



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

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, June 15, 2010, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

Members in Attendance:

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

Member Excused:

Jeff Dredge	Council Chairman
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Others in Attendance:

Daniel Snarr	Mayor
Jan Wells	Mayor's Chief of Staff
Frank Nakamura	City Attorney
Michael D. Wagstaff	Council Executive Director
Janet M. Lopez	Council Office
Peri Kinder	Valley Journals
Angela Harper	Comm Econ Dev Department
Blaine Haacke	Power, General Manager
Charles Crutcher	Power
Jennifer Brass	Citizen
Bill Finch	Citizen
Pat Wilson	Finance Director
Briant Farnsworth	Attorney's Office
Tim Tingey	Comm Econ Dev Director

Vice Chairman Stam called the meeting to order at 5:34 p.m. and welcomed those in attendance.

Mr. Dredge was excused for illness.

Business Item #1 - Murray Power Impact Fee Discussion - Blaine Haacke and Charles Crutcher.

Mr. Haacke stated that Charles Crutcher is the in-house engineer, and is more involved in the impact fee calculation. The process began six years prior with an impact

fee ordinance. There are three fees assessed a contractor who begins construction on a new building with new service, or makes major modifications to an existing building. They impact the system, substation capacity, conductor capabilities, and the increase in power needs. There are the impact fee, line extension fee, and a hookup fee.

About six years ago a private firm, Power Engineers, did a study to calculate what a proper, equitable impact fee on contractors would be. The power department is proposing some changes to the impact fee to make it more fair, and will come back at a later Council meeting to talk about the actual ordinance, and schedule a public hearing. Briant Farnsworth and the attorney's office have been directly involved in the process.

When major modifications or new construction begins a fee is assessed by a calculation. A pamphlet distributed shows a table with the fee schedule, which is charged up front upon going through the building permit process. That comes back to the power department as revenue. An existing customer should not be responsible for an upgrade based on new or expanded service. It amounts to hundreds of thousands of dollars per year. Many major upgrades to the system have been completed, however, in his estimation, Mr. Haacke explained that the impact fee schedule is now obsolete.

The last legislature made some changes to impact fee modifications, which has affected the process for amending these fees. Multiple notices must be made before the change. Mr. Haacke asked Mr. Crutcher to make some comments on how the last impact fee was set and the process currently for the proposed changes.

Mr. Crutcher indicated that the current impact fee is based on the cost of transmission, substation, and major distribution projects as defined in a five-year work plan. That plan was completed by Power Engineers and established previously. An item that can be included in an impact fee is a buy-in for existing facilities in the transmission substation, and distribution system, although, the power department elected not to do that on the current rate schedule. This is also excluded from the new proposal.

Mr. Crutcher continued, stating that the new schedule will include the cost of the transmission system, and substation upgrades, only. This would be the amount bonded for, because the system was upgraded for new and existing customers. There will be some transmission, and substation expenses that were not upgraded and those are not being considered as part of the buy-in. The other item is cost for major distribution projects that would come out of a five-year work plan. Power engineers have done this five-year plan looking at the department's high peak, 107 MW, which was three summers ago. Since then, the peak has not exceeded 97 MW. There is still 10 MW of growth before that level would be hit consistently, therefore, nothing will be done to include this in the new proposal. It will be based on the bonded costs of the upgrades only.

The calculation for the impact fee for transmission, and substation upgrades, takes the total distribution substation capacity, and adds the expenses for the total upgrade cost, which comes to more than \$12.9 million. Divided out it is \$45 per kW, and adjusted by power factor, it is \$41 per kW. Currently, the impact fee is \$231,

therefore, it will be proposed to drop that fee to \$41 per kW.

Mr. Haacke explained that now there is little work to be done over the next five years and that accounts for the lower impact fee.

