



**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2010-2011**

The Murray City Municipal Council met as the Budget and Finance Committee on Tuesday, April 13, 2010, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

Krista K. Dunn	Budget Chair
Jared A. Shaver	Budget Vice-Chair
Jeff Dredge	Committee Member
Darren V. Stam	Committee Member
Jim Brass	Committee Member

Others in Attendance:

Daniel C. Snarr	Mayor	Pat Wilson	Finance Director
Jan Wells	Mayor's Chief of Staff	Michael D. Wagstaff	Council Executive Director
Janet M. Lopez	Council Administrator	Gabe Johns	Finance Office
David Larsen	MIS Director	Janie Richardson	MIS
David Carpenter	MIS	Blaine Haacke	General Manager, Power
Charles Crutcher	Power	Ken White	Power
Greg Bellon	Power	David Frandsen	MCEA
Bruce Cutler	Library Board	Dan Barr	Library Director
Cory Plant	Recreation	Gilbert Gonzales	Building Department
Russ Kakala	Streets	Kim Sorensen	Park Department
Scott Stanger	Engineering	George E. Hamer, Jr.	Fleet
Danny Astill	Water/Sewer	David Carruth	Golf Course
Jenifer Francis	Attorney's Office	Frank Nakamura	City Attorney
Mike Terry Director	Human Resource	Carol Heales	City Recorder
Heather Miller	Treasurer's Office	Ron Koller	City Treasurer
Rob White	MIS	Lane Page	Cemetery

Gary Healy	Golf Course	Michael Williams	Courts
Gil Rodriguez	Fire Chief	Craig Burnett	Assistant Police Chief
Doug Roberts	Police	Juliette Dorsett	Police
Connie Cox	Police	Doug Hill	Public Services Director
Anne vonWeller	Public Services	Tim Tingey	Community & Econ Dev. Director

Ms. Dunn called the 2010 Budget Meeting to order at 8:34 a.m. and welcomed all those in attendance. Ms. Dunn thanked the Mayor for his proposed budget, and stated that no opinions had been formed about changes. She hoped that going through the departments would help the Council formulate how to proceed.

Pat Wilson - Finance Director

Ms. Wilson gave a brief description of how the budget binder was arranged. Each section begins with a printout of the Mayor's recommended budget. The second page shows how line items change from the base budget. Other forms include a general operations request form, and a capital request form, going out three to five years. Any narrative explanations would be toward the back. Personnel is a single line item, with a separate personnel section showing each employee.

Mr. Shaver found that many departments had submitted the three to five-year plan, although, he asked if there were comments from those that did not submit the future plans. Ms. Wilson stated that the departments were told to limit the future year requests to anything above \$5,000, therefore, some may not have sent back that form for that particular reason.

Mr. Shaver also asked if it would be possible to identify items that are not recurring every year. For example, if something is paid for once every three years, could that be noted somewhere? Ms. Wilson clarified that elections are one of those expenses that do not occur every year, and she has not addressed how to do that, although, it is a good idea, and something she can work on.

Mr. Stam asked if that can be budgeted for over time, a small amount every year until the expense is due. Ms. Wilson said that is not possible. Mr. Brass said that if this year is zero, and the next year has a budgeted figure, then that is possibly one of the expenses that is not payable every year.

Ms. Wilson explained that the reimbursement to city hall departments for services provided on behalf of the enterprise funds has been changed from an offset, a negative figure on the budget, to a revenue item.

Mr. Shaver had a question on Economic Development regarding the zeros on the budget printout. Ms. Wilson responded that the fund was consolidated into another department. Additionally, there were other consolidations made that reduced the number of pages required

for the budget binder.

Regarding revenue, Ms. Wilson stated that a recent revenue report was sent out, and the sales tax totals dipped down again from the previous year. It reconfirms that the City will be implementing the "floor" amount from the state on sales tax. The actual sales tax receipts for the year will probably be about \$10.5 million, and the "floor" is \$12.2 million. Please keep in mind that the "floor" will only be an option until the fiscal year 2015, so we hope that in that period of time sales tax will increase to that point or better. The top 15 tax payers shuffle around slightly, however, they are fairly consistent from month to month. For next year, the budgeted sales tax revenue is anticipated at \$12.2 million.

Interest income is being paid in the state pool at .56% on \$12 million. The Zions Ultimate savings account is being used to give .75% interest, with about \$8 million there. When the City draws out for use, it comes from the state pool. The City has \$2 in some securities with floating rates. One account came due and the other two are due in May. There is very little opportunity to earn much on our money. Comparing total cash in the bank, the City previously had \$29 million in cash, and now that is at \$22 million.

Ms. Wilson mentioned that property taxes are affected by House Bill 23 that was enacted last year which changes the way the levy request is computed. The City no longer includes the amount from delinquent taxes. When those are collected, the funds will not be in the levy amount, and for one year we can pick up that amount, so as not to erode the base amount. A five-year average will be calculated, and the City can increase the tax dollar without having to do truth in taxation disclosure. She has tried to compute that amount and guesses it will be around \$110,000. The state tax commission has admitted that the municipalities will lose a little money and has encouraged gradual tax increases.

Ambulance numbers are still approximated as there is not a full year of history, however, since inception, the City billed slightly less than \$3 million. Of that amount, 31% has been collected, and accounts receivable total 22%. Roughly, Fire is making about 53% of what is billed. Contractual allowances are 28%, and write offs are 19%. These are the current statistics, losing about 47%, Ms. Wilson explained.

Mr. Shaver confirmed that there is a two to three month delay in receipts. Ms. Wilson agreed with that statement.

Ms. Dunn asked if Ms. Wilson would email that information to the Council.

The City is trying to consolidate information on the cost of liability claims. This will be shown in the retained risk fund, and will give a better picture of cost of premiums, and cost of litigation. There are \$250,000 of self funded liability claims. The retained risk study has been completed, and Ms. Wilson will set a time to present the findings at a Committee of the Whole meeting.

Regarding UTOPIA, there have been four draws now, totaling \$432,894 year to date.

Ms. Wilson said that the Mayor's budget balances revenues and expenditures in the general fund totaling \$40,732,855. Enterprise funds are separate from that.

Jan Wells - Mayor's Chief of Staff

Ms. Wells distributed an updated Budget Addendum, and commented that the law requires the City to hold public hearings for money or services that are given to any group. By adopting a budget addendum for the ongoing recurring amounts, then separate hearings do not have to be held for each item. The holiday bonus may not have to be listed there, and it can be eliminated if they desire, however, this is a way to keep track of it. This addendum is a tool to make things easier for the City.

Ms. Dunn explained that it is adopted as part of the budget in total. The Council can change this as they see fit.

Ron Koller - Treasurer

Mr. Koller introduced his assistant, Heather Miller, who works part time in his office, and full time when he is out. Rachel Jackson is back-up for Ms. Miller.

Ms. Dunn asked Mr. Koller to give the highlights of his department. He mentioned that he has cut out books and subscriptions, and is very lean for a small department. The banking fees are increasing and it may need additional funds through the year. Adding the IVR for the court, and some other funds has made a difference. He has done a request for proposal (RFP) for merchant services, which could produce a \$53,000 savings. One bank has bid substantially less for those services. The least expensive way to take payment is by debit card. The City is looking at adding pin pads to make that possible. It is a great savings over credit cards.

Mr. Shaver pointed out the \$1000 in education and training. He asked what sort of training that would be. Mr. Koller responded that he belongs to the Utah Municipal Public Treasurers, which has a state conference. It is held in St. George. The travel line item is the national conference. This also helps with the certification points that are necessary to remain certified as a Public Finance Administrator. At the end of five years 50 points are required to renew the certification.

Mr. Koller commented that the HEAT program, to help low income families, is budgeted at \$17,000. The categories were changed slightly enabling the City to help more families with the same amount of money. That went to 465 people at \$36.50 each. Previously, each person received \$50. That money is in the non-departmental fund. The county gave Murray \$233,500 through the Salt Lake CAP program, which helps these same people.

David Larsen - MIS

Mr. Larsen commented on the budget change request for his department, stating that the rental and lease payment for the phone system would decrease by \$65,600, because that is paid off now. The cell phones and office phones have been broken out into two accounts, showing as a \$4,800 increase in one and decrease in the other. There are increased expenses in hardware and software maintenance costs.

Ms. Dunn asked where the City stands on HTE. Mr. Larsen has been working with Ms. Heales to get out an RFP for the MIS technology study. It would be published in the Tribune the following weekend. Depending on the results of the study, there are a number of details on his

budget that could change or drop off.

Ms. Dunn asked when the study would begin. Mr. Larsen responded that it should start in June, with the conclusion to be in the fall. This will give an analysis of where the City currently stands on technology, and provide some direction on things that should be pursued in the future. It will be up to the City to prioritize what items are worthy, and how to proceed. Budget impacts will be determined from that. It should take about a month for responses to the RFP, and a couple of weeks to select finalists, then the contract will be awarded. The company chosen will have 90 days to complete the study. Ms. Wilson stated that the funding for that study is in the finance budget, because it was decided to do this study rather than purchase the payroll module for \$58,000. Mr. Larsen has talked with consultants who do these studies, and they have indicated that an adequate study can be done for that amount, however, it totally depends on the scope of the study. He commented that several vendors are hungry for business.

Mr. Shaver asked Mr. Larsen to detail what his department actually does for the City. He stated that MIS runs most of the technology for the City. The Police Department does have its own person for operation of the software system. However, MIS takes care of the network equipment, telephone equipment, computers, and most of the software for the City. To clarify, Mr. Shaver asked if the departments consult with him when they need to replace computers. Yes, Mr. Larsen stated that his department will send out a list of computers that are five years old and may be in need of replacement. Sometimes, it is casual use with no need to replace. In the attorney office, they may open 85 macros in one document, and they need heavy duty systems.

Mr. Shaver asked if several different operating systems are used, for example, in the budget is an upgrade on Microsoft. Mr. Larsen stated that was on the network. Novell has been used in the past, however, that is phasing out, due to little support, and Microsoft is the norm. This should happen by July. Part is for licenses to catch the City up on usage. For desktop operating systems the City supports XP, Vista, and Windows 7. These are migrated as new systems are purchased.

Ms. Dunn asked what the professional services cover. Mr. Larsen said that is for expertise in networking, dealing with the state, or for specialty services for configuring systems and set-up, migrating from older technologies to newer systems. A lot was used this year for upgrading imaging systems. As Mr. Shaver suggested, these are for outside contracting.

Mr. Shaver asked about equipment maintenance. That is broken down by systems, optical servers, tape drives, hardware, software, disk systems, uninterruptible power supply, network switches and printers. This is spending for all of these systems, and Mr. Larsen keeps track of each item.

Ms. Dunn asked for an explanation of the GIS training, and what the budgeted amount covers. Mr. Larsen said that Janie Richardson administers the GIS and she will address that question.

