



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

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, February 16, 2010, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jeff Dredge	Council Chairman
Darren V. Stam	Council Vice Chairman
Jim Brass	Council Member
Jared A. Shaver	Council Member
Krista Dunn	Council Member

Others in Attendance:

Daniel Snarr	Mayor
Jan Wells	Mayor's Chief of Staff
Frank Nakamura	City Attorney
Michael D. Wagstaff	Council Executive Director
Janet M. Lopez	Council Office
Erin McShay	Valley Journals
Sarah Noall	University of Utah
Samantha Austin Stigner	University of Utah
Dmitri Chernyshev	University of Utah
Doug Hill	Public Services Director
Chad Maughan	Citizen
Scott Baker	Murray Chamber of Commerce
Pat Wilson	Finance Director
Mary Ann Kirk	Parks & Recreation
Tim Hale	University of Utah
Scott Dansie	Comcast
Eric Isom	Qwest
Professor Abbie Griffin	University of Utah
Mary Black	Murray Arts Advisory Board
Clarissa Andersen	Murray Symphony Orchestra
Kathleen Sorenson	Murray Arts Advisory Board

Chairman Dredge called the meeting to order at 5:14 p.m. and welcomed those in attendance.

Mr. Dredge called for action on the minutes from the Committee of the Whole meetings held on January 12, 2010 and January 19, 2010. Ms. Dunn moved approval as corrected. Mr. Brass seconded the motion. The motion carried 5-0.

Business Item #1 - Google Proposal for Fiber Optic Infrastructure

Ms. Wells mentioned that there is a group of elected officials, and other interested people, meeting at West Valley City at 11:00 a.m. the following day to release a press statement regarding the fiber optic proposal that Google has announced. Local cities with interest will work together to make an application to Google. She did not know if this would be under the UTOPIA umbrella. Ms. Wells stated that she had talked with Chris Hogan at UTOPIA about this proposal, however, she had no information on what UTOPIA's direction would be.

The Google experiment is an opportunity for some area of the country to participate in having fiber taken to the home. Murray is already a part of this with UTOPIA. Google is planning to test this concept with the same model, own the fiber to the home, and have other service providers come in to use the infrastructure. They will do a request for information (RFI) to gather data from communities with an interest in participating. Then, site visits will take place to those areas that are finalists. A decision will be based on facts from the visits.

Google plans to connect from 50,000, to as many as 500,000 residents. This gives a lot of potential for participation. The application can be submitted by municipality, staff members, or elected officials, and needs to be completed by March 26, 2010. Residents and businesses may also submit applications. Ms. Wells idea was to ask some people in the community, with applicable backgrounds, to individually respond.

Mr. Shaver asked if it would be better to have a number of people respond for Murray. Ms. Dunn stated that she did not think it good to inundate Google, however, have the City apply, and then strategically select eight to ten people in the community, to apply, as well. She felt it would be beneficial to coordinate so that everyone is not saying the same thing in the requests.

Ms. Wells reminded everyone that it is a public process and the City cannot control what the community may do. She feels that Ms. Dunn's idea is advantageous. She stressed that to have citizens send in form letters will not be helpful. Sincere comments will be more fitting.

Mr. Shaver thinks it makes sense to collaborate with businesses and the Chamber of Commerce.

Mr. Stam suggested that getting Intermountain Medical Center involved would be a great benefit, because it was mentioned that for medical purposes the fiber is important. Ms. Wells thinks this is great.

Ms. Wells stated that she would be willing to work with a Council Member, or applications could come from both the administration and the legislative branches. Ms. Dunn thought both the administrative and legislative should submit applications, and

residents and businesses too. She said the application itself is quite simple in nature.

Mr. Shaver recommended that Mr. Stam has some connections to work with, and he would like to see him lead out on this. Mr. Stam's contact was present.

Mayor Snarr suggested that contacting universities and schools in the City would be advisable. Mr. Dredge would like to see separate applications, although, approach the community businesses jointly to ask for participation.

It was the consensus of the group to have Mr. Stam coordinate with Ms. Wells. In addition, she would like to see what the broader community plans to do. She stated that if the plan comes to any Utah city, everyone wins, because it validates the model, which is what UTOPIA is doing. Ms. Wells will work with Mr. Stam on details.

Mr. Brass added that Murray has infrastructure, education, universities, public safety, hospitals, and public services that can all be beneficial to the experiment by Google, and he thinks an attractive proposal can be conceived.

Ms. Dunn suggested that if separate UTOPIA cities go after this, then there is competition between the cities, and her thought is that if UTOPIA applies, it would be a different matter.

Mr. Dredge stated that UTOPIA is trying to decentralize.

Ms. Wells commented that it would be helpful to attend the press conference at West Valley City. The statement will say that Utah would be a great fit for this, especially the cities that have a beginning fiber optic network in place.