Mr. Crutcher stated that \$115 thousand has been budgeted for the impact fee collections, based on the \$41. Mr. Crutcher responded to a question from Mr. Shaver, explaining that another five-year plan was completed to reach the current proposal. Additionally, the load of 97 remains realistic, with the 10 MW growth factor remaining. At that time, monitoring would be done to see what distribution projects may be necessary at the 107 MW level. That is not anticipated for some time, and the new junior high school project will take care of itself when it is built.

Mr. Shaver asked if this is an incentive for people to come to Murray. Mr. Crutcher observed that no fee or a payment to the builder is an incentive, but a lower fee is not. Some contractors may be stimulated to build in Murray, stated Mr. Haacke knowing that one contractor was waiting to see what the City was doing with fees. This is a reduction of 75% to 80%. He said it is an unusual situation, however, it is a matter of fairness to contractors.

Mr. Haacke stated that it is about a month to sixty days before it will be a Council meeting agenda item.

Ms. Dunn stated that she feels it is important that there be an impact, when the impact fee is charged.

Mr. Crutcher remarked that the hookup fee would be affected by eliminating it, and rolling it into the cost for the transformer into the line extension. The builders would like to see just one fee. This will drop down to two fees, one very small.

Business Item #2 - Community Development Block Grant (CDBG) Update - Tim Tingey and Angela Harper

Mr. Tingey explained that his department promised the Council periodic reports on the CDBG program as it is administered. It is the intent to update on the progress of programs, people being served, money spent, and this presentation is to show where the department stands on the current program year. Additionally, he would like to inform the Council on the future of the program, and what direction it is taking. He explained that Ms. Harper would lead the presentation, as she has been actively involved with follow-up of sub-recipients, monitoring their progress and obtaining reports.

Ms. Harper stated that this program summary exercise is good because it helps to track the budget for the year. The county follows the expenses of the sub-recipients and administers the Murray contracts. Reporting is done to the county, unless the City requests this information. It is good to do this assessment every six months or so. It helps know which organizations are spending money, and which ones over budget on hard cost projects. This will help to know the which funds which may be reallocated.

Ms. Dunn stated that, in the past, this was not known until reallocation for the subsequent year.

Ms. Harper related that some of the funds have already been reallocated, and they have discovered that some completed projects came in under budget, therefore, additional funding may be reallocated. If an organization has completed a requested project, then they cannot do anything else with any remaining funding.

Ms. Harper summarized the 2009-2010 CDBG Program:

- \$259,000 available
- \$330,229 allocated (The difference is from previous contract years.)
- \$184,860 spent
- 28 recipients (nine hard costs, 16 soft costs, three city funds)
- 14 completed projects
- 12 projects in progress
- Two projects withdrew (Computers for Kids, Legal Center)

Mr. Shaver asked if there is usually this kind of delay in utilizing funds. Ms. Harper gave the example of the Columbus Center, which was given \$35,000 for a construction project. Due to the weather, the project had not started. Ms. Dunn offered that with government funding, there are requirements that must be met prior to utilizing the funds. Mr. Tingey clarified that these are two-year contracts through HUD and the county, therefore, the county is not concerned that funds won't be spent. However, that said, the City would like to see people benefitting from the funds. Some of the housing rehab dollars will be utilized through NeighborWorks. Ms. Harper said that the Road Home has a huge project going, replacing the entire HVAC system. Murray's funds are only a small part of the overall project, therefore, they may be doing fund raising or waiting for other grants to be awarded for other aspects of the undertaking.