Ms. Richardson answered that the four core GIS users need this training. If other departments have casual users that require training it will cover that, as well. It covers conferences mostly, however, there is always new software on the market or new capability,

and the budget covers that also. The core users are in different departments, one in power, two in public services. Mr. Larsen added that MIS pays for the conference registration, and the departments pay for their own travel. Because this cost has gone up and down over the past years, Ms. Dunn asked how the amount was determined for the next fiscal year. Ms. Richardson admitted that the figure is a guess, and if they are able to do the training, there is always a lot that can be useful. The local training has not been available this year, however, more virtual training is accessible. Ms. Richardson added that three of the four core users are GIS certified. Conferences, training, and presentations are necessary to maintain the certification. Ms. Richardson stated that conferences are known, but to anticipate training is difficult. There is one particular ESRI course that Ms. Richardson could really use, and has registered for three times locally, however cancellations have followed each time.

Mr. Shaver stated that the administration, and Council are doing the best they can to guess at the sales tax revenue, however, if MIS were to be asked for a 3% to 5% cut, does he have an idea how he would accomplish that. Mr. Larsen stated that he feels he has already done that. Mr. Shaver asked about telephone and internet, with a budget of \$52,000 for the current FY, and to date \$12,000 has been spent. Unless something comes up that is huge, it will be underspent. The next budget shows \$48,000. Mr. Larsen said that expense usually occurs in May, so it will be forthcoming. Mr. Larsen did suggest that ESRI (the GIS vendor) has a license agreement program for \$35,000 that includes an unlimited number of licenses, unlimited products, as a blanket program. Currently, the GIS expenditures are about \$19,600, so the blanket agreement could be cut and left as status quo, saving about \$15,000. Ms. Richardson stated that she requested that program because she constantly has people asking for a mapping application called RFEW. The City has seven licenses currently. To purchase additional licenses, it also increases the yearly maintenance fees. With the blanket program she could get that application and others for anyone who needs them. This program was developed for small government, which cannot afford to purchase all the individual licenses, and is based on population. Ms. Dunn decided to place that on the contingency list.

Mr. Dredge commented that there is a request to upgrade 100 licenses to Office 2007. He asked if there is a reason why, in this tight budget year, people could not stay on 2003. Mr. Larsen said this is a change from Word Perfect to Microsoft. Mr. Dredge asked if 100 people still use Word Perfect. Mr. Larsen said that maybe 50 are, and the other licenses are to catch up as they switch over.

Mr. Dredge asked about the numbers, for example, equipment maintenance lists a budget request of \$100,250, however, the details show \$94,000. Software maintenance shows a budget of \$114,600, and the detail is \$114,750. Mr. Larsen will check on those numbers.

Also, Mr. Dredge commented that adding servers might not be something we need to do as we are deciding a direction on our core network. Mr. Larsen explained that the VM Ware server, on capital requests, is to put the server at the emergency operations center (EOC). This is to provide concurrent operations in the emergency operations center, as it exists in the daily operating environment. Mr. Dredge asked if we go away from those servers, why would we want duplicates at the EOC. Mr. Larsen does not see the City going away from those servers, in any scenario. This is very mainstream technology used in multiple environments, regardless of what software is run. You put these in a cluster of servers, so that if a physical piece of equipment fails the other servers take over, and they can be load balanced for predictable performance and delivery. They are used in disaster recovery and back-up in continuous

operations scenarios to keep running and never go down. The EOC could continue to operate without rebuilding the system.

Mr. Larsen explained that the difference in numbers must be a transcription or simple error, they should match.

Mr. White added that the City currently runs four VM Ware servers, and there are 22 servers. If there is a problem with one of those they fail over to others that are running. The VM Ware allows the City to reduce the number of servers, because it can handle multiple servers, and this enables the City to do away with the older servers, and hardware. It is a process of building, but also reducing with the VM Ware.

Mr. Larsen commented that in the past it was necessary to have a physical box, and operating system to run a server, however, with VM Ware it is possible to put multiple physical instances inside one box, and to utilize it more fully. A pool of disks can be used rather than having individual disks. It is better utilization of equipment, resources, and administration. Restarting can be done immediately, when systems crash. This also reduces electricity, heat, and air conditioning. Mr. Larsen explained that the VM Ware conversion started about three years ago, to consolidate hardware, because it was the best practice. He confirmed that this process will be useful in any environment that the City might end up with.

Mr. Dredge asked about the Sungard software support that he did not see tracking into the budget. Mr. Larsen remarked that it is paid out of individual departments where the expense actually occurs. It is listed in community development, public services, and utilities.

Ms. Dunn related that if the Council asked for cuts up to 5%, where would he do that. Mr. Larsen responded that one programming position has been eliminated from his department. He said that amounts to about \$85,000 to \$90,000 and will affect the budget. The software has been gone over in detail, and many items from prior years have already been eliminated.

Tim Tingey - Community & Economic Development

Mr. Tingey explained that he would talk about the General Fund budget first, and then go into the RDA separately addressing some of the laws related to redevelopment. His department has been consolidated from two departments, economic development and community development. Between the two departments there were six employees (one seasonal), and currently there are seven, with one seasonal for the CDBG. They are basically the same with the addition of the CDBG coordinator. He feels that they do a lot with what they have. He also recognizes the tough job of the Council in reducing the budget.

The overall budget is decreasing from what the Mayor proposed. The temporary employees' amount has increased from \$14,000 to \$25,000. The City does get reimbursement for the CDBG position, however, it must be expensed out. There will be no actual increase in the amount spent. Some of the reductions are travel, by \$1,000, vehicle maintenance, by \$1,000, and the professional will be reduced by \$5,000. That line item pays for studies that the City becomes involved in, for example, the last two big ones were the State Street Corridor study, and the Locally Preferred Alternative for the Taylorsville transit study. These are generally regional studies, and included here is the Economic Development Corporation of Utah (EDCU), and International Conference of Shopping Centers (ICSC) in Las Vegas, where the

City tries to recruit businesses to Murray. The Chamber of Commerce has been reduced by \$3,000 a little more than 10%. EDCU has been reduced by \$1,000. They do assist in recruiting companies into the area. Weed control has been reduced by \$1,000. He feels the reductions are good, yet the budget will help his department do the things it needs to.

Mr. Shaver asked about the conference in Las Vegas, and if Murray's efforts are coordinated with the state, with a particular goal in mind. Mr. Tingey responded that an amount is allocated to EDCU for purchase of a booth where Murray submits material to be distributed to the thousands of people that attend. Secondly, the City targets companies, and sets meetings with their principals. This year the focus is for the downtown area.

Ms. Dunn commented that there are three options with the budget: reduce expenditures, increase revenue, or some combination of the two. The ICSC is one opportunity to increase revenues, and it is important to grasp onto that concept, wherever possible.

Mr. Tingey stated that one item on his budget is the EDCU grant, which is an expense item to submit a grant application where reimbursement for most of the expense occurs.

Redevelopment Agency - The RDA consists of five areas, and expenditures are made related to projects within each of those areas. By state law, there is not an opportunity to transfer funds from one area to another. Each one must be addressed individually with emphasis on how to make projects happen within each area, as well as, covering the expenses for the work the City is doing.

The Central Business District (CBD) focus is to extend and expand the area. The City has met with the county, school district, and state board of education. The county has requested that the City come forward with a reduction in administrative expenses. The budget reflects the administrative expenses at about 5%. Part of that is moving funds from administrative costs into project costs, such as land purchase. Additionally, a disadvantage exists because the revenues do not come in until very late, so it was unknown, until very recently, what amount would be available for allocation this next fiscal year. The distribution of funds comes from the county. Keeping that in mind, it might be wise to reevaluate this at an RDA meeting to take advantage of the opportunity to reimburse the General Fund for project work that was completed in past years. Work was done in the early 1990s on Vine Street and Cherry Street that could be reimbursed for a number of years. It is not reflected in this budget plan, but could be done. This would come from the tax increment financing that is being received now, for example, on the Cherry Street project the City completed some infrastructure work that was never reimbursed. This could help the General Fund in the neighborhood of \$50,000 - \$60,000 this year.

Ms. Dunn asked to have this item put on the contingency list.

Mr. Tingey continued pointing out the land category in the CBD. These funds were carried over from the previous year. Some land was just purchased, and there may be additional land to consider. Travel has increased to be more aggressive in recruiting opportunities. There is a theater group interested now, and the City may want to go to their site, show some interest, and be aggressive in recruiting them.

In the Fireclay area, the City is not collecting any revenue, therefore, there is no budget

to consider.

In Vine Street, and Cherry Street some reimbursements can be done, as mentioned earlier. There is a small amount for travel in the Cherry Street budget.

Regarding the Smelter Site, the RDA and City entered into an agreement on the reimbursement of the 2009 Sales Tax Bonds. There is the low income housing, which is what the City would use with the NeighborWorks organization. That is a requirement for 20%. These bonds were set up for acquisition of land anywhere in the City, as well as, reimbursement for projects. As long as the projects are capital, infrastructure, or reimbursement of equipment across the City, the bond proceeds may be used. This is money that is reimbursing the City sales tax for the bond. If the million dollars are reimbursed into other areas, as recommended by the Mayor, there would still be in excess of \$500,000 for projects downtown. The big question is the timing, and how the rest of that project will be funded. One million dollars will not go far, therefore, there must be another connection to revitalize, and provide public improvements.

Mr. Shaver asked if the NeighborWorks program brings a grant program with them for the low income housing. Part of their commitment is matching dollar for dollar funding, through the national NeighborWorks organization, Mr. Tingey stated. Additionally, they are aggressive in seeking grants from banks, placing bankers on their board, and getting commitments from local businesses.

The meeting reconvened at 10:05 a.m. after a ten minute break.

Blaine Haacke - Murray Power

Mr. Haacke indicated that he has brought Mr. Bellon, Mr. Crutcher, and Mr. White who participate in budgeting, and will explain some details particular to their areas. Power is an enterprise fund, and presented a balanced budget to the Mayor. Many facets make up the budget with a capital side, operations and maintenance, debt service, and in lieu of tax transfer.

This presentation was given to the Power Advisory Board, and they contributed with input, and take an active role in issues involving power sources.

By way of summary, there will be no employee benefit or wage increases. The budget is approximately \$36.2 million. There are no layoffs, or downsizing anticipated. Power costs are a major portion of expenses, about 60%, which is in turn sold to customers. Mr. Haacke noted that Provo is planning power rate increases, and he noticed that their resource costs are about 65% to 70%. Bountiful is similar. Murray is right in line with other power companies in the state. Metered sales will be about the same as the previous year. Last year metered sales were down 10%, and this year is coming in at about 7% below budget. The economy is causing many people to conserve, or businesses could be closing that are affecting the City power sales.

Mr. Brass asked about the 3% rate increase that was enacted last year. He wondered if that is part of the 7% reduction. Mr. Haacke said that the revenue is actually down, along with resource costs, and expenses. The 7% does include the 3% increase in power rates.

Mr. Shaver asked if the 7% loss had been tracked in any way to determine the reason

for the decrease. Mr. Haacke commented that the hospital revenue increased by \$2 million over the last year, therefore, there is enough of a loss throughout to still see the 7% decrease overall. Conservation and vacant businesses both contribute to that.

A 3% rate increase is scheduled for October 1, and another increase in 2011. These are included in the budget. Most other line items remain the same, with no increases in materials. \$500,000 is projected to go into the reserve account. Things can turn around very quickly in power, where reserves are needed.