Business Item #2 - Performing Arts Center Presentation

Doug Hill asked Mary Ann Kirk to introduce the group from the University of Utah. Ms. Kirk explained that the students had been working with the City for more than a year. These are business masters program students who have met with the Arts Advisory Board and Ms. Kirk to complete a proposed marketing plan for a performing art center in Murray. Professor Abbie Griffin was in attendance for the presentation.

Ms. Samantha Austin Stigner opened the presentation with thanks, and explained that each person was given a packet containing more depth on the study. The team is proud of the fact that it is very user friendly. The financial model is in the very back, which will be explained by Dmitri Chernyshev.

The main objective of the study was to better understand the implications of building a community art center in Murray. To do that the team analyzed the competitors, customers, community, and the external and internal forces affecting a proposed art center. Building the model will allow the City to utilize it as a tool to assess the financial viability of an art center in Murray.

Ms. Stigner commented that the competitive landscape included the high schools, middle schools, elementary schools, upscale performing art facilities, and churches and community centers. For each competitive group the students analyzed the location, technological capability, reputation, availability, and capacity. The high schools were deemed to be strong in the first three areas, however, weak in availability and capacity. The high school auditorium seats about eleven hundred, and this can be too large for some groups' needs.

The consumer was seen as two central customers, the tenants and patrons. Ms. Stigner remarked that the tenants find that performing art facilities are extremely limited. There is significant facility demand from at least 20 organizations within the communities of Murray, Holladay, Cottonwood, and Millcreek. For the patrons, it was discovered that they include older generations, as well as, high income, well-educated individuals and families.

Murray community has a proven track record of being highly supportive of local performing arts. There is increased potential for financial support from local businesses in the form of sponsorship, retail use, and corporate ticket purchases. A new facility would promote community participation, furthering Murray's image as a strong community.

Ms. Stigner stated that a SWOT analysis was performed for the study. That analyzes the strengths, weaknesses, opportunities, and threats to an organization or company.

The *strengths* focus on internal conditions that would be helpful to a company on achieving an objective. A Murray art center has several, including:

- Murray allows for a centralized and dependable venue for local groups who are currently under served for performance, and rehearsal space.
- There is a lot of community support from the City Council and residents. Murray has volunteers, established patrons, and strong staff to fill some roles at a new center.

The *weaknesses*, internal factors, include:

- Initial building, and startup expenses.
- The center is projected to be used one-third of the time by Murray groups, which is a low or no revenue stream for the facility.
- Additional resources will be required to secure external tenants who will be targeted for the remaining two-thirds revenue stream.

Opportunities helpful in achieving the objective are:

- The chance to be a capstone project to create a walking center in downtown Murray.
- There is already more demand than space for local performing arts groups in Murray.
- The art center has the opportunity to be designed and constructed to fit the needs of these diverse groups.

The *threats* that could damage the objects are:

- The revenue stream is dependent upon being able to rent the retail, rehearsal, and theater space.
- An art center would need up-front community and private financial support to be able to cover the cost of construction, and continued support to cover operating costs.

At present, it is unclear what private, city, and county subsidies may be obtained to cover the expenses, Ms. Stigner added.

Ms. Sarah Noall presented the financial analysis. She said that the actual financial model is an Excel spreadsheet that Dmitri will explain. The model has two primary functions:

To estimate future projections of an operational budget.

- The numbers in the model have been researched to determine the best assumptions.
- The assumptions can be changed with current conditions to continue to analyze the costs and revenues.

The model is designed to be utilized as a scheduling tool to maximize profitability of the center.

- The numbers in the model can be manipulated to simulate different scenarios to see which are the best sources of income, for example if the main stage brings in the best customers, then that rent could be raised some.
- Because of the versatility, it is recommended to save the documents to be able to recreate different scenarios.

In order to develop the assumptions used in the financial model, the 2008 Salt Lake County Cultural Facilities Master Plan was used, which identified many of the needs. The Rose Wagner Theater was used for financial comparisons. It was visited by

the team to tour and gain information. The Covey Center was toured and analyzed, as well as, the Salt Lake City Library for possible inclusion of retail space. Current active performing groups were interviewed to determine space and time needs. Historical data from the Murray Cultural Arts department was taken into consideration.

Mr. Dmitrit Chernyshev introduced the Excel financial model. He explained that it consists of four components. First is a list of assumptions. Second, is the facility planning tool. Third is revenue table, and fourth is the expense table including net income.

