied it never comes from Rocky Mountain Power. It all comes from UAMPS, which could be purchased from various sources.

Mr. Haacke stated comparing the market rate from UAMPS, on line purchases can be made in real time, right up to the next hour, knowing full well what load requirements would be. Additional power purchases are also available from Parowan or Logan until summer is over.

Mr. Nicponski asked if winter months required this same need. Mr. Haacke replied winter months are fine however, summers are peak load, due to air conditioning. City turbines might be utilized two months out of the year.

Mr. Nicponski asked how many megawatts are generated from turbines. Mr. Haacke reported up to 35 MW. About 1/3 of the City can be powered by the turbines. For instance, during an emergency situation such an earthquake, if the entire city experienced a complete black out and RMP could not provide power to Murray City, due to its own major problems, one third of the City could be powered in various areas, with rolling blackout periods of five hours. This is the value of the turbines, which is immeasurable.

Mayor Eyre inquired as to whether Murray Power hedges on fuel and natural gas purchase prices. Mr. Haacke confirmed Murray and other entities do hedge on purchases. Explaining one instance, he said, Rick Coon, who had just retired, purchased gas ahead of time by contract, for five dollars and it later decreased to \$4.50. Since that experience, it was discovered purchasing gas month to month and day to day. There is a natural gas plant in Payson, owned by UAMPS, which Murray is not included in. The plant is purchasing out by about 2 years. VP Energy and Questar would do the hedging and would take the gamble on pricing. The cost was two dollars initially and currently projections are \$2.50 this summer. Increases of over three dollars are not anticipated for the next couple of years.

Mayor Eyre asked about a Supreme Court ruling the previous week, in our favor. Mr. Haacke confirmed President Obama's efforts to stop CO2 consumption legislatively and close down coal fired plants. Although he was not successful through Congress, Obama then put EPA standards in place by executive orders. With that, 23 States sued the EPA, declaring a refusal to follow new guidelines on coal fired plants do to the loss of billions of dollars in labor and unemployment. The Supreme Court placed a temporary block on the action and sent it back to Washington circuit courts. A decision is expected as to whether the EPA can require states to follow the new standards. The hold is in place at this time with Hunter and IPP. Hundreds of millions of dollars in scrubbers and the selective catalytic reducers (SCR) to retrofit have been purchased and are currently ready to be installed should the EPA order stand. Mr. Haacke believes there may be a reprieve of up to one year.

Mr. Haccke said most coal fired plants are doing the economics on whether they can retrofit for EPA standards or if they should shut the plant down. The RMP coal fired plant in Helper, Utah, has been closed down at this time, due to EPA standards. However, the IPP plant will retrofit one unit to natural gas and the other unit will remain coal, but most likely be shut down. The retrofitted plant will go from an 1800 MW unit to a 1200 MW natural gas unit with California utilizing most of it. If in 2025, there is a market for the coal fired plant, they will keep it running. However, if CO2 regulations go through, coal fired plants may be shut down altogether. The outcome is solely based on executive orders.

Mr. Bellon reported the Hunter II Plant produces 22 MW and became debt free three years ago. Savings from the reprieve on interest, has gone back into savings for the upcoming emission controls. It was a savings of

\$86,000 per month, which is reflected in the budget being slightly over, 59% at mid-year, rather than the normal 50%. Mr. Haacke added that the budget will be in line by the end of the year.

Mr. Bellon reported the Colorado River Storage Project (CRSP) was previously handled by UAMPS, until two years ago, but Murray deals directly on our own with the Western Area Power Administration (WAPA). In doing so, control of the Western Replacement Power (WRP) was attained, is being used every month and remains the least expensive resource. WRP was about \$29 per MW hour for what was purchased for the land. Combined with CRSP it is a little over \$30 and remains the very best resource. San Juan is a very small amount, two to 2.5 MW.

Due to low natural gas prices, it was decided for the upcoming summer months of June, July, August and September to buy high load hours, which is 7:00 a.m. until 11 p.m. For June, 15 MW were purchased at \$26 a MW hour. Mr. Bellon continued, July was 20 MW at \$39, August was 15 MW \$39.50, and 10 MW for \$30.50 in September. The City is benefitting from these great natural gas prices. With a large budget for energy purchases, \$20.5 million, for the year, we work to maximize the best for our customers.