Residential sales account for 31% of the power sales, 53% from large commercial (just 4% of the City meters), and 16% from small commercial. REC sales are new items from green tags gained from landfill gas. Mr. Haacke is anticipating \$100,000 revenue in that line item. The last time the City sold RECs the price was \$4.50. This amount changes daily, like the stock market. Some future bids show that RECs may go as high as \$8. The California market is reacting to new legislation that has really opened up that market. \$100,000 is a conservative estimate.

Decrease in wholesale sales can be attributed to a more stable market in the western grid. Natural gas prices are going down, formerly around \$6, now at \$4.50. Murray is making deals with UAMPS, not calling back Intermountain Power Project. (IPP). It is a \$55 resource. Wholesale is currently in the high \$40s. The market price is better than the callback.

Revenue accounts for the following:

- Metered sales \$34.9 million
- Wholesale sales \$.25 million
- Fees \$.3 million
- Work orders \$.2 million (This is work for private construction.)
- Other \$.6 million

Operations summary:

- 58% Resource costs
- 29% Labor, material, daily expenses
- 7% Debt service (\$2.2 million in November and May) This is bonding for the gas turbine plant, transmission system.
- 5.7% In lieu of tax transfer (ILOT) (\$1.9 million)

Mr. Haacke informed the group that in 2006 the ILOT was 2.2% of revenue. In 2007, it was increased to 5.7%. It went from \$700,000 per year to nearly \$2 million. This is still on the low end in comparison to other cities. Ms. Dunn stated that this has been placed on the contingency list for further discussion.

General operations and maintenance include the following:

- Line items basically unchanged from the previous year.
- \$1.5 million contribution to City Hall services (Benefits to the City include ILOT, City Hall, Public Power Week, Christmas lights, arborists, etc.)

- The radio read metering program is on the fast track for remote reading for all residential electrical meter reading in the City. This line item has increased from \$180,000 to \$280,000. The meter reader will drive down the street now. Water is doing a parallel program, and this should finish the entire City. By making this commitment the City realized a 20% discount on the meters.
- The appliance rebate program is now in effect for Energy Star appliances in Murray City residences. It consists of a \$35 - \$40 rebate. It will cost about \$5,000 per month and is a good public relations tool. It should help conserve electricity, and decrease the need for more resources. It is difficult to measure the results. \$100,000 has been budgeted for this program.

Resources will see a slight decrease in overall costs from Hunter. The debt service for this plant will be paid off in July of this year. Hunter is located near Price. Debt service amounts to \$400,000. Now it will be necessary to reserve funds to rebuild the boilers. A huge decrease will not be realized due to the future rebuild. By 2017, every coal fired plant in the country will be required to undergo SRCs (selective catalytic reduction), which are pollutant devices that go on the stacks, and are quite expensive.

Colorado River Storage Project will show a slight increase, because the City will have a full year of the increase that was instituted last October. It remains a bargain at \$29/MWh versus \$55 for IPP, and high \$40s for Hunter.

San Juan expects some fairly major legal battles over the next couple of years. The Grand Canyon Alliance and wilderness groups are fighting power plants in the four corners area over environmental issues. UAMPS has \$300,000 for legal fees set aside this year.

IPP is only an expense if called back, otherwise, it is sold to California entities. It is not to our advantage to use the call back this year. This is a \$55 to \$60 resource.

Landfill #1 and #2 have been great resources, at about \$60/MWh. They are on about 90% of the time, and we have the RECs to sell making it about a \$55 renewable resource. They have had to go back in to drill more cells and are pumping water in to see if they can get some methane movement. This does not harm Murray, as the City only pays for what it uses. Mayor Snarr mentioned that he noticed they are developing an additional cell beyond the current cell.

Natural gas projection is for \$6/Dth, with \$1.3 million budgeted for purchases in June, July, and August. This is for the City natural gas turbines. When Hunter went down the previous week, the turbines were utilized for a day.

UAMPS pool is \$75, which is the same as the City purchases on the market. Resource costs are down about 12% from the budgeted numbers, although, they are about the same as the previous year. This decrease makes the power budget about \$2.2 million less than the prior year.

The capital budget is \$1.5 million, and Mr. Haacke asked Mr. White to talk about "backyard upgrades," which amount to \$700,000.

Mr. White described a line item CP1, for new construction. This is for any new lines and line extensions, or new development for developers and contractors to be a participant in Murray Power. CP2 is related to current infrastructure to maintain, repair, and keep the reliability intact. He and Mr. Crutcher work with a grid (mapping system) that Mr. White formulated to work with planners and replace older poles. To clarify, Mr. Shaver asked if they go into an area and replace based on the age of the equipment. They take into consideration the conductors, insulators, and the age of the poles themselves. Due to load demands, it may be necessary to upgrade. Insulation value could have deteriorated. They do go through and check, and determine the worst enemy on the system to try to do the preventive maintenance to keep the system reliable. Conscientious thought and evaluation between himself and Mr. Crutcher helps to implement that. Mr. Haacke pointed out that, currently, they are working in the area near Fashion Place Mall, between 5900 South and 6400 South up to about 725 East. That small subdivision, near Longview Elementary School, is a three-phase line, with an eleven-pole application. There are a few poles where people have built garages or other obstacles, with no way to replace poles without the use of a crane, which must be rented for this purpose. Four of the poles will be set over the homes. These are the things the staff works on during the slower times.

Mr. White detailed a few other capital items in the budget: Ford F 350 1 ton truck, a bucket truck, stumper, and a utility trailer replacement. These items are carry overs from the previous year, when they were eliminated from the budget. The stumper is used by the arborist, and has a life expectancy of about five years. When there are a lot of maintenance costs, it becomes necessary to replace it. The bucket truck is 13 years old, and the department feels it is necessary to replace. Unfortunately, the cost has increased by about \$5,000 from last year. The utility trailers are for the line crews to carry all their materials. These are 15 years old. Two can be repaired and two need replacement. The vehicle radios are more than 15 years old, and are an analog system. Maintenance, repairs, and upkeep are very expensive. The replacement cost is about \$1,500 per unit. He would like to go to the digital system, which will be more efficient in the field. Mr. Shaver ask about the GPS technology in the radios. Mr. White responded that there are a number of options, and the GPS would be advantageous to have, as yet, it is undecided. There is one administration vehicle that the department would like to replace. It is a senior manager's vehicle, with some maintenance expenditures that are concerning.

Ms. Dunn asked about warehouse stock, pointing out the depth of supplies that are on hand. Her desire is to cut back as much as possible, keeping in mind what is available from local vendors. When something goes out, it will be paid for one way or another, however, in years such as this, we should consider lowering warehouse inventory.

Mr. White stated that part of the problem is the lead time, and availability to get what is needed. The biggest problem is to protect, and preserve our customers. There are some lower cost items, but it may not be wise to go that direction. Some of our suppliers do not carry the style that Murray has. He thinks the department is diligent about warehouse stock.

Mayor Snarr asked, if in the case of a catastrophic event, the supply houses would open up to get Murray its needs.

Mr. Brass declared a conflict of interest as his employment is an electrical supplier. He said that most distribution centers have transformers on the shelf right now. His company has a

24/7 emergency number and a policy to get power equipment out any time. He stocks master reels of the cable Murray uses underground. He admitted they do not stock copper. The specs on transformers are very minimal. Mr. Crutcher said that the loss factor is a little high. If there were a catastrophic event you go to other entities for help, as Provo did when the micro bursts occurred there. Mr. White mentioned the mutual aid agreement between other entities, who would come to Murray's assistance if needed.

Mr. Shaver suggested that, knowing the mutual aid agreement is in place, he would like to see the department look at the inventory and cut back, based on the fact that there are budget challenges. Maybe next year money can go back into that line item when the budget issues begin to reach par. He does not want to give the impression that the power department must make up the budget shortfall for the entire City budget, however, all areas need to be considered.

Mr. White stated that he would be supportive of sitting down with engineering and administration to evaluate the infrastructure, however, he does not want to be in a position where he cannot provide the service necessary. Mr. Brass confirmed that no one wants to be in that position. His concern is the equipment sitting in the yard that goes out of warranty.

Mr. Shaver asked about the utility trailers, if the amount budgeted is for one or several. Mr. White stated that it is for four trailers.

Mr. Haacke mentioned that the capital budget is \$1.5 million, which amounts to \$84,000 less than the previous year. The department has really held back on capital costs over the last couple of years, due to the economic crisis. The \$1.5 million was not spent until following the mid year review. Many of these requested items are coming back from the previous year, and at some point they must be purchased. Capacitor banks are a concern, which have to do with a mandate from Rocky Mountain Power.

Mr. Crutcher stated that the two capacitor banks are required to maintain an agreement with Rocky Mountain Power, as the regulating authority for this area. The mandate is to maintain a power factor of greater than 95%. Murray is currently in the low 80%. We have not been reprimanded, however if we are, there is twelve months to correct it, or they will do so and charge us. If they do it on their side, we get no benefit on our side of the line. We have asked for two banks this year, and we will still need two the following year. If we get into a bind, it is possible to correct the power factor by running the turbines on peak. That is a costly way to do it.

Two additional items have been on hold for a couple of years, a new relay test set, and transformer test set. The substations have recently been rebuilt (except for central), and there are new transformers in all of those. The test set would insure the longevity of these transformers. Each of the new transformers placed were more than one million dollars. This would be an investment to protect the huge expense of those transformers. We own one, and a second one would be to do end to end testing, to determine how they respond to the pulse. Mr. Haacke mentioned that the two test sets amount to \$135,000. Mr. Brass commented that the sub station transformers are some that cannot be stocked, and take a long lead time to order, up to 30 weeks. He added that Rocky Mountain charges its customers a fortune for power factor correction. Murray's capacitors will pay for themselves by avoiding those costs. Mr. Crutcher mentioned where each capacitor would be placed, and said that another one might be

necessary in the future, depending on the power load.

Mr. Haacke mentioned the office remodel of the current year. It cost well under the \$100,000 that was budgeted. He had actually considered a separate building with a drive in bay, which the architect estimated would cost \$180,000. The bid came back at more than \$350,000. The substation techs have been without office space. They have been using an old board room. In the upper level, Tom Baker retrofitted the space creating offices, and saving lots of money. Mayor Snarr complimented Mr. Baker on his ability. He has much talent, and pays for himself, in power, the courts, fire. He was, formerly, a cabinet maker for Hughes Aircraft in Long Beach, and his employment allows Murray to do many projects internally.

Mr. Shaver acknowledged that the departments do a great job to keep the City safe, functioning, and with a cost savings, as well. He complimented the power staff for their conscientious efforts.

Ms. Dunn explained to Mr. Haacke that the power ILOT has been placed on contingency, and if the City decides to increase that, it becomes a cut to the department, necessitating further budget cuts. If that becomes reality, as the experts in power, the Council would ask the department where those cuts would come from.

Mr. Haacke thanked Mr. Shaver for his compliments, and added that another effort of the power department, during these slower months, has been to inspect every transformer with the infrared camera. Each one is opened, gears switched, and inspected to locate any trouble spots. The camera is a \$40,000 piece of equipment, and helps to prevent future maintenance. Changing out connectors is another activity for preventive care.

