



**MURRAY CITY MUNICIPAL COUNCIL
COMMITTEE OF THE WHOLE**

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, September 22, 2009, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jeff Dredge	Council Chairman
Robert D. Robertson	Council Member
Jim Brass	Council Vice Chairman
Patricia W. Griffiths	Council Member
Krista Dunn	Council Member

Others in Attendance:

Daniel Snarr	Mayor
Frank Nakamura	City Attorney
Michael D. Wagstaff	Council Executive Director
Jan Wells	Mayor's Chief of Staff
Janet M. Lopez	Council Office Administrator
Mike Terry	Human Resources Director
Craig Burnett	Assistant Police Chief
Scott Stanger	Engineer
Doug Hill	Public Services Director
Zachery Fountain	Mayor's Office
Tim Tingey	Community/Econ Dev Director
Pat Wilson	Finance Director
Darren V. Stam	Citizen
Jared Shaver	Citizen

Chairman Dredge called the meeting to order at 5:30 p.m. and welcomed those in attendance.

Mr. Dredge called for action or modifications on the minutes from the Committee of the Whole meeting held on August 4, 2009. Ms. Griffiths moved approval as written. Mr. Brass seconded the motion. The motion carried 5-0.

Mr. Dredge asked for a motion on the minutes from the Committee of the Whole meeting on August 18, 2009. Ms. Dunn moved approval and Mr. Robertson seconded the motion. Motion carried 5-0.

Post Employment Benefits Study - Pat Wilson

Ms. Wilson addressed the Other Post Employment Benefits (OPEB) study and stated that the study was completed by an outside actuary company. She distributed

the results prior to the meeting and wanted to review the study and its purpose. She stated that for many years the City has received Certificates of Excellence for financial statements. In order to keep that certification, it is necessary to meet any new financial rules that are determined by the accountants reviewing statements. Ms. Wilson indicated that it has been recommended to show the OPEB liability that has not been recognized in the past.

The OPEB refers to any retirement benefits other than the pension plan. This benefit is one that Murray City gives its employees who retire prior to age 65. These people have the option of staying on Murray City's medical plan. In addition a \$2,000 death benefit is offered. These benefits need to be recognized in the financials. The City has been doing a pay-as-you-go financing approach. When people retire and take advantage of this benefit then a portion of the health insurance cost is paid by the City. It does vary based on length of service. Generally, on average the amount is about one third paid by the City and two thirds paid by the retiree.

Mr. Dredge mentioned that this seems like a very generous benefit, and he wondered how common this policy is for retirees. Ms. Wilson confirmed that Mike Terry had polled other local cities and those results are in the packet of information. She stated that some entities do cover some medical costs, and others none at all. Those that do cover some medical expenses have a variety of plans for coverage. The Murray plan is one of the more generous benefits. The spouse and any dependents receive coverage in the Murray plan, as well as the retiree. It will cover the spouse until they reach age 65, too. Some employees in Murray are eligible to retire in their late 40s, and you could be covering them until age 65.

Mr. Robertson mentioned that some people at retirement could be responsible for dependents due to illness or disability. Ms. Wilson agreed with that.

Mr. Dredge asked if Murray still pays benefits to retirees who may go to work for another city and pick up benefits there. Mr. Terry stated that if the benefits are not taken at the time of retirement, then they cannot be added at a later date. Ms. Wilson asked if a person could stay on Murray if covered by another city. Mr. Terry stated that they could make that choice, although, Murray's plan would be far more expensive. Mr. Robertson asked if a person could choose to stay on both plans. Mr. Terry confirmed that they could do so, but that it would not be cost effective for the retiree.

Ms. Wilson continued, stating that accounting rule makers say the program must be evaluated and suggest the City do more than the pay-as-you-go plan. It is recommended to match the cost of service with expenses. Murray has been advised to consider active employees and spread the cost of this benefit over the life of the active employee. In order to determine the liability, the City hired an actuary to factor all the data. It is necessary to estimate who would take advantage of the plan, and what that would cost. The actuary uses census bureau information, mortality rates, and the Utah retirement figures to help decide what the liability amount should be.