Mr. Haacke reported there was still a \$500,000 buffer on natural gas turbines, however running turbines is not expected for the remainder of the year.

Mr. Nicponski said it was interesting that the gas turbines provide 35 MW and then we have San Juan with 2.5 MW. Mr. Haacke stated the City owns 1/3 of a unit at Hunter, 22 MW, and owns 2% of a unit at San Juan. It all depends on the City Council at the time and how much they wanted to immerse themselves in a new project with UAMPS; he believes they have all made very wise decisions in the past. The Hunter resource, without the debt, is the same pricing as the CRSP and that is by far the cheapest you will find out there. Murray is the envy of so many other entities because we have a good amount of CRSP power, the most in the state compared to other municipals except maybe Provo. Our own gas turbines combined with all resources, confirms we are doing something right here.

Mr. Turner discussed capital purchases. Plans initially were to purchase a bucket truck and a chipper truck combination for the tree trimmers. However, after trying different types of those units, it was decided they were not stable and linemen did not believe them to be the safest. A brush truck and a bucket truck were purchased separately and will be delivered by June. The backhoe currently utilized is getting older and high on hours. Plans are to keep it well maintained will give it another years' use. A purchase can be rolled over into next year. Two new crew trucks were cancelled and two pickup trucks are on order instead. A new administration vehicle has been purchased, as well as, a new track skid steer. The skid steer has already been used significantly, at substations, jobsites for backfill, trenches and to clear the yearly intake at the hydro plant. A utility trailer is also on order.

Mayor Eyre inquired about administrative vehicles and whether a hybrid was considered. Mr. Turner stated Prius vehicles had been replaced with no consideration for hybrids, although in the future comparisons will be made for hybrid vehicles. Natural gas units for the bucket truck were researched and the cost was very high, as well as, maintenance very expensive and not well refined yet. Mr. Turner confirmed it was \$70,000 more on \$200,000 truck. Mr. Turner stated in good conscious, he cannot see spending that much on a vehicle that will require high costs in maintenance until they are perfected.

Ms. Turner inquired if the Prius had been replaced with Prius. Mr. Haacke confirmed one vehicle was given to Ben Teran the other to Mr. Trong Le, in IT. Mr. Bellon reported they have kept the hybrids within the City fleet and definitely want to be responsible with them.

- **Street lights**

Mr. Turner reported on the immense street light project from Capital Projects and said it is still in the planning process, scheduled for next year. For now the lights are in the attic. Mayor Eyre asked if this was the LED lighting project and Mr. Nicponski asked if the project had been bonded. Mr. Turner replied it had not been bonded and the details of engineering the project had not been completed. Mayor inquired if the savings of using LED lighting would be great. Mr. Haacke reported most definitely and in the long run, providing a 20 year life for a year of maintenance. However, he wondered if the technology had arrived yet, since LED lighting had only been available on a large scale for just two years.

Mr. Turner reported the LED lighting project completed at Murray Park, had already required replacing some parts, proving the technology really isn't where it should be. He believes further waiting on LED lighting projects, will prove to be more beneficial until they are improved. Mr. Camp inquired about street lights that had been installed on 1300 East and if Rocky Mountain Power (RMP) was receiving payment from the City for it. Mr. Turner confirmed the City is paying RMP at a regular rate.

- **Projects**

Mr. Haacke recounted several projects including the hydro underground issue due to the fire that had occurred, as well as, backyard rebuilds and completion of the Junior High School.

Mr. Turner stated 30% of the underground line had been replaced at the hydro with copper wiring. Replacement had been completed on most of the hills and valleys in the surrounding area, near Wasatch Blvd., using most of the underground budget, however overhead maintenance budget funds were needed to finish. Damage from the fire included wiring that was over 40 years old in need of replacing anyway.

Mr. Turner reported underground wire had also been replaced along Fashion Boulevard for the TOSH campus remodel, in an effort to upgrade the City's system for them. Several overhead backyard projects had been completed, in a concentrated area, near Longview Elementary School. Two very large projects have been completed, one near 5300 South on 700 West, and the other on 4500 South and Main Street. Both locations have received a much more reliable system, also pleasing to the eye.