Assumptions consist of about 20 items based on the team's research. Throughout the table numbered circles refer to the assumption information is based upon. For example, number 19 in the expense, utility line item, refers to heat and fuel costs. On the assumptions list, the explanation shows that utility costs have been estimated using Rose Wagner's financial documents to determine a cost per square foot based on their 75,000 square foot building. This value has then been applied to the Murray arts building and adjusted downward by 25% for the cost savings from LEED certification standards. The utility savings are estimated about 30% by the US Environmental Protection Agency Energy Star, and about 20% savings by the US Greenbuild Council on LEED certified buildings. The model takes an average of the two. This gives an idea of how the assumptions work, Mr. Chernyshev explained.

The *facility planning tool* shows how many days different groups might use the facility. Various questionnaires have been used to collect this data. Various levels of detail show different venues for different groups. The underlying assumption is that the facility will be operating 300 days a year, which excludes Sundays, and holidays. It could operate longer, and the model can be adjusted by changing that figure, which will automatically revise, and recalculate the revenues and bottom line.

This demand schedule feeds into the *revenue source* calculations. On the left you will see the different rental sources, the main stage, black box, rehearsal, etc. The seating capacity is listed with the square footage of each area. Listed is in-house and Murray groups, which have priority. The remaining days available for outside use are calculated based on the 300 days of operation. Ticket prices, and other details are estimated. The percent of seats filled is listed with a pessimistic figure and expected amount. This is also used for a tenant fill rate. Rental rates are listed for commercial and nonprofit events. Nonprofit is figured at a 47% discount for usage. It is also estimated that the nonprofits will outnumber the commercial tenants.

Mr. Chernyshev indicated that revenue estimations are based on ticket sales, and space rental revenues with the total for both the pessimistic, and expected scenarios.

The final component is the *expense* table. This accounts for cost of in-house shows, operating expenses, staffing, utilities, and maintenance. The net income bottom line is shown for the pessimistic scenario, and expected scenario. The team believes the facility will be able to operate in the positive by about \$30,000, and the pessimistic

view shows a necessary subsidy of \$56,000.

Ms. Dunn asked if the study took into account the cost of construction of the theater. Mr. Chernyshev stated that these are operational costs only. She asked how the outdoor amphitheater affected the estimates. Was it assumed the amphitheater would operate as it had in the past? Mr. Chernyshev said that they are calculated in the model, however, they break even financially. She asked how usage days affect the model.

Ms. Kirk clarified that rehearsal space for amphitheater shows are calculated in the model, however, performances do not affect availability in the model, as the outdoor amphitheater will continue to be used independently.

Mr. Dredge asked if a revenue stream had been calculated for Murray in-house performances, or if this merely includes outside groups. Mr. Chernyshev stated that revenue is from outside sources only. Additionally, there is a box office service fee, that takes an income percentage from the ticket sales outside groups generate.

Mr. Shaver asked if there was any sort of calculation for the original cost of the facility. Mr. Chernyshev stated that the initial task of the study was to calculate operational costs, although, construction would be an interesting project. Mr. Hill reported that GBD, who did the planning for the Murray downtown, did provide the City with an estimate of costs for construction of an art center. Mr. Shaver said that the construction costs would have to be recouped somehow.

Ms. Kirk informed the Council that one reason for asking specifically for an operational study was that it is a required component for application for funding from Salt Lake County. A feasibility study is another requirement from the county.

Mr. Shaver stated that this study seems to be mostly focused on Murray and its eastern borders. Ms. Kirk responded that the study area included Taylorsville, South Salt Lake, Holladay, and Cottonwood Heights. These were the areas suggested by the County Master Plan.

Ms. Kirk stated that Murray usage is calculated at 30%, thus leaving 70% of the time open for other groups to utilize. This is an advantage for Murray possibly attaining funding, as it is a good balance. She further explained that there is no revenue stream for the Murray outside groups, and other groups who do pay for performance space, such as the symphony at Murray High School. This has not been included in the revenue numbers provided in the model, however, it would be additional income.

Mr. Shaver clarified that there are some groups and performances from the Arts Council, and there are some that are considered the Murray Cultural Arts groups. He asked Ms. Kirk to remind him how many groups are part of Cultural Arts. She responded that the Murray Band, and Murray Symphony would use rehearsal space. The Murray Ballet may use the space for performance. The Arts Council would have one theater event. Mr. Shaver asked if the City would want to expand, and produce

more productions if the space were available. She responded positively.

Mr. Chernyshev stated that this model can be provided to the City electronically.

In conclusion, Mr. Chernyshev displayed a slide showing the layout of the theater with an estimate of revenue by each rental space. Because the architectural design is not finalized, the square footage could be adjusted to include more space for those areas that generate more revenue per square foot. For example, the studio theaters generate \$86 per square foot, per year.

Council Members complemented the group on their work and the detail of the study. Professor Griffin expressed how impressed she was with the amount of work that went into the functions that underlay the model. She stated that she has not had a group do such a complete study with the multiple methods of information gathering, and market research. It is a flexible model that can be adjusted for current or changing needs. This should be a powerful tool. The assumptions are completely spelled out, so they can be changed easily.