In summary, Mr. Haacke pointed out that the budget does plan for \$500,000 to go into reserves. Additionally, he passed on a comment made by Natalie Gochnour, power board member. She said that power resource costs have gone down, metered revenue is about the same, and yet there is still a 3% rate increase scheduled. She wondered why. His answer was that with a couple of tough years, not much has been put into reserve, therefore, the rate increase allows some additional dollars above the balanced budget to do that.

Ms. Dunn commented that any catastrophic event would cause the power department to go through millions of dollars in a very short time. It has happened in the past, and the Council would like to prevent that from happening by building the reserves. Mr. Brass agreed.

Mr. Haacke stated that there are five different funds where reserves are allocated by percentage. It is recommended to have 12.5% of the annual budget in reserves now, which amounts to about \$4 million. Currently, there is \$2.5 million there, and that is only one of the five funds. By ordinance, one million dollars should be put aside for a catastrophic event at Hunter. The total reserve amount should be about \$10 million to cover all the funds. Eleven years ago there was \$22 million in reserve, and it went down very quickly. Ms. Dunn stated that the City went through that in one summer. That was a difficult time, with Enron, and expenditures on the natural gas turbines. UAMPS charges accounted for some of that.

Mr. Shaver asked about the acronym NEF. Mr. Haacke explained that is the National Energy Foundation, which is a nonprofit group contracted for work in the fifth and eighth grades of Murray schools to help teach energy conservation. Mr. Shaver would like to have that line

item title changed, to education or something that he will recognize the following year. He also asked, in response to an earlier conversation, if Mr. Haacke had looked at early layoffs or retirement.

Mr. Haacke stated that the power department has 55 employees. Fourteen or fifteen have 30 years of service, and are eligible to retire. Mr. Crutcher stated that it is fourteen, close to 20%. Mr. Shaver asked if calculations had been run to determine the effect of retirements, training for replacement, etc. Mr. Haacke has some incentive retirement issues to entertain to see some immediate financial impact or two to three years down the road. One to two may retire without a package incentive, and these will not be replaced. Mr. Shaver admitted that the experience of the staff makes the power department function as well as it does, and the Council does not want to put that in jeopardy.

Mr. Haacke informed the Council that several years ago, some young folks were hired to go through the apprenticeship program because they anticipated this time when 20% of the staff would be retirement age. Those people are still here, and the apprentices have journeyed through the program, are trained and ready to move up. Power is a little heavy, but those workers will eventually retire, and it is important to have staff ready. The Mayor confirmed that thinking, by training the younger staff. If it is necessary to layoff employees, the way that program works, the younger workers would be let go. The City would like to see attrition take place for the experienced linemen. Mr. Haacke stated that the numbers have been crunched, and he would be happy to discuss it further.

Ms. Dunn thanked Mr. Haacke for his forthright attitude willingness to work with the Council. The beauty of having a public power company is that it is part of the City, and the residents need to be educated as to the benefit of owning the power department.

Jan Wells - Mayor's Office

Ms. Wells stated that accounts in the Mayor's budget have been juggled, however, nothing has been added that was not spent in previous years. Ms. Wilson has insisted the office true-up expenditures and line items. The main change is in the education and training. The Utah League of Cities and Towns conferences have, in the past, gone through a line item in the non-departmental fund. Now that is part of the Mayor's budget. The telephone and cell phone service has been separated, which Ms. Wilson asked them to do. As part of the cell phone line, Ms. Wells purchased a lap top with an ongoing monthly charge for the connection fee. Those are the only changes. There was an increase in supplies because there was not enough to cover them in the current year.

Mayor Snarr mentioned that he will not participate in the National Mayor's Conference. Ms. Wells stated that was \$3,500, which is reflected in another budget.

Mr. Shaver referred to the office supply line item and asked if consideration had been given to sustainability, renewables and less paper usage. Ms. Wells responded that it is not for paper, it is more for water, soda, and things like that besides basic office. Mayor Snarr mentioned that many times there are special requests for the schools and other groups. Ms. Dunn asked if that comes from non-departmental. Ms. Wells confirmed that many of the big things do, like pins. This is just internal items. Ms. Dunn asked about the overtime budget. She has included that for Mr. Fountain's legislative work. It could be removed, as she has actually

used compensatory time for him.

Mike Wagstaff - Council Office

Mr. Wagstaff pointed out a couple of changes in the budget. The professional services line item has been raised to cover the cost of a lobbyist. Budget adjustments have been done for the last two years, therefore, this year it has been included at the outset. Ms. Dunn feels that is a place where cuts could be made. Mr. Wagstaff reported that the first year was \$30,000, the second was \$40,000, and he feels it will be somewhere in that area, although, he has anticipated \$50,000. Mr. Shaver stated that the other departments have been asked to reduce by 3% to 5% and we need to do the same in the Council budget. Ms. Dunn confirmed the need to look at that percentage overall, and she stated her willingness to work with Mr. Wagstaff on that. Mr. Shaver asked to have the professional put on contingency. Mr. Wagstaff removed about \$2,000 from miscellaneous services due to the fact that this year it was needed due to the elections, training, and events surrounding that. A new expense in small equipment is \$1,000 for a color scanner. That is a rough cost. Any color item for Council packets, at present, must be emailed to us, as we have no way to input that. Under professional, another \$1,000 increase is for joint retreats and potential needs for a facilitator or other necessities.

Following a short break the Council reconvened at 11:15 a.m.

David Frandsen - Murray City Employees Association

Mr. Frandsen thanked the Council for the opportunity to speak on behalf of the employees of Murray City. He takes his responsibility as president seriously. With the help of the department representatives he has tried to keep a pulse on the employee's feelings throughout the City. His representatives do an awesome job, working outside of City time on a number of projects, therefore, he does not want to take credit for all that is done. The employees understand the issues the Council is facing, and they put much trust in the Council, their expertise, and judgement. The employees want what is best for the City in the long term, with secure jobs. They support the Mayor's budget, and think it is a positive step to long term security. They do understand that it is one time money to make it work, and feel that positive changes can be made over the next year to make the City fiscally secure. MCEA appreciates the openness. The Mayor's meetings helped to eliminate rumors, and he suggests that the Council do the same thing regarding any changes they make.

Ms. Dunn commented that there will be changes, as there always are. She has received phone calls from employees, which demonstrate that many do not understand the budget process. Regarding the process, the start is receiving the Mayor's budget, however, for the Council the real first step is this part of going through it with the department heads. From there the Council begins to formulate what the budget will become. She asked Mr. Frandsen to help keep the rumors under control. To be fair and honest, everything is on the table, from layoffs and furloughs, to doing nothing with the Mayor's budget. At this point there have been some one-on-one conversations, but, no discussions as a Council. The best thing Mr. Frandsen can do is to help educate the employees as to the process. Mr. Frandsen agreed that the Mayor actually stated it was the proposed budget, although, some still did not understand. He said if furloughs were necessary that people want to know why. Ms. Dunn confirmed that he would receive a memo of explanation for any changes that are made. Additionally, the Council will hold a question and answer period for staff members. Mr. Shaver asked if a meeting similar to

the Mayor's was requested. Mr. Frandsen said it did not have to be in that format, but something to inform the employees, rather than rumors. He feels this would be the best way.

Mr. Brass explained that there could be a presentation like the Council did for the property tax increase, showing where the money comes from, the changes, and what things need to be funded. It's an unusual economy and the world has changed, although, Mr. Brass pointed out that, at least, three of the Council Members have not changed. They have consistently supported the employees, and he does not see that changing. They will do what is necessary, but they are trying to look at everything. Layoffs are a long term fix for a short term problem. The City would lose a lot of trained individuals, and they want to avoid that at all costs.

Ms. Dunn said that one thing that might be considered in the Mayor's budget is the use of one-time funds. They do not want to replace one-time funds with other one-time funds. They are mindful of those things, and she hoped that the employees would give the Council credit for doing the right thing.

Mr. Frandsen stated that this is good public management, and he feels this is the foundation of Murray. He is proud to say he works for Murray. The MCEA is dedicated to bridging the gap between the employees and the elected officials.

Mr. Shaver expressed the desire of the Council to have that communication be a two-way street. If employees can come to the Council with ideas for savings that have not been presented, then that may help save jobs. Mr. Frandsen agreed with that, and suggested focus groups to bring ideas forward. He would love to be involved in that, and, additionally, the newsletter is an opportunity to send information out. Mr. Stam commented that Mr. Wagstaff had put together a chart describing the budget process and he found that very helpful. An email to all might accomplish that.

Mr. Frandsen offered his appreciation to the administration and Council. He added that he had always found Murray to be pro employee, and he hoped that together the budget process could be an opportunity to improve the City.

Dan Barr - Murray City Library

Mr. Barr introduced the president of the Library Board, Bruce Cutler, who had come to observe.

Beginning on revenue, Mr. Barr stated that it looked to be stable, with a small increase in fines. Due to increased use, it may be closer to \$50,000. He does expect continued growth. Additionally, he will be working with the board to review the fine and fee schedule, which has not been revised for about 10 years. Murray's fees do seem to be a little lower than surrounding communities. He hopes the projected fine revenue is realistic. If not, there is a planned increase in reserve balance, which will offset the lost revenue, if need be.

In expenditures, there are a couple of slight increases in employees, one is a new full time position that was budgeted for six months in the current year, and will be a full time position over the next fiscal year. Temporary employees are also increasing. The total budget is about 1.5% less than the previous year.

Mr. Barr stated that there has been a cost savings in maintenance of buildings and grounds, with a new contract on lawn and window cleaning, trying to bring those expenses down. Another large savings is on equipment maintenance, which is dropping by \$8,000. That is a maintenance agreement on four servers that run all the automated services. It will be outsourced to Server Farm, a subscription service, which will help on equipment, technical support, upgrades, and backups, and is the primary vendor for the library software. He feels there will be better service overall. Under professional, there is a change to the subscription service for cataloging materials, lowering the budget by \$10,000. Mr. Barr has lowered the supply category, and telephone. The telephone decrease is due to eligibility for a discount grant from the FCC for internet services. They have also gone to broad band, which is less expensive than the T1 lines they previously used.

The Utah Education Network is the service provider that has submitted the applications for grants. By law they are required to pass the savings on to the library.

As a service agency, the library relies heavily on the staff. Books and materials are another big aspect where cuts have not been made. Some shifting has taken place, such as, more money for adult nonfiction, and audio visual materials.

Use has been increasing 8% to 12% for the last seven to eight years. About 10% of users prefer the automatic checkout.

Mr. Shaver asked about the children's, young adult, and adult programming. Mr. Barr responded that programming is for special events offered, such as, story time for children. Sometimes there is a small fee or a craft, or an author, so those line items support those activities. Mr. Shaver commented that these items seem to run under the budgeted amounts.

Mr. Barr indicated that the Friends of the Library group operates the used book sale in the lobby, raising from \$6,000 to \$8,000 per year. Most of the money comes back for programming activities. It does not go through the budget, but is a contribution that the library tries to spend first, and underspend budgeted amounts. These invoices are directly paid by the Friends of the Library, and not accounted for in the library budget.

The library will celebrate its 100-year anniversary in 2010, and the Friends of the Library will be very involved in activities associated with that anniversary.