Mr. Camp stated it was very noticeable at each location. A great improvement.

Mr. Turner added new installations had occurred from Vine Street over to the new Murray School District Offices, as well.

Mr. Haacke reported several contractors had paid reimbursable funds back to the City.

Mr. Nicponski inquired how many employees the power department has and how many of those are line crew workers. Mr. Haacke stated 46 employees total with 12 in the line crew division, including the substation, meter reading, dispatch and administrative. Mr. Nicponski stated he appreciates being able to make a phone call during a power outage and find a real person answering the phone, rather a recorded message.

Mr. Haacke said he appreciates Mr. Turner and Mr. Bellon and all they do. He said the department is going through a time a very positive revenue, rather than expenses. The extra funds would go back into the system with backyard rebuilds. Mr. Turner has contracted with the firm Osмосe, who will be testing every wood pole throughout the City. This will be completed during a four year cycle. Tests will be done for rotting with a quarter of the City completed. So far twenty poles have received a poor result and are barely standing. This will bring about the backyard rebuilds, to replace the rotting poles and 30 year old wiring.

Mayor Eyre asked if Doug Hunter, with the UAMPS group had given the City any recent direction regarding small nuclear reactors. Mr. Haccke said the issue had slowed and Murray signed in for one MW of the study, which is allowing access to the information and participation in meetings regarding nuclear reactors. Mr. Haccke confirmed UAMPS is pleased with the City's participation. The agreed commitment is \$15,000 for the next year, which will allow upgrades into the project if it is ever constructed.

PUBLIC WORKS DEPARTMENT – Doug Hill

Mr. Hill reported the operating budget was in good shape and there are no real concerns, however, a couple of budget openings may be necessary before the end of the year.

• *Streets*

With most of the year's snow storms falling on evenings, holidays and weekends, the street department's overtime account is currently \$22,000 over budget. Mr. Zollinger was made aware and after the snow season ends we will reevaluate the budgeted overtime. Approximately 70% of the salt budget has been depleted but is still in great shape, assuming the very cold weather has passed.

Mr. Zollinger added the budget is set by considering a regular snowfall year, thus the need for opening the budget. Use of the positive revenue variance of sales tax, or a minor amount of reserves may be transferred. Mayor Eyre asked about the salt budget and Mr. Hill confirmed it was \$75,000 per year.

Mr. Hill reported an area of concern was a backhoe that had broken down, with a cost for repair of \$30,000. After evaluating the cost, it was decided repairing it was the better option instead of replacing it at this time. The unanticipated repair will come from the streets, equipment maintenance budget, and if needed, line items that are under budget will be utilized to offset the repair costs.

Mr. Nicponski asked the cost of a backhoe. Mr. Hill replied approximately \$150,000 for a brand new backhoe. Mayor Eyre asked if repairs could be accomplished in house. Mr. Hill confirmed they could be, however with parts, the cost would still be \$30,000.

Mr. Camp stated the street crews had done an excellent job in snow removal this year. Mr. Hill agreed and explained people tell him all the time, they can always tell when they have arrived in Murray. Murray had outdone UDOT this winter in clearing all the main arteries.

• *Engineering*

No concerns were reported.

• *Facilities*

The Facilities budget is used to maintain the City building and property located on 500 West. No concerns were reported.

Mayor Eyre inquired about funds for the shop upgrade. Mr. Hill replied it was part of the five year plan. The maintenance shop is out dated and ventilation problems are a concern, however waiting a couple years will be fine.

- **Class C**

Mr. Hill explained that due to the need for sealer, sidewalk and road projects, funds have been overspent in the Class C budget. Road projects were combined with Capital projects in the budget and a good balance is anticipated by the end of the year.

Ms. Turner inquired what Class C was. Mr. Hill replied Class C is gas tax money received from the State. Approximately \$1.5 million dollars is received every year for street care.

Mayor Eyre inquired if last year's budget provided \$410,000 to supplement Class C road funds and, if so, was this amount available for next year's Class C road projects. Mr. Hill explained additional funds would go toward road projects. A Capital Improvement Program (CIP) list he submitted had \$3 million worth of projects listed. The cost for road projects will always exceed the amount of funds available. Prioritizing the projects is essential. The City Council, the Mayor and the CIP Committee will be making the decision as to how much more funding, beyond Class C is available.