Mayor Snarr asked where the figures for heating were obtained. The students explained that they came from the Rose Wagner comparable spaces, and were adjusted for LEED standards.

Ms. Kirk will have the final copy of the study that can be manipulated as needed.

Tim Hale stated that it had been a pleasure working on this project over the last year and a half. The opportunity was incredible. Professor Griffin stated that it has been a pleasure for her to watch these students grow over the period of the study. When they began, it seemed an overwhelming task, however, the research aspect, and locating information has given them confidence, growth, and education throughout. She stated her willingness to complete other studies for the City with other Master of Business Administration students.

Business Item #3 - Ethics and Open & Public Meeting Training

Mr. Dredge introduced Mr. Nakamura, City Attorney.

Mr. Nakamura stated that this is an annual training required by state law. The underlying purpose is to ensure transparency in government, notice requirements and staying with the agenda. A meeting is defined as having a quorum present. A meeting away from the City has been suggested in the past. If a quorum will be in attendance the meeting does have to be noticed, and have an agenda.

Mr. Nakamura provided each Council Member with a copy of the State Code referring to meetings. There are some changes to traditional notices of the past, such as the newspaper, and that is still required, however, the new requirement is the State website. He asked Ms. Heales to talk about the website.

Ms. Heales printed copies of the website home page for the Council. She stated that the Council, boards, and commissions are all required to post agendas on this site. This is for the entire state, because some smaller entities could not afford to do this on their own. One can search by entity or by key word. On the next page one would enter the entity, Murray City, then all the public bodies for Murray are listed. Finally, the agenda itself is shown for a particular date.

Mr. Nakamura pointed out that it is important for the Council to stay within the matters that are on the agenda. Murray is very good about not going off onto other subjects. The agenda needs to be as specific as it can to notice the public, and the press regarding the issues that will be dealt with at each meeting.

Closed meetings are rare, and there are very specific reasons for closing a meeting that must be followed. Anything outside those reasons does not constitute a motive for a closed meeting. A meeting cannot be closed because of personalities, however, character, professional competence, physical or mental health issues of an individual can be reasons for closed sessions. Imminent litigation or litigation strategy can call for a closed meeting, however, not a series of different matters. The purchase and exchange of real property are reasons to close a meeting, because by disclosing price or appraisal prior to entering into an agreement it may jeopardize the negotiations.

The subject matter for closing the meeting will be stated in the agenda, and a two-third vote must be taken to close. It is also necessary to record the closed session of the meeting.

Mr. Stam asked what is considered a two-third majority. Mr. Nakamura responded that it is four out of five.

Murray has a reputation of being an open government entity with business done in the open. Staff takes particular care to meet notice time-lines, and to be specific on issues.

Mr. Nakamura continued to discuss the Municipal Ethics Act. A copy of the ordinance has been distributed to each Council Member. The Murray ordinance is more specific than what is provided in state law. The key to ethics is disclosure. When and if there may be a conflict, disclose it.

Council Members have the responsibility of filling out a disclosure statement to identify those businesses or interests each person may have on matters that are regulated by the City. This is completed annually with the Recorder's office.

If a Council Member enters a meeting, and decides that there may be a conflict, then he or she has to determine whether or not the issue can be objectively decided. People have criticized the fact that you decide the conflict, and you decide the objectivity. It cannot be done any other way. The accountability is to the public. You can recuse yourself, should you decide to, Mr. Nakamura explained.

The second aspect of this act has to do with gifts, compensation, or economic benefit. The list of gifts shows that if it is unsolicited, and less than \$50, then it is not a gift that intends to influence a decision. Jazz basketball game tickets as gifts have always been the biggest items of concern. You can accept, however, the best decision is not to accept gifts at all.

Mr. Shaver and Mr. Stam, new Council Members, indicated that they did each read through the ordinances, and all of the information provided by Mr. Nakamura.

Mr. Nakamura commented that the annual training has been completed.

Staff Report - Mike Wagstaff

Mr. Wagstaff indicated that each Council Member has a lap top at their place on the dias, and that a test run is scheduled on paperless meeting documents. Open the email dated that day titled "book marked PDF," thanks to the help of Mr. Brass.

Mr. Brass clarified that this was a quick attempt to book mark and you can scroll down on the side.

Mr. Wagstaff stated that the Council office may need to purchase a software program to facilitate book marks on the lengthy documents, however, this is an attempt to make sure the computers are operating properly. For the next Council meeting, the office will attempt a full lap top effort, with no back-up paper documents.

Mr. Dredge adjourned the meeting at 6:17 p.m.

Janet M. Lopez
Council Office Administrator