Mr. Cutler commented that the board greatly appreciates Mr. Barr and all he does on behalf of the library. His daughter pointed out how friendly the staff in the Murray library is. Because of automation in many area libraries, one never interacts with the patrons, and that is one reason the board chooses to stay with only one automated check out. He feels the personal touch is very important. Regarding fines, email reminders are being sent out. Ms. Dunn thanked Mr. Cutler for his volunteer service.

Mayor Snarr asked if parking was ever a problem. Mr. Barr stated that it certainly is, especially when school lets out, because many parents tell their children to meet at the library. Parking and access is a problem in the neighborhood. The library parking lot can be a problem for parking, and safety after school, and during special events. The requirement for parking slots, given the size of the facility is a challenge. The library was built 20 years ago, and even the size of each space is generally small in comparison to newer buildings. Mayor Snarr

mentioned that there may be an opportunity to do something once the new junior high is built. Mr. Barr would appreciate any information regarding the school rebuild, and how it will affect the library.

Ms. Dunn adjourned at 12:03 for lunch.

The afternoon session began at 1:00 p.m.

Doug Hill - Public Services

Mr. Hill informed the Council that the City has a contract with Questar to use the fueling station at the public services property and they pay the City a percentage of all the natural gas fuel they sell there. It amounts to between \$500 and \$800 per month, which is insignificant related to the overall budget.

Mr. Hill brought his department supervisors to the meeting, and complimented all of them on the fabulous job they have done to reduce their existing budgets. As a whole, they are probably down 3% to 5% on expenses for the current year.

Building - This department has no new items included in the budget. The revenues have been down in building. Mr. Gonzales, has anticipated some increase in construction of residential properties, and more inquiries are coming in. Revenue projections are conservative. Most of what they do, about 85%, is commercial, however, so far this year, the department is seeing more residential. This can be attributed to the Ivory projects that are starting on Vine Street. Mayor Snarr indicated that Ivory bought out Alan Prince's properties.

Ms. Dunn asked about fuel costs throughout the budget. They have gone down, and now are increasing again. She wondered what they are seeing in the fuel costs. Mr. Hill said that in building, \$4,000 was spent the previous year, and they are budgeting level costs. Over the last few weeks, those costs have been increasing. This budget shows \$3,900 for the previous year, yet \$3,100 has been budgeted. Ms. vonWeller said that the previous year involved a lot of follow up, which is travel intensive. The slower period has allowed Mr. Gonzales the ability to follow up on inspections.

Roadways - This budget pays the employees that are in streets, and street lighting. The energy costs for the lighting are paid here.

Mr. Shaver asked where the holiday decorations are accounted for. Mr. Hill stated that it comes from the power budget. Mayor Snarr added that the general fund pays to light the City, but power pays for putting the decorations up and down.

Mr. Hill confirmed that there are no new items in the roadways budget, additionally there are two employees who have not been replaced. The budget detail has removed the expense for those two employees.

Class C Road Budget & Road Construction - For background, Mr. Hill explained that traditionally street projects have come from two fund sources. The Class C road money is the gas tax that is received every year, and the City anticipates receiving about \$1.1 million in revenue. Those dollars must be spent on road only projects, including salt and equipment.

Other money that the City puts into the road construction budget depends on how much is available. That is a separate fund. Those fund sources, usually about \$2 million, are used for street projects that are identified and presented to the Council at budget time. Over the last few years, the department has tried to develop a maintenance program, as well as, a street construction program. Money has been set aside for small in-house projects like crack seal, slurry seal, and overlay projects. It is much more expensive to do a reconstruction project, than the preventive maintenance, which helps with those roads that are not in such bad shape, and allows more time before a rebuild is necessary. This year, due to the economy, there are no reconstruction projects planned, and only maintenance work. The budget contains money for mulch, and sealer. Included in the Mayor's budget are maintenance projects only. Several areas in the City need attention, for example, 1300 East, inherited from the county, has a lot of problems the staff will address with smaller overlay work. Sealer work needs to be done on 5900 South and Winchester Street. These are the proposals in the budget.

Class C Road Program budget has road salt, which is budgeted the same as the prior year. Mr. Hill stated that the current year expenditures amount to \$35,000. Another item in this budget is the purchase of a paver, which was discussed earlier. It has already been done, but included is the \$70,000 lease payment for a total of four years. The paver will allow the department to complete much of the maintenance work planned.

Also included is the \$350,000 to pay Utah Department of Transportation (UDOT) for the work at Winchester and 300 West. The number is an estimate, not a firm number. This project is part of the UTA Mid Jordan Spur line that is being completed now. UTA needed to relocate 300 West, and Murray was in agreement because the City wanted to fix the intersection alignment on Winchester Street in order to install a traffic signal. To do that there was property that had to be acquired, and construction work completed. UTA agreed to front the money and do the work, and Murray signed an agreement to reimburse them when the City had the funds available. Murray's plan was to get on the statewide transportation improvement program (STIP) to get a federal grant, which reimburses the City for about 90% of the project. That project is nearing completion, therefore, the City expects to see a reimbursement from Wasatch Front Regional Council (WFRC). There is still a traffic signal that should go in there. This could be as long as a year away. Mr. Stanger confirmed that they are looking at doing this next spring.

There are two projects in this budget that are rollovers from the previous year. We are not certain if the City will make these payments this year or the next year. One is the work in association with the Front Runner train, which are betterments at the intersection of Vine and the tracks. This includes sidewalks and other improvements. The proposal is to include them in next year's budget, because these payments may be made after July 1. The other project is the Main and Big Cottonwood Street Bridge project. This was on hold due to funding issues with the WFRC, although, now it looks like they are in a position to move forward. The Murray matching payment of \$125,000 may be made before the end of the fiscal year. If that is the case, this item will not show up on the next year's budget, and he will work with Ms. Wilson on that.

Ms. Wilson asked for clarification in the Class C road program revenues, where she has put \$1.59 million. She wondered if that is the \$1.1 million from the gas tax, and \$350,000 from the STIP, and \$140,000 from another source. Mr. Hill explained that he is anticipating new revenue from two sources as reimbursements for projects already completed. One is the Cottonwood Street overpass, a reimbursement of \$290,000 from UDOT, sometime in the next

nine months. There will also be a reimbursement in the next month or two on the Fashion Street intersection construction project of \$210,000. These monies will go back into Class C road projects.

Mr. Shaver asked what the next project would be if those funds become available. Mr. Hill indicated that, by turning to the next budget, road construction, he has budgeted \$500,000 for mulch/concrete/road base, and \$500,000 for sealer. These expenses can be moved into the Class C road program.

Ms. Wilson asked if the Class C should be shown as, at least, \$1.1 million to match the revenue the City is expecting. Mr. Hill said that would be fine, and a portion of the mulch and sealer can be moved to Class C to balance, as well.

Sidewalks and ADA ramps will be replaced as in previous years, Mr. Hill pointed out. Additionally, an air compressor is in the budget for equipment expense. Currently, a compressor is rented when crack sealing work is being done. That will be paid for over two to three years.

Ms. Dunn mentioned the \$1.5 million that should be realized for the 4800 South replacement. Mr. Hill did not include that, however, it is a sure thing now and should be included in either the Class C or road project fund. Mr. Stanger was told by WFRC that they think the money will be disbursed by June. Mr. Hill explained that because this is such a huge project, and it is not good to have the street open over the winter, that it will probably be started early next year in order to have a full construction season to get it completed. The City will coordinate with several other utilities on that project. Mr. Dredge mentioned letting UTOPIA know so that they can install some fiber along the street.

Mr. Hill mentioned that the department plans to do Lincoln Street. Depending on how it moves along, some funds may need to be carried over to complete it in the next fiscal year. It is an in house project.

Ms. Dunn asked for road projects to go on contingency.

Shop and Garage - Mr. Hill stated that this is basically the maintenance budget for the property in public services. A new request was made for improvements, which is a requirement from the state, for storm water improvements, because we are adjacent to the Jordan River. A consultant was hired, and the study is completed with a list of recommendations to meet the state mandate. The expense is \$30,000 to construct a barrier along the river to prevent trash and debris from blowing in. There are some berms, and rerouting of storm drainage, according to Ms. vonWeller. The \$30,000 covers the work to be done.

Ms. Dunn asked what would happen if the City did not complete this work. Mr. Hill responded that, in theory, the state could fine the City. He further explained that when this property was purchased in 1998, it was bonded for and the payment was split between three areas: the general fund, the water fund, and waste water fund, because they all use the property. In 2007 the bond was refinanced, therefore, those are the sales tax payments shown on the budget. It will be paid off after this budget and two more.

Engineer - Mr. Hill reported that there are no new items in this budget.

Mr. Shaver asked for an explanation of the professional expense. Mr. Hill responded that this has been reduced from \$25,000 over the last few years, and is primarily for unforeseen projects that are encountered during the year. There may be a need to hire a consultant for a storm water plan, or a request from a private business that requires an engineering consultant. A specific project has not been identified. Mr. Stanger stated that sometimes there is a request from the attorney's office. The \$6,000 that has been spent this year was for traffic counters that all went out at once.

Mr. Shaver asked about education and training. Mr. Hill commented that overall the department uses the education, and travel line items. These could be combined, however, some positions have certifications that require education. For example, engineers, building officials, and waste water techs need a specific number of hours of continuing education units (CEU) to re certify. The public service department has budgeted about \$40,000 for education and training. Not all education is required. About \$12,000 of general fund money is for required hours. The other amount includes, membership in professional organizations, and conferences held by instate organizations. Some of these funds could be given up, however, some cannot in order to keep the certifications current. He would not recommend that the City require personnel to keep up those certifications themselves.

Ms. Dunn commented that the decision was made by the Council last year that it really pays off to have educated employees, and, second, on behalf of the employees, with no raises, this is one inexpensive way to show that the Council appreciates their expertise. This can be discussed again this year, and may be a place to cut back. Mr. Shaver commented that some departments have dues.

Ms. Wilson advised that she likes to see overnight travel with lodging, etc., go into the travel line item. Registration for conferences should be expensed in education. The dues line item is for professional dues that must be paid. As the budgets are fine tuned, dues can be added. Mr. Shaver would like to prevent the City from including too many items under one heading. Consistency throughout the budget is important. Ms. Dunn stated that sometimes one trip gets split into two line items, and that becomes confusing. It was decided to put the travel and training line items on contingency throughout the City.

Mr. Hill clarified that the \$40,000 for education is for general fund departments. The enterprise funds also have education budgets. They do not have the same economic impacts as the general fund.

Ms. Dunn informed Mr. Hill that they will be looking at this throughout the City, because the ILOT is on contingency, as well.

Murray Park - Mr. Hill noted that this budget represents maintenance in all the City parks including the Jordan River parkway. The only new item in this budget is to purchase some asphalt to repair the parking lot where a large tree was removed, and this amount is \$15,000.

Mr. Shaver asked about the line item called Murray Parks. Mr. Hill said this will be seen in several of the budgets, and is sometimes called miscellaneous services, or special department supplies. This is for small various items that are purchased throughout the year.