Funded during the 2009 cycle allocations for soft costs were:

- Salt Lake Donated Dental - dental care for low to middle income (LMI)
- Sandy Counseling Center - counseling services for LMI
- Big Brothers - mentoring for 12 LMI youth
- South Valley Sanctuary - Domestic violence shelter
- The Road Home - homeless shelter
- Road Home - Winter - winter homeless shelter
- English Skills Learning - ESL for adult immigrants
- Legal Aid Society - domestic violence victim assistance
- YMCA - women's shelter and support services
- Family Support Center - child abuse prevention/treatment

Soft costs awarded, spent, current balance, and Murray residents served:

Organization	Awarded	Spent	Balance	Served
Salt Lake Donated Dental	\$1,000	\$1,000	0	9
Sandy Counseling Center	\$1,000	\$900	\$100	1
Big Brothers	\$7,555	\$7,555	0	NA
South Valley Sanctuary	\$3,000	\$3,000	0	21
Road Home	\$1,000	\$1,000	0	213
Road Home - Winter	\$1,000	\$1,000	0	Above
English Skills Learning	\$1,000	\$1,000	0	6
Legal Aid Society	\$4,000	\$4,000	0	61
YMCA	\$4,000	\$2,972	\$1,028	12
Family Support Center	\$3,000	\$2,200	\$800	22

Additional soft costs awarded in the 2009 cycle:

- Rape Recovery - intervention, advocacy and therapy for sexual assault victims
- Community Health Center - health care for LMI uninsured
- CAP: Counseling - housing and financial counseling
- Computers for Kids - computers for LMI households
- Food Bank - 211 - community resource referral for LMI
- Legal Center - legal services for immigrants and domestic violence
- Murray Administration - staff salaries, program administration, training
- Housing Rehabilitation - rehab loans, property acquisition
- Down Payment - down payment deferred loans

Soft costs awarded, spent, remaining, and Murray residents served:

Organization	Awarded	Spent	Remaining	Served
Rape Recovery	\$1,000	\$1,000	0	6
Community Health Center	\$2,000	\$2,000	0	83
CAP: Counseling	\$3,000	\$2,603	\$397	NA
Computers for Kids	\$400	0	\$400	Withdrew
Food Bank - 211	\$5,000	0	\$5,000	6,567

Legal Center	\$1,000	0	\$1,000	Withdrew
Murray Administration *	\$20,000	\$7,071	\$12,929	NA
Housing Rehabilitation**	\$50,000	0	\$50,000	NA
Down Payment	\$25,000	\$23,000	\$2,000	4

*Does not include fourth quarter

**Allocated to NeighborWorks partnership

Ms. Harper explained that the Murray administration costs have not been fully utilized because the fourth quarter reimbursement request has not been completed, also, she started last October, therefore, administrative funds were not drawn down prior to that.

The housing rehabilitation program funds have been put into the NeighborWorks partnership. The down payment assistance program has been extremely successful with calls almost daily for requests, and great momentum has been built. The citizens are very grateful for this program.

Mr. Shaver asked the process on an organization who has withdrawn. Ms. Harper indicated that the money will be reallocated with Council action. The Legal Center funding has been reallocated. Mr. Tingey pointed out that it is required by HUD to go through a public hearing process to reallocate.

The hard costs awarded are:

- Assist, Inc. - emergency repair and accessibility for LMI (this group provides monthly updates on activities, and rehab properties)
- Camp Kostopulos - accessible sidewalk
- Volunteers of America - tile, pass through window, work station
- Boys and Girls Club - computer/storage room addition
- Columbus Community Center - Interior remodel, driveway, garage door, and sprinkler system
- UAF House of Hope - Fence around play area
- The Road Home - HVAC system
- Heritage Center - New covered, enclosed entry
- Utah Food Bank - supplies, equipment, and staffing (service for seniors)

Organization	Awarded	Spent	Balance	Served
Assist, Inc	\$50,000	\$41,993	\$8,007	39
Camp Kostopulos	\$750	0	\$750	NA
Volunteers of America	\$6,000	\$4,754	\$1,246	445

Boys and Girls Club	\$50,000	\$42,854	\$7,146	700
Columbus Community Center	\$35,000	0	\$35,000	NA
UAF - House of Hope	\$7,500	0	\$7,500	NA
The Road Home	\$10,000	\$10,000	0	NA
Heritage Center	\$12,024	\$12,000	\$24	958
Utah Food Bank	\$25,000	\$12,958	\$12,042	159

The Volunteers of America had some tile work funded, however, many of the people utilizing this organization are homeless, therefore, it is hard for them to track how many Murray residents are being served. The Road Home has the same issue. The numbers are slightly skewed. The Boys and Girls Club serve 700 registered Murray residents, and, in addition, there are 800 other youth from Murray in various programs. They make a huge impact on our City, Ms. Harper commented. The Heritage Center does great work, and the organizations we help, in turn serve many Murray residents.