The financial statement does pick up the cost of Murray's share and employee's

share as the premium is paid, Ms. Wilson explained. Murray pays PEHP. In fiscal year 2009 about \$152 thousand was spent to keep these retirees on the health care plan. That is split by one third for the City and two thirds for the retiree. The actuary indicates that the City should show about \$1.6 million as the liability, with \$152 paid, then the results show that the unfunded liability is \$1.453 million. Accounting rule makers state that the plan does not have to be funded, however, it must be disclosed as a liability. Cash does not have to be put aside to fund the plan. The actuary report may be used for a couple of years and then it must be recalculated. If anything changes, such as benefits, then the report must be revised to update the numbers. The actuary has let the City know that the estimate is only an educated guess.

The question exists of whether or not to actually fund the liability. Rule makers say it does not have to be funded, however, an issue does come forward. Ms. Wilson remarked that a question could arise concerning the effect this disclosure may have on future bonding capabilities as the rating agencies will see this unfunded liability. She commented that her reaction to this new rule is that some funding should be attempted. That way if the City goes to bond raters then it can show that some effort is being made to fund the liability. This is an unknown. She confirmed that the actuary has assumed some increases in health care costs, although, that is unknown, as well. Checking statistics the actuary made their best guess.

Mr. Terry commented that the City has 20 retirees that are included on this health benefit. On a monthly basis the City pays \$11,000 to PEHP, with the employees reimbursement at about \$7,600. This spreadsheet shows an annual total of \$138 thousand, however, the study picked up \$152 thousand.

Mayor Snarr asked about the problem of an employee not paying their portion to the City. Mr. Terry noted that each employee is billed monthly and after about 60 days without payment, the employee would be dropped. He confirmed that they get a letter from finance and then a letter from himself. Mr. Terry indicated that in eight years, he has only had one instance when an employee has been dropped.

Mr. Nakamura clarified that the number paid out does not take into consideration the fact that the employee is making a contribution. The unfunded liability as shown on the statement is 100% of the expense. Ms. Wilson expressed that the liability exists if an employee is on the health plan, and it is the City's business on how it is funded. Mr. Nakamura responded that if reserves are in question, then that number does not include the employee's portion of the expense.

Ms. Griffiths asked if consideration is being requested on whether or not a fund should be established for the post retirement benefit. Ms. Wilson confirmed that thought, and reiterated that it is not required by accounting rule makers, but may be wise when considering bond raters standards and no attempt by the City to fund. She mentioned the controversy with Utah Retirement because it is thought that the funds are not available to pay future benefits. It may be questionable whether Murray will have the money there to pay future benefits. Now it is budgeted every year. The report shows what the pay-as-you-go amount may be in the future. It indicates that next year

the City should budget \$225,000, and more each year, until by 2019 the figure could be near \$800,000.

Mr. Terry stated that with another half dozen retirees under age 65, then the \$225,000 could easily be reality this year.

Ms. Dunn stated that it comes to budgeting for that number.

Property Maintenance Report - Tim Tingey

The direction of the Council at the July 21, 2009 meeting regarding code enforcement has resulted in a detailed evaluation of code enforcement policies in the City, Mr. Tingey explained. Representatives from the Mayor's office, attorney's office, police, and community and economic development has met regularly to evaluate the issues and provide recommendations. Pat Griffiths and Krista Dunn have represented the Council to make suggestions relating to code enforcement issues.

Mr. Tingey stated that an evaluation was done to compare Murray to other entities regarding property maintenance codes. Murray ordinances have everything in place as other municipalities, with the exception of maintenance of structures. This would refer to paint, brick, siding, wood, windows and roof maintenance. This is for the structure itself in both residential and commercial. He admitted that the maintenance of landscaping issue could use a little more definition in order to enforce; it is fairly vague. West Valley City does have ordinances for everything, however, other communities are in line with Murray. Anyone who desires additional explanation can be sent that information.

Mr. Brass asked that since the IBC (International Building Code) has been recognized and adopted, there is a section there that covers the building structures, therefore, does Murray handle it by default to this code. Mr. Tingey stated that the IBC is more related to dangerous building structures. Here the City is talking more about peeling paint or shingles and exterior elements of buildings, not necessarily hazardous condition. Mr. Brass pointed out that IBC was one argument used on a recent building issue. Ms. Griffiths added that Salt Lake County covers some of these issues, as well.