Mr. Sorensen clarified that there are three funds like that: miscellaneous services, Murray Park (special supplies), and maintenance of building and grounds. The maintenance line is for repairing after vandalism or graffiti. Special supplies is for toilet paper and chemicals. Miscellaneous services is for tree spraying in the parks. At the end of the year they may be mixed depending on where funds remain. Ms. Dunn asked if it would make sense to combined these items into one account. Mr. Sorensen indicated that would be fine.

Park Center - Equipment replacement is a new item for upgrading some of the original exercise equipment that was purchased when the center opened in 2002. Most items have a life of four to five years, however, the maintenance staff has kept them operational. This is a proposal to replace some stationary bikes, ellipticals and cardio equipment. Ultimately, Ms. Wilson will decide whether the purchase becomes a lease or outright purchase. Mr. Hill feels it is better to do an outright purchase to avoid interest charges, however, in some cases it helps to spread out payments. Murray used to purchase everything outright when finances were not an issue. Now, more lease purchases are being done. It does create a line item in the budget every year to make that payment. In the storm water fund, three sweepers were needed. They cost almost \$200,000 each, therefore, if \$60,000 is in the budget every year, then at the end of five years, you do not have to come up with new money to replace it because it has remained in the budget. That way you can always have new equipment and a line item to pay for it. The problem with purchasing vehicles is that the money must be allocated at one time, and there are competing demands. So suddenly the City needs \$1 million and nothing has been set aside to accomplish this. Many cities do the lease purchase plan just so that the money is always budgeted, and paid over time.

Mr. Dredge asked if an analysis had been done on what a pure lease of vehicles would be. Mr. Hamer has done that, and it is his speciality. Mr. Hamer stated that the City would have to be careful with equipment that is mounted on the vehicles. Mr. Shaver gave an example of a dump truck with the dumper being moved from the older vehicle to the new one. Mr. Hill said that in water and waste water, the fund purchases the equipment and after one year the vendor buys it back, and the City pays a small cost to get the next years model. This works well with some sorts of equipment, such as backhoes, which are in high demand.

It was confirmed that the \$65,800 was the entire purchase amount for the new park center equipment.

Mr. Shaver reviewed that the Park Center costs continually increase over time, and he asked if there are any plans to increase revenues. Mr. Hill related that Murray does not have a marketing person who just focuses on marketing of any of the recreation programs. Some entities do have a position for marketing. This year there has been greater participation, and greater revenues, primarily due to the economy. The City's existing staff does try to approach businesses with corporate memberships. This is not the primary focus for those employees or their field of expertise. Mr. Plant added that with equipment that is eight years old, it is difficult to compete with companies that replace their equipment every year. They do get complaints. The Park Center had 275,000 people that walked through the facility doors last year, which creates a lot of wear and tear on the center. Most cities have added onto their facility over time. There has been no progression. Murray could use a field house and racket ball courts to attract people, however, some private schools do use the facility. Some upgrades and expansion need to be considered. The air handlers need work, and there is a slide that needs replacement. The center is up 10,000 people over the previous year. In the eight years since opening, only one

fee increase has been instituted. The department will be proposing a fee increase on memberships.

Mr. Shaver asked how the numbers on the proposed increase were established. Was a comparative study completed? Mr. Plant said that Murray is priced low, and maintains an effort to be affordable for its residents. Mr. Shaver explained that he would like to see revenues increase at the same rate as expenses. Mr. Hill stated that the City Council will ultimately approve any fee increases, and this is preliminary, because he has not seen any proposal for that. He added that it is a philosophical shift, in that, in Murray the fees have been well below market rates. No fees are charged for the use of facilities by the schools, baseball, softball or anyone, unless it is an outside organization. This is very unusual. The Park Board advises that fees should not be charged unless it is the last option. The staff has no problem with a philosophical shift. Mr. Hill expressed that reducing expense at the Park Center has also been studied. Closing earlier in the evening and on Sundays has been discussed, however, the amount of money saved is very minimal, and the center could experience some unrenewed memberships due to availability. There is no way to know. If the Council decides, some of these measures can be taken.

Ms. Dunn added that the City has never tried to compete with the private sector. The purpose is to serve a segment of the population that would not be served in the private sector. These are considered quality of life issues, providing something folks would appreciate having for their use. It is weighing out benefit versus cost on many things.

Mayor Snarr recommended getting the county to give Murray its share of property tax that goes to the county parks and recreation program. It's a matter of double taxation.

Mr. Shaver confirmed that if the mission is quality of life, there still must be a point of what it costs to maintain, versus preserving it.

Mayor Snarr commented that it is time to look at fees, however, it is a delicate issue. We do not want to price anyone out of the market. We have a family facility. He asked about the bond. Those present were not sure when the bond originated, possibly 2002 for a 20-year period. Others thought it was taken out in 2005.

Mr. Plant suggested a marketing director be hired for the entire City to market for a lot of departments. His staff does what they can.

Ms. Dunn indicated that when you are allowing the facility to be used for numerous organization activities, then you have to balance that against residents who complain because they cannot get in to use the facilities.

Mr. Hill added that one item on his mind is the line for temporary employees. The Park Center is operated on fewer full time employees than most other facilities. It may be necessary to reduce some of the temporary employees at the Park Center. That would impact services a little, but could be a possibility. Mr. Stam commented that there are times when two people are not needed at the desk.

Participant Recreation - These are the outdoor community programs organized by the City, including soccer, volleyball, T-ball, etc. The only new item in this budget is \$10,000 to

replace the server for the registration system.

Mr. Dredge commented his surprise that only about 20% of the total cost of that department is charged to the participants. He thought that was a little low. Mr. Hill confirmed that the City is well below market rates on charges for programs. Mr. Plant has been asked to cover 100% of the direct costs associated with the program. This would include gym supervisor, an official, a tee shirt, trophy, or balls. It would not cover overhead, such as full time employees, utilities, upkeep and maintenance. For adult programs, a 25% fee is tacked on to try to cover some administrative costs. Murray's fees are up to 50% less than Salt Lake County. Mr. Stam asked if the fees include public notices and office supplies. Mr. Plant said those items are included, as well as, 10% of temporary employees benefit costs, like Workers Compensation. Mr. Hill pointed out that the Boys and Girls Club donation is included in this budget, which is \$125,000.

Mr. Dredge has calculated about \$285,000 in direct costs and there are \$175,000 in recreation fees collected. Mr. Hill concluded that if that is accurate, then the program fees are not enough. Ms. Dunn suggested increasing the fees more substantially, and offering more scholarships for those kids that cannot afford the fees.

Mr. Shaver admitted the quality of life standard and the fee structures are in conflict with each other. Mr. Hill declared that, by ordinance, a fee waiver reduces the fee by 50%, if the income guidelines are met. This is available to Murray residents. Mr. Plant said that about 50 families are utilizing that benefit, although it is not marketed.

Mr. Shaver asked about the advertising income along the fence line in the ball field. The SL Real is there and he wondered if they are paying market price for advertising. Mr. Hill stated that this is a philosophical issue. The Park Board and staff do not like advertising in the parks, so there has been a feeling that signs detract from the open space feeling, and aesthetics. The signs that are on the out field fences are generally from other organizations that use the Murray fields and facilities without charge. They use that revenue for uniforms or umpires. The question becomes, is it a social benefit paid for by taxes, or should it be user fee supported? Right now the City is heavy on the social benefit, and not so much on the user fee. It looks like Mr. Plant, and himself need to go back and look at why the revenue is not covering the direct costs. Probably nearly \$100,000 in new revenue could be generated if that is done. One thing not charged for, is special events. There are some costs that never get recouped by the City, for example, the Easter egg hunt, haunted trail, and Fourth of July races.

Mr. Shaver mentioned that some of the special events, such as the world series, bring dollars into the City. Mr. Stam suggested that those free event costs could be added into the other expenses, and covered by the user fees. He also related that the outfield signs pay for the program costs, because those are totally independent programs. The benefit to the kids is tremendous. One example is Liberty League, which two years ago charged each person \$85 to participate. When the economy downturn occurred, they were able to lower costs to the participants to \$75. Mr. Shaver thought that since there are already signs, possibly the City could benefit with advertising sold on its own. Mr. Stam stated that it is limited to the ball fields.

Mr. Shaver noticed in capital improvements that the pool is heated year round. Mr. Hill said the indoor pool is heated year round, however, the outdoor pool is heated only in the summer. Mr. Sorensen said that the water in the outdoor pool is circulated and chemically

treated, but not heated during the off season.

Cultural Arts - Mr. Hill pointed out the new item in this budget is \$10,000 for the performing arts' center rendering. In order to apply for future county funds for this facility there is a requirement to provide a site plan and elevation with the application. Currently, a site for the performing arts' center is planned for the downtown area. This budget provides for grants to local arts organizations, and the Miss Murray organization. The budget addendum includes these items, as well, preventing the City from holding separate public hearings for each donation.

Swimming Pool - The budget has remained the same as the previous year. Mr. Dredge clarified that the payroll costs were just allocated over the year, even though they are seasonal charges. Ms. Wilson confirmed that the salary cannot be split between two departments. Mr. Hill stated that one employee may be at the swimming pool all summer, then move over to park maintenance when the pool closes. At that time, HR and finance will code it so that it goes against that budget.

This is another instance where there is a line item titled swimming pool. This is mostly used for chemical purchases, however, it could be combined into maintenance if the Council desired, Mr. Plant stated.

Mr. Stam asked if the pool fees collected cover the costs of operating the pool. Mr. Hill said that the outdoor pool revenue fluctuates from \$110,000 to \$125,000. Mr. Dredge added that the revenue is \$172,000 short. Mr. Plant mentioned that the weather can be a problem. Last summer, with much rain the pool had to be shut down several days. Mr. Hill said that financial situation is very typical for outdoor swimming pools. They are rarely able to cover operating expenses. Hence, this is the reason there are no private pools.

Ms. Dunn said that a couple of years ago the Park Center membership was allowed to cover entrance into the outdoor pool. It probably affected revenues, however, it makes sense to do that. Mr. Stam indicated that allowing pool entrance with the membership was an effort to raise the number of Park Center memberships. Mr. Hill agreed that the incentive was to recover more revenue in the long run by doing that. It has not been tracked closely, although, it did help at first. With this arrangement, very few people purchase just an outdoor pool membership now.

Heritage Center - Mr. Hill mentioned the purchase of an air conditioning and heating unit for replacement in one of the offices. This is a wall unit that amounts to \$2,200.

Mr. Shaver asked what the programs consist of. Mr. Hill described this as any recreation program, such as ceramic class, dance and exercise, computer class, or a trip. The Heritage Center attempts to cover all costs related to programs and meals with revenue. They do a good job in this effort. Other costs are subsidized by the City.

Ms. Wilson explained that the temporary employees are treated as employees and run through payroll. Independent contractors are included in the other line items.

Cemetery - Mr. Shaver asked how overtime is used in the cemetery department. Mr. Hill responded that people can request a burial after hours, on weekends, and holidays. The user is charged for that service, and the money is collected as revenue.

Mayor Snarr asked if the cemetery is still selling many plots to those who live outside Murray. Mr. Page indicated that a fair amount is sold to outside parties.