Mr. Tingey added that HUD dollars are very specific, and every year the City must report how many low to moderate income individuals are served. If a homeless shelter is awarded funds, their clientele is automatically eligible, therefore, that does not have to be tracked.

Ms. Harper stated that five down payment loans have been processed. She showed pictures of the properties purchased with those dollars. Also pictured were the Boys and Girls Club computer room and storage area, and the Volunteers of America intake room in the women and children's center. A furnace and accessible tub installation by Assist, Inc. were pictured, as well.

Ms. Harper explained her activities on a daily basis, in addition to the NeighborWorks project. She works on monitoring, and hopes to increase that effort to report back to the Council more often. She completes department quarterly reports, and receives quarterly reports from the county. The application process, and assistance to sub-recipients throughout the year is part of her responsibility. Reimbursement accounting, tracking, and communication with the county are very important.

Mr. Tingey mentioned that HUD monitors organizations, which is a very intense process. They audit the sub-recipients, therefore, it is important for the City to monitor, and make sure the files are maintained, as necessary. The City will have the peace of mind of knowing that it is documenting the process, as are the sub-recipients. Meeting with the organizations on a regular basis will help to educate them on what is expected in documentation.

The future program direction is another area of importance for the sub-recipients, and the City. Ultimately, this guidance will help everyone in the application process to

know what is on the horizon, and be able to convey that to the different organizations, Ms. Harper explained.

Mr. Tingey addressed some ideas for the future:

- Soft cost and hard cost allocations - Mr. Tingey stated that some communities do not fund soft cost programs. The hard cost investments can be seen in long term programs. Allowed by HUD is 15% for soft costs, and some cities may cap at 10%. This is something the Council may want to think about. He pointed out that he had one request for \$100 in soft costs. It costs more to administer this than the benefit to the organization. There were 29 requests for soft costs, and it could become so watered down, that not much good is accomplished. The 15% could be reduced, the allocations could be prioritized, or focus on just a few organizations. Mr. Shaver would like to have a discussion prior to the next allocation period. Ms. Harper mentioned that Murray could become an entitlement community. At this time, the county oversees such a large number of organizations. Some ask for \$1,000 and get \$1,000, others request \$10,000 and may get \$7,000. The organizations could be informed that Murray is willing to fund more money to fewer organizations. Ms. Dunn pointed out that several years ago the Council decided to fund fewer organizations each year, and different organizations the following year. It worked well at the time. Ms. Harper expressed that organizations that serve more Murray residents may be more important to fund.
- Infrastructure investment - Additional one-time money was received through HUD for a special project, which is moving forward. This can be developed further, such as, a sidewalk improvement program in an LMI area.
- Neighborhood development - NeighborWorks may focus on a certain area for signage, landscaping or other neighborhood projects that can be funded through CDBG.
- Property acquisition - The City can acquire property to develop new housing through NeighborWorks.
- Entitlement process - In the next couple of years, Murray will know if it hits 50,000 residents, the mark to reach to apply to become an entitlement community on its own, not having to work through the county. This would create a huge administrative responsibility, however, Murray would have total control. The City would work directly with HUD.

Mr. Tingey showed some slides of properties that would be nice to acquire to be able to create new housing units for LMI families.

There being no further business, Mr. Stam adjourned the meeting at 6:22 p.m..

Janet M. Lopez
Council Office Administrator