Mr. Tingey explained that the Murray ordinances are not as user friendly as they could be, primarily, because the elements of the ordinances are in different locations. The zoning ordinances are in one location, while county health codes are in another area. The website makes it a challenge for a citizen to find the property maintenance code. This is one matter addressed in the staff recommendations.

A full scale enforcement program must have resources to assist low income individuals and families, Mr. Tingey remarked. He has talked about this before and is moving forward to identify resources. A CDBG coordinator has been hired, Angela Harper. Starting this week, efforts to identify programs, and help to shape and formulate the programs for low to moderate income families is moving forward, especially related

to housing. Some things being considered relate to maintenance, but, also, acquisition of blighted vacant properties so that the City can demolish the structure. Then, the desire is to promote development with a housing nonprofit organization for a new home for low to moderate income families. This is an example of a program that, if in place, addresses Murray's housing for low to moderate income families.

Another consideration is windshield surveys. During certain months, the City can have staff members conduct windshield surveys in targeted areas where more problems are occurring. Being proactive, the problems can be identified, outlined, and documented to send outreach letters to property owners. This opportunity may be helpful in areas that are questionable relating to enforcement.

Mr. Tingey commented that when going through the budgeting process additional resources will need to be considered pertaining to property maintenance policy. Currently, code and zoning enforcement officers have a heavy case load, therefore, additional resources would need to be taken into account with whatever steps are decided on the policy.

Coordinated activities by City personnel can assist with enforcement efforts. Monthly collaboration meetings are taking place now. This involves the Mayor's office, police department, and the community and economic development department. The cases are discussed, particularly crossover cases, and the committee tries to coordinate efforts. Mr. Tingey feels this has been vital to improvement of processes.

Mr. Tingey gave credit to the attorney's office, police department and Mayor's office, in addition to his own office, involving results of the evaluations, and steps taken to improve the code enforcement issues.

Recommendations of the committee include:

- Restructure of existing code to a single point of reference for all property maintenance items. Departments will work with the attorney's office on this aspect.
- CDBG Coordinator pursuing housing programs to provide additional resources before considerations are made for structural elements. Without resources for low to moderate income families it can be very difficult to work out some issues.
- Windshield surveys to begin and proactive letters will be sent out. Future resource needs will be approached through the budget process.

Regarding a time line:

- The department will work toward a November to December time frame for Council consideration of the modifications of the ordinances.
- Housing resource evaluation will be worked through, with a target of the

- end of 2010 to have some programs before the Council for adoption.
- Windshield surveys will begin January to March 2010 and will continue on an ongoing basis.
- Budget considerations and evaluations will be ongoing yearly.

This concludes the overview of the recommendations to address the code enforcement issues that were discussed by the Council on July 21, 2009. Mr. Tingey confirmed that, unless there are concerns, this is the direction the City will take.

Ms. Griffiths stated that she feels this addresses the concerns of the Council and the content of the meeting. She said that the collaborations have worked well and she feels it is essential for the process to be effective. The rationale of both departments being involved in code enforcement has been made clear to her. She related her appreciation to Ms. Wells, Officer Burnett, Mr. Tingey, and all those involved in the coordination of efforts.

Mayor Snarr added that it is important to help low income families with programs that can assist in their maintenance needs.

Ms. Griffiths elaborated on the idea of having City employees identify issues as they are out and about the area. These staff members can note enforcement issues and bring them to the attention of the appropriate department. Mr. Robertson added that meter readers walk into every property. More proactive steps can be taken in this manner.

Mr. Brass mentioned a thought regarding rentals. He feels it might be wise to require licensing of all rental properties. This may help on code enforcement and certainly will help keep track of rental homes, especially with the new accessory building unit ordinance. This will let people know the City is paying attention. Ms. Griffiths added that the property owner may need to screen renters more and take responsibility when lawns do not get mowed and that sort of thing.

Mr. Dredge thanked Mr. Tingey and his staff for these efforts in code enforcement.

Mr. Dredge asked Mr. Wagstaff for any internal office business matters. Mr. Wagstaff commented that he plans to bring forth a suggested rule change in the token distributions of the Council Public Relations bank account, however, he felt there would not be time available this evening, therefore, that issue will be addressed at a future meeting.

There being no additional business, Mr. Dredge adjourned the meeting at 6:02 p.m.

Janet M. Lopez
Council Office Administrator