Mayor Eyre stated money has always come from the General Fund (GF) to supplement the Class C road projects, but this year will be the first time we have had .2% money in additional sales tax. He noted money had been set aside to supplement Class C and wondered if money from the GF could supplement it, as well. Mr. Zollinger replied both could be done. Mr. Hill stated the department is able to work with what is available. The more funding, the more projects are completed. This year a tremendous amount of work has been accomplished due to additional funding.

Mayor Eyre reviewed that \$1.5 million was from Class C, with supplemental funding of \$600,000 on .2%, and adding \$400,000 from the GF would generate \$2.5 million for the department.

- **Parks and Recreation**

- **Parks**

No concerns were reported.

- **Park Center**

The budget for the Park Center is \$1.4 million. Funds of a little over \$700,000 are received in revenue every year which is a 50% cost recovery ratio. Throughout Salt Lake County, most centers range between 50%-65% cost recovery. Since the Park Center opened, 14 years ago, annual membership fees have slightly decreased each year in a downward trend. With annual expense increases, the cost recovery on the Park Center continues to show a decrease.

It is a great facility. An increase was allowed in the equipment replacement budget, allowing the purchase of newer treadmill and elliptical machines. This has been very helpful, since one of the biggest complaints in the past, had been from members having to work out on 10 year old equipment.

Mayor Eyre inquired about Wi-Fi at the Park Center. Mr. Hill stated it was definitely in the plan. Bids are under review for installation, which is anticipated within the next couple of months.

- **Recreation, Cultural and Swimming Pool**

Mr. Hill stated that Recreation, Cultural Arts, and the Swimming Pool are all doing fine with no concerns.

- ***Heritage Center***

The Heritage Center is doing very well. Mr. Nicponski inquired how many citizens are serviced annually at the Heritage Center. Mr. Hill reported attendance of approximately 5,500 duplicated visits are reported every month of seniors age 55 and over.

- ***Cemetery***

An email had been sent to all the lottery qualifiers regarding the cemetery project. Calls for appointments are underway and things are going very well. The cemetery staff is extremely busy organizing the appointments. Payments are required whether appointments are kept or not during the month of March.

- ***Capital Project***

Most equipment from Capital Projects have been purchased or are on order. A few street projects are still underway or scheduled for this spring, i.e. 1830 East area, located in District 4. The Ellerby project located in District 3 is on schedule. Salt Lake County provided \$1.2 million that has not been allocated to projects at this time. Reviewing bids on the 5900 South project prior to allocating funds, was desired, although it appears that there will not be a need for additional funding to complete the project. This means all of the \$1.2 million will be put towards road projects this spring and summer. A staff meeting is planned to form a list of upcoming, high priority projects, which will be submitted to the Mayor's office and then Council.

Ms. Lopez informed the group the \$1.2 million had been acquired from the County, by Dave Stewart.

Mr. Hill explained a list of potential projects would need to be submitted to the County prior to receiving a check for the funds. The hope is for all projects to begin this spring, however, it will not be possible to complete \$1.2 million worth of projects before this fiscal year is over.

Mr. Camp stated it was originally thought that the reconstruction of the 5900 South and 700 West intersection would be put on hold due to costs. He asked if this would be reconsidered again at this time. Mr. Hill replied that the intersection would remain as is, but, it was exciting to look forward to the projects that could be accomplished.

Mayor Eyre asked if the City would actually have the man power to utilize the available funding for projects. Mr. Hill confirmed the City does have the man power and confirmed some of the funding would be rolled into next year's budget for completion later. Mr. Hill explained some of the projects would be done by the City and anything over \$180,000, would be up for bid, as required by the State.

Mr. Hill stated with three engineers employed by the City numerous projects taking place can be burdensome. Planning for this year and options for manpower will be discussed.

- ***Water***

The largest project underway in the Water Department is McGhie Springs Well, and will be coming to a close this year. A few other smaller projects are taking place at other wells and close to completion.