Mr. Hill explained that the cemetery formerly owned the property where the Stillwater Apartments are located. In the early 1980s, this was sold and the revenues were put into a perpetual care fund. This was seed money so that when there was no longer any revenue from the cemetery, then interest from this fund would pay for the upkeep of the cemetery. Currently, when a burial is done, a perpetual maintenance fee is charged to the person who buys the plot. Therefore, that fund increases continually, the interest stays in the fund, and, in theory this fund will pay for the costs in the cemetery. He stated that he does not think this fund will cover the future expenses. Mr. Page has communicated that the City is about two years out before every grave will be sold at the cemetery. Lot sales will terminate at that point. There will still be a charge for the burial, which will continue for 50 years. There are some opportunities to create a few more grave sites by removing some of the roads, however, this does require some money in advance. Niches are very popular.

Enterprise Funds - Mr. Hill indicated that on each of the enterprise funds, they are required to make sure that revenues cover all the expenses, or if the expenses exceed revenue, then the reserves must be drawn on to cover those costs.

Water - This fund is in great financial shape, with healthy reserves of almost \$7 million. This fund expects to over spend by about \$500,000 next fiscal year. This is attributed to equipment purchases, and pipeline improvement projects, however, due to the reserves, this is not a concern. Mr. Hill reminded the Council that the Mayor has in his budget utilizing an additional \$500,000 to purchase some property from the City. Mr. Astill would like to use this property (yet to be determined) to create a demonstration garden, similar to the Jordan Valley Conservancy District, where Murray people can learn how to install water wise landscaping with examples of the types of plants to use. This money is for the property purchase only, and will not cover installation of the gardens.

Mr. Shaver asked if the purpose is to encourage people to conserve water. Mr. Hill responded affirmatively.

Waste Water Fund - Mr. Hill related that this fund is basically even. Revenue is even with expenses, and there is not much growth to the reserve fund. They may be decreasing slightly. There are no proposals for fee increases, however, it is something that is being considered. It is being analyzed by an outside consultant. The budget is flat to last year, using a small amount of reserves.

Mr. Shaver asked about depreciation. Mr. Johns explained that it is not budgeted, and is not a monetary cost, although, it does occur as an accounting entry.

Mr. Hill remarked that all the enterprise funds have a line item for OPEB. This is a sizeable amount for employees who receive retirement benefits. It was suggested that these be budgeted, however, it will only occur if an employee retires and has money to be paid out to them as a result of the retirement. In water, this increased expenses, although, it is not expected that it will be used.

Ms. Wilson will let the Council know the amount that is in reserves in waste water. Mr.

Hill stated that the goal is to have 50% of the operating budget in reserve. Storm water and golf course are the two funds that do not have that level of reserves.

Mr. Dredge mentioned that OPEB is actually an employee expense that he would like to see along with the other employee costs. He would like to have it called "accrued retirement expense" or something other than an acronym for understanding. Ms. Wilson said she would agree and try to take care of that.

Golf Course - Mr. Hill pointed out that the building needs some paint or surface placed on the cinder block. Included in the budget is the expense for a rock fascia, which may not be spent in total.

Mr. Shaver asked if the Pro Shop and Cafeteria pay for themselves. Mr. Hill stated that the café comes close to paying for itself, although, it is more of a service that a golf course must have. The Pro Shop budget includes all the employees for that facility. There are not enough sales to cover the cost of employees there, however, the cost of the merchandise is covered by sales.

Garbage Fund - This is something that the City will know more about by July 1. The current waste collector has indicated that it may exercise its option to cancel its contract. Then the City has 180 days before it goes into effect, January 1. Mr. Hill said the staff feels that they will opt out, and then rebid. He feels the budget will have to be modified during the year, with an increase in fees to cover the additional costs. Mayor Snarr and Ms. Dunn confirmed that Murray has the lowest garbage fees.

Ms. vonWeller explained that the previous year actual figures are with Waste Management, and that includes the recyclables, which was very low. Ace was low on the black can, but the current contract on the green can is more than twice what it was before. This is reflected in line item 6242.

Storm Water - Mr. Hill stated that the department knows it is charging low on impact fees for storm water. His proposal is to hire a consultant to take a look at the fee structure for all storm water fees. There will be a report to the Council on that sometime during the year.

This is a fund which is borderline now; the expenses are catching up, and slightly exceeding the revenues which are collected. That will be analyzed. That impact fee has not changed in more than 25 years, and now there is not a lot of new construction. Mr. Stanger stated that the fee was established in 1976, 35 years ago.

The newly annexed area has complained about this fee, and Mayor Snarr stated that they will reap the benefits over time. Ms. vonWeller pointed out that the east areas are sheet drained, however, the cost for a master plan is included on line item 3110. Town hall meetings may need to take place to explain fee structures in storm water. She further stated that it is complicated because the waste water must be collected and carried all the way to the Jordan River.

Fleet - A new item in this budget is a tire changing machine, Mr. Hill advised. The new fee implemented to all the departments has helped to offset the deficit in operations in fleet. This should cover the costs related to the fund.

Ms. Dunn thanked all the staff members in attendance for their support.

Frank Nakamura - City Attorney

Mr. Nakamura stated that his budget is status quo, without changes.

Mr. Shaver asked about certifications of the attorney's staff. Mr. Nakamura stated that there must be 23 continuing legal education hours over a two-year period. Most of these required hours can be taken locally.

Ms. Wilson pointed out that the risk management fund had been established where liability insurance, and related expenses are charged, however, in non-departmental there is room for attorneys to charge for information that has nothing to do with liability.

Mr. Nakamura stated that the risk fund is a better way to show the claims, and expenses. Ms. Wilson said there is about \$700,000 in the fund, although, the hope is to accumulate up to \$1 million.

Mr. Shaver asked about the self insurance that had been discussed. He has noticed insurance in many departments. Mr. Nakamura would like to get to that point of self insurance, however, he feels the City would need to accumulate up to \$2 million. It will require saving over time. Ms. Dunn asked if that could be shown in one spot, to track it better. Ms. Wilson would like to do that, although, the enterprise funds should pay into it, as well. She is trying to get it all in the risk fund. As an internal service fund, the money comes from the other departments and funds, nothing is collected on its own.

Mr. Nakamura stated that the risk study has just been completed. The results and recommendations are still being evaluated, and this will help to bring all the insurance information together. This includes property insurance, liability, theft, and tort with the state. Mr. Nakamura said that the staff has gone back to 2007 to analyze the claims. The ultimate goal is self insurance, because according to the history, the City has not spent much money in claims. Ms. Wilson said the insurance in the budgets is for premiums for outside insurance. Mr. Nakamura stated that this is done in the water fund, because if there is a claim, the department just takes care of it.

Mike Terry - Human Resources

Mr. Terry described some changes in his budget. Professional services line item contains \$8,000, based on one employee appeal that cost \$7,000 in the current year. There are two on-line systems used, the employee's evaluation, and the compensation study. The cost of these two items increased \$500 in line 2153. There are very few want ads used today, therefore, that line item 2120, has been reduced to \$10,000, which is probably still more than necessary. It could be half that. Education and training have been reduced because local seminars and training will cover what he needs in his office. Vehicle maintenance is set at \$4,000 for the 1995 Taurus driven by the safety manager. A couple of years ago large maintenance expenses were necessary, however, there is nothing anticipated this year. It is 15 years old, however, it only has about 40,000 miles on it. Mr. Terry does not foresee needs in the next five years, except for the payroll/finance/human resources combination package, which will involve multiple departments.

Following a five minute break the meeting reconvened at 3:30 p.m.

Carol Heales - City Recorder

Recorder /Purchasing - Ms. Heales pointed out the major change in recorder/purchasing where she had split the professional expense from the code codification expense, so that she is able to track the code codification costs alone. It will be quite a bit less, as the previous year she had Cadence do a study on City records and policy and procedures. She has requested some shelving for records, although, Mr. Baker is going to move some from the basement storage to the fire station. Item 2190 does include that.

Ms. Wilson pointed out that the current year had \$94,000 for elections, however, that expense will not be incurred in the next fiscal year. Mr. Dredge said that if it was accrued, then it would help cash flow, and \$50,000 could be allocated each year. These funds are necessary every two years. Mr. Dredge stated that this could be done in several different cases through the City.

Business License - Ms. Heales stated that she estimated what the credit card fees would increase to, therefore she allocated \$3,000 for that line item. No other changes were made there.

Government Building - Ms. Heales noted that she had requested funds for new carpet, window sealing, and the cost to retrofit the ballasts, and change them to more energy efficient fixtures.

Mr. Brass mentioned that at the ULCT conference information was gleaned that the traditional T12 fluorescent lamps are being discontinued. This should be completed by the beginning of 2012, and Mr. Brass recommended going forward with refixturing. Ms. Heales will talk with Mr. Stireman about this.

Mr. Shaver asked if the carpet could last three to five years until a new building is completed. Ms. Heales indicated that she could, although others stated that it is a matter of what the Council decides to do. Ms. Dunn indicated that we could get two more years wear from it before replacing. The new building will be two years away, once construction begins. These items will be left in the budget.

Mike Williams - Court

Mr. Williams pointed out reductions to the budget in travel, by \$1,000, and education that was lowered to what was absolutely mandatory in training. The judge has two training classes, he has two training classes, and there is one training in St. George for three clerks. Ten hours are mandatory.

Small equipment had no requests, however, the major printer for the clerks is going out, and will be about \$5,800 with the contract.

Mr. Dredge asked about the paper expense. An additional \$5,000 due to additional warrants is a lot of paper. Mr. Williams stated that it is not all paper, however, the project that the bailiffs work on for warrants has increased the needs. This program has worked well, and

just by a contact many of them take care of the expense. The warrant detectives are taking care of DUI and domestic violence cases, and although there is not a lot of money here, many cases are getting cleared up. The current case load costs \$81 per case, and collection is \$159 per case.

Ms. Dunn asked how well the court is doing on collection of fines. Mr. Williams said that taking percentages and extrapolating out, the court is ahead this year. Going back five years, on the portion the City keeps, and comparing to last year, there is a \$400,000 decrease. This relates to the 20,000 tickets the City is short. The police have written 20,000 tickets less. Criminal cases are up, however, it takes longer to collect those fees.

Mr. Shaver commented that the recent police report showed that violations have decreased over the last five years. Mr. Williams remarked that traffic citations filed in 2005 were 18,702, in 2009 that was 11,753. DUI violations have gone down by 240 over the last five years. Domestic violence cases have decreased by 125 cases. This can be attributed to the new program started for these offenses. A theft program has just recently begun, and the court wants to focus on that.

Ms. Dunn asked if Mr. Williams would address the ongoing decrease in revenue over the last four to five years. Mr. Williams attributes that to the fewer citations. It amounts to about 41%, and revenue is down about 15%. The mayor has discussed this with the Chief and hopefully things will change. There is an increase in traffic in the City. The motor officers write most of the traffic citations, although, all patrol officers are asked to watch this. Mr. Williams said that the fines are set by the state, and their percentage has gone up by 4%. There is an additional \$8 that goes totally to the state. As of December 1, all small claims will come to justice courts. District court will be disbursing 22,000 cases. Murray should get approximately twenty five hundred additional cases.