- ***Sewer/Waste Water***

The largest current project budgeted is the sewer line improvement for the downtown area. From 4500

South, along 500 West, then East on 4800 South to 400 West, will be a messy project, however, afterwards all will be improved with an upsized line. Mr. Zollinger stated it is a one-time Capital expense using a portion of reserves, but staying within the 25% reserve policy.

Mayor Eyre inquired about the land around McGhie Springs. Mr. Hill replied Murray owns several acres and most of the vacant land. From Fort Union Blvd., down the hillside to where residential homes are situated, is all Murray City property. New homes are being constructed close to McGhie Springs, but end at the fence line.

Ms. Turner inquired how is it we own the land. Mr. Hill reported McGhie Springs supplies about 30% of the City's water. Scheduling a tour would be helpful and interesting to understand the history of Murray City's water system. Purchased in the early 1900's water rights were secured. Water streams down from the bedrock, up from Big Cottonwood Canyon, by way of a series of tunnels and flows into Murray's well house. A walk through the area would give an idea of how the water collects, is then treated and pumped up.

Mayor inquired if the water was treated with only fluoride, since it is already as pure as Mother Nature makes it. Mr. Hill replied it is a fascinating process, and while it comes up from the ground during daylight, chlorine is also added.

- ***Solid Waste***

A new garbage truck is on order and has not been received yet. Mr. Nicponski inquired about purchasing the new garbage truck and thought the City contracted the garbage service. Mr. Hill replied the City does contract, except for parks. It is less expensive for the City to actually buy its own truck and pick up garbage twice a day, than it is to contract it out.

- ***Storm Water***

Current storm water projects are in association with the large 5900 South project.

- ***Fleet***

Mr. Camp inquired about the report reflecting 100% of funding depleted. Mr. Hill explained fleet funds have been allocated to all other departments throughout the City. Mr. Zollinger adjusts the transactions based on expenses along with inventory to the various departments. The report would appear that the Fleet budget was off, until adjustments are completed at year end.

Mayor Eyre asked if the truck was a CNG truck. Mr. Hill confirmed it was.

- ***Parks***

A couple of projects were included in the budget. Both have been placed on hold while applying for grants. Moving forward will depend on the outcome of the grants and the number of possible projects. For example, the splash pad, pavilion project, and the armory project were all part of the Zoo, Arts and Parks Grant, that had been submitted to the County.

- ***Little Cottonwood***

The Little Cottonwood Creek Trail project is part of a grant also submitted to the State of Utah. The outcome on this grant will determine the cost and timing of the proceedings.

Ms. Tuner inquired what the Little Cottonwood Creek Trail project was. Mr. Hill reported it is Phase 1 of the project, to build a trail at the Jordan River, on the south side of Little Cottonwood Creek, through the AISU property. A bridge would connect to the sidewalk before the freeway system, extending out to 4800 South. This will take pedestrians from I-15 to the Jordan River on a trail.

Mayor Eyre reported \$200,000 of the .2% money was available for the project and would be used as matching funds to attain \$400,000. Cost for the bridge alone was close to \$100,000.

- ***Canal Trail***

Ms. Turner asked if the canal trail could be constructed up above 900 East. Mr. Hill stated it was a Capital Improvement Program (CIP) request. Decisions for funding would be discussed by the committee, made up of Mr. Zollinger, Mayor Eyre, Jim Brass and Brett Hales. Mr. Hill stated a cost estimate had been done and because of many roadway crossings, with a signal on 1300 East, it is very costly. Ms. Turner expressed her disappointment because it would be very beneficial for the area above 900 East. All agreed it would be a beautiful trail.

Mr. Zollinger stated portions of the .2% had been designated for trails.

- ***Pickle Ball Courts***

Designs would soon be finalized and bids out in late February or March. The hope is courts would be up and ready for summer. An engineer's estimate came in higher than the \$400,000 budgeted with a cost closer to \$500,000. However, two restrooms are under budget in Murray Park by the same amount.

Mr. Hill was hopeful that CIP funding would be available and is glad the Council, the Mayor and Mr. Zollinger are aware of the intended plans.

Adjournment

Mr. Nicponski adjourned the meeting at 5:00 p.m.

Pattie Johnson
Council Office Administrator II