Mr. Shaver asked about the increase in retirement expense. This is something that the City has no choice on, and is the cost of the new state retirement program. Mr. Johns stated that this has gone up in every budget. Ms. Dunn confirmed that, based on the previous year, that number could vary up or down.

Pat Wilson - Finance Director

Finance - Ms. Wilson explained that initially, she took her base budget and began subtracting, however, since then, several things have been added in. The temporary employees have gone to zero. In previous years, this was a line item used to pay parade drivers. It has been moved to parks and recreation where the parade expense is taken. The professional line item is quite large, and in addition to the outside auditor, several studies have been included, such as, the IT study, using the \$58,500 set aside for the payroll module. Payments will probably come after July 1. Two other studies are in this budget so that the expense is picked up and allocated to the enterprise funds. If it is in non-departmental, it is not picked up for cost allocations. It is a quite complicated spread sheet that was designed when the last cost allocation study was done. The OPEB study for \$15,000 is included. This is the post retirement study that is required every two years, and is part of maintaining a good bond rating. The cost allocation study is in this line item, and it is suggested to do this every five years, to see if the spread sheet is still valid. The outside auditor has about two more years, and then it will go out to bid again.

Mr. Shaver asked about the software for the payroll module. Ms. Wilson said that when the study is completed an RFP will be done to look at new software. Ms. Wells said that MIS has the ongoing expense for Sungard in its budget, and if something else is decided, then those dollars can be used toward new software.

Customer Service - This department exists because of enterprise funds. It is usually reimbursed from the enterprise funds. The four meter readers are in this department, and they do have vehicles. As water and power are changing into automatic meters, this is an area where the City might be able to scale back. Water will be completed by this July, and power by the next July.

Non-departmental - Ms. Wilson does not feel that she has much control over this account, as it is a place to keep extra funds that were unknown at budget time. Several items are HR related. Tuition reimbursement is a plan to repay employees for classes they have taken. Mayor Snarr proposed to cut this back from \$2,500 to \$1,200 per person per year. Ms. Wells said that it is very specific, including reimbursement for programs that they do not stay with. About \$54,000 was funded the previous year. Alternate transportation was another area that was not funded this year. Another postage rate increase is planned for the spring. This postage covers everything except the utilities and parks. The employee incentives include the safety awards, and gifts for years of service.

Ms. Dunn asked about the employee incentive line item increasing from \$2,054 to \$20,500. Ms. Wilson explained that several expenses were being run only through the balance sheet, and not accounted for in the income statement. These expenses were added to the line items as they should have been recorded previously. Therefore, the amounts that look to be an increase are not actual increases in expense. Office supplies in non-departmental takes care of the copy supplies in the hallway, and employee break room. It is not account sensitive. This is a heavy duty high volume copier that is not tracked by department. No problems have been experienced in the past.

The liability insurance was formerly in this department. It has been consolidated into the retained risk fund, however, it must be funded from this account. The UTOPIA is a big change, including \$700,000 for debt, \$350,000 for operations, and \$200,000 for the increasing commitment to UTOPIA. The utility relief program is the program that the Treasurer administers. The land line item was for a small island that the City purchased near Bullion Street. The Mayor described a situation where someone purchased a small piece of land for \$600, and then held the City hostage for \$40,000. This island is part of the Parkway.

Transfers & Debt Payments - Ms. Wilson explained that this account exists because sales tax bonds are basically general fund debts, even though the City has used them to back RDA. There must be a place in the general fund to show that expenditure.

Municipal Building Authority - This is just for bank fees to keep this account alive until the time when the City decides to utilize this fund to build a new city hall.

Capital Projects Account - There are two departments here, one is for road projects that cross fiscal years, and money needs to come forward to finish a project. This is set up to span more than one year.

The second department is for the bond proceeds. This is the one million dollars that will be reimbursed to the general fund from the bond. According to Mr. Tingey, there may be only \$500,000 left. Depending on what there is, it does not have to be spent out, you can spend only what cash is there.

Retained Risk - This department has the professional services, if that is needed, and the \$400,000 is the premium for outside insurance. The \$30,000 for self insurance covers the police cars. If they are wrecked, then the City pays for them. The self insurance for liability is in the amount of \$50,000. If attorneys are needed, they would go into the professional services.

Perpetual Care - This is the special fund that Mr. Hill described to pay for cemetery maintenance.

Ms. Wilson stated that the City may need to look at the unemployment line item in non-departmental. If the City decides to go to contracted service for animal control, then two employees can draw on unemployment. If so, there is probably not enough budgeted to cover those expenses.

Gil Rodriguez - Fire Chief

Chief Rodriguez mentioned that he has asked for the addition of a Battalion Chief, which includes an additional car, however, he realizes this is hard with the economic crisis. Vehicle rotation is in the budget with some that are pushing 100,000 miles. With cars that old, the maintenance budget can be affected. He has included apparatus in the budget because it is difficult to ask for \$600,000 to \$1 million in one budget year. Therefore, the vehicle replacement fund was requested. He asked for replacement of the water line in Station 81, and that situation is dire. The Station is nearly 30 years old with galvanized pipe. The asphalt repair has been requested for several years, and can be eliminated.

The self contained breathing apparatus is a big issue. The concern is that this will be a necessity before long. The air packs are going out of compliance. The requirements change consistently from National Fire Protection Association (NFPA). Radios are needed to complete the change out to the new Motorolas. Computers are needed to upgrade the old ones in bad condition. Uniform allowance is just changing to a different line item. A minus in one account and plus in another.

Ms. Wilson commented that she had projected \$1.3 million for ambulance revenue, and the Chief estimated \$900,000. It may be in the middle of those amounts.

Mr. Shaver asked if the vehicle request had been prioritized. Chief Rodriguez stated that equipment is the largest expense, after labor. The apparatus lasts about 10 - 12 years, staggering the three vehicles.

The Chief included a list of fleet vehicles with his budget information. The grass truck does not get a lot of use, the Crown Vics were passed down from the Police department, used by fire prevention. These could be taken out of the fleet, so that insurance is not necessary. The Smeal pumper is the third in line pumper. When these go down, it is not cheap. He uses the West Jordan truck when necessary. Mr. Shaver asked if insurance was cut, could a vehicle be paid for. The Chief did not think so.

Mr. Shaver asked how critical training is. The Chief responded that it is necessary to have the EMT training. The certifications are done in a house or in the valley. Sometimes the trainers need to go to St. George, however, out of state training is not done very often. The trainers have to be certified every year.

Ms. Dunn started that she is asking everyone to go back and look at 3% to 5% in further cuts.

Following a short break the meeting reconvened at 4:40 p.m.

Assistant Chief Craig Burnett - Police Department

Chief Fondaco was excused to be with his spouse, who was hospitalized.

Assistance Chief Burnett stated that the highest priority in police was the vehicle replacement. Initially, 12 patrol vehicles were requested, and six were approved by the Mayor. With 12 replaced every year, there is a minimum of a five to six year rotation. Now they are being used six to eight years. Those being replaced have about 90,000 to 100,000 city miles driven, and the police are trying to keep them as long as possible. The cost of equipment is included for each vehicle replaced. Crown Vic will only be made for one more year, and then another vehicle will be considered. Ford will have a prototype for the Crown Vic. It is similar to a Taurus, maybe larger.

Mr. Shaver stated that a concern is sustainability, and operating at the lowest cost possible. Chief Burnett said that the department will look at what is available, and the detectives have gone from eight cylinders to six cylinders. Mr. Shaver mentioned the no pursuit policy the department practices. Chief Burnett confirmed that anything short of an aggravated felony has the no pursuit practice. The size of interior space is important, and the Crown Vic has met that need. Ms. Dunn confirmed that the Council would like to see the downsizing to something with better gas milage, even if passenger space is sacrificed. With the computers, cameras, printers and so on, the passenger space is gone in front. The Chargers are a smaller vehicle than the Crown Vic.

The equipment for the cars cannot be swapped from car to car when the vehicles are different. Radios, cameras, light bars, and as much equipment as possible will be moved. There is a contractor that takes care of it. The cages have been rotated to the new vehicles.

The hand-held radios were replaced with a new system 10 years ago. It is time to begin replacing these. The 800 system is more challenging on reception. The east annexed area presents the most problems.

The AFIS machine is for finger printing, and the \$8,000 budgeted includes annual maintenance and upgrades.

Regarding animal control, if that is contracted out, some funding will still need to be budgeted. The building will be maintained, and some costs will continue to be incurred with the shelter. Employee costs will be changing. Two positions will be down, and one position is open and not being filled.

Ms. Dunn expressed that the Council is asking each department to look at cutting an additional 3% to 5%.

The Mayor stated that he did not want to cut into the ability to take care of the needs of the citizens.

Mr. Shaver asked if the same type of grants as the current year are anticipated for the next fiscal year. The Assistant Chief responded that grants will be decreased. Ms. Dunn said that the department will not get the ARRA grant and the JAG grant will probably be cut significantly. She said it may be one fourth the previous year. There is some seizure money that comes back to the City from the federal government, and some from the state, after applying for a grant.

Mr. Shaver commented on the crime numbers that have dropped in several areas, and complimented the police for their work.

Wrap Up - Ms. Dunn expressed her appreciation to Ms. Wells and the Mayor's office for the work they had done. She asked to have the department heads return in two weeks with additional cuts, in the range of 3% to 5%. Some of the areas questioned would be good areas to look in. She realizes cuts have been made over the last two years, although, the Council is still looking for additional funds. The department heads are the best people to tell the Council where those cuts should be made. Ms. Dunn asked that everyone meet in one session together to give the explanations.

Ms. Wells asked if this would include the enterprise funds, as well. Ms. Dunn offered that a possible change in the ILOT had been discussed. If ILOT is raised, then the enterprise funds would need cuts to replace that.

Ms. Wells inquired about the philosophy of the 3% to 5% in cuts, so that she had an idea of why that amount was being requested. Is it for reallocation, or is it because the Council does not want to use the resources the Mayor's office has put forward, she asked?

Ms. Dunn explained that the Council would like to decrease the amount of one time funds being used for ongoing costs. It would be preferable to use those funds for projects that are not ongoing.

Mr. Brass added that several department heads made the comment, when explaining line items, that they have requested a certain amount, however, the cost would probably be much less, for example, human resources, and the amount for professional services. That item is in many accounts, with similar comments made. It might be wise to create a professional services account that is drawn upon by the departments. Some of the dollar amounts are quite substantial.

Mr. Shaver pointed out that Dan Barr had noted that he expects to see an increase in revenue. If we continue to see the downward trend then the City has been put at risk. He feels it is better to plan at the outset for a decline, and readjust when necessary.

Ms. Dunn stated that if some budgets are set too low, then the City would have to go to reserves to make up for necessary expenditures. The Council would like to see ongoing

revenue matching ongoing expenses.

Mr. Brass declared that the water line at Station #81, which is a health issue for the employees there, is not the type of thing to be cut.

Ms. Wells asked about employees. She concluded that 3% to 5% cuts in some budgets would be employees, and she wondered if the Council wanted the administration to make those decisions. Ms. Dunn said that whatever proposal needs to be made to reach that amount should be done, however, the Council may choose to cut only 1.5%. She said that if it means employees, they need to look at that.

Ms. Dunn adjourned the meeting at 5:10 p.m.