

**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2007-2008**

The Murray City Municipal Council met as the Budget and Finance Committee on January 22, 2008, in Conference Room #107 at the Murray City Center, 5025 South State Street, Murray, Utah.

Members in Attendance:

Jeff Dredge	Budget Chairman
Patricia W. Griffiths	Budget Vice-Chairman
Robert D. Robertson	Committee Member
Jim Brass	Committee Member
Krista K. Dunn	Committee Member

Others in Attendance:

Daniel C. Snarr	Mayor
Jan Wells	Mayor's Chief of Staff
Patricia Wilson	Director of Finance & Administration
Gabe Johns	Finance
Janet M. Lopez	Council Administrative Secretary
Susan H. Gregory	Heritage Center Director
Roy Kenney	Streets
Lane Page	Parks
Dennis Hamblin	Community Development
Scott Stanger	Engineering
Danny Astill	Water/Sewer
Gilbert Gonzales	Building Inspection
Dave Carruth	Golf Course
Anne VonWeller	Public Services Deputy Director
Doug Hill	Public Services Director
Mary Ann Kirk	Parks and Recreation
Kim Sorensen	Parks and Recreation
Gary Healy	Golf Course
George E. Hammer, Jr.	Fleet Services
Cory Plant	Parks and Recreation
Craig Burnett	Police
Pete Fondaco	Police Chief
Laura Lloyd	Fire Department
Gil Rodriquez	Fire Chief
Blaine Haacke	Power Department General Manager
Carrie Hart	Power
Ken White	Power

Charles Crutcher	Power
Ron Koller	City Treasurer
Carol Heales	City Recorder
Jenifer Francis	Attorney's Office
Frank Nakamura	City Attorney
Brent Davidson	Deputy City Recorder
David Larsen	Information Systems
Michael Williams	Court
Dale Whittle	Human Resources Director
Mike Terry	Human Resources

Budget Chairman Jeff Dredge opened the budget review meeting at 9:02 a.m. and welcomed all those in attendance. Chairman Dredge excused Council Member Jim Brass, stating that he would join the meeting in progress.

Mr. Dredge introduced Pat Wilson, Director of Finance and Administration , who would address the Revenue Status Report.

Revenue Status Report:

Ms. Wilson began her comments by thanking the Mayor and Council for the opportunity to serve the City of Murray as the new Finance Director. She stated that she has learned a lot and received help from associates at all levels, from policy makers, to department heads, to her own staff, and she is grateful for that assistance.

Ms. Wilson stated that she is trying to follow established procedures in the finance department and went on to explain her own philosophy of change. She believes it is wise to begin by analyzing how procedures currently operate, and subsequently, if change would benefit the City, then she would make adjustments. She has met with Councilman Dredge regarding some changes in the budget process that may be made in the future. In addition, she has talked with the Mayor and his staff about possible system improvements. She promised the department heads that changes will only be made with advance warning and explanation.

Regarding the binders that were put together for the Council and Mayor, Ms. Wilson stated that the printouts are basically what was included last year and are from the HTE system. Because this system is new to Ms. Wilson, she has asked Gabe Johns, from finance, to be present to assist in answering questions.

In preparation for this Mid-Year Budget Review, Ms. Wilson has spent much time looking at the numbers and would like to give an overview of accounts. To begin, she prepared for each Member a listing of department classifications. Those on the left side of the paper are departments in the General Fund, and they are numerous. On the right side, are those funds with

multiple departments, that are considered enterprise funds.

The General Fund, called governmental, are funded by taxes. The enterprise funds are charge-for-service funds, paid for by the customers utilizing those services. Some of the departments do cross over somewhat.

On the enterprise funds, the belief is that the expenses should be covered by the income in that fund. The accounting can be handled in two different ways: 1) the expenses may be kept in the enterprise fund, or 2) kept in the governmental fund and reimbursed by the enterprise fund, as is the case in the utility billing department.

Due to this reimbursement method of accounting, sometimes you may notice negative numbers in your detail listings of the departments in the binder.

FY 2008 Budget Overview:

Ms. Wilson provided a one page summary of the Fiscal Year 2008 Budget. This budget has been revised since it was originally adopted, and that is reflected in the numbers. This is the General Fund and revenues equal expenditures in the amount exceeding \$40 million. The majority of General Fund revenues do come from sales tax. Sales taxes are paid to the City on a monthly basis. The large December payment will not be received until February. Up to that time, sales taxes received had been a little higher than projected.

Mr. Dredge mentioned that by doing the Mid-Year Review of the budget in January, the numbers lack the large sales tax revenue from Christmas sales. He feels it would be wise to conduct this review when those figures are available.

Ms. Griffiths noted that it makes sense to have that data and she suggested an analysis be done to see what the impact is and then make a decision.

Ms. Wilson continued, stating that the bulk of the property taxes have been received and are in line with projections. She asked us to notice the revenue carry forward total which is for the capital projects fund. This money is to be used for the fire stations construction.

Mr. Dredge asked if we had any explanation for the large increase in personal property tax income. He stated that it is almost twice as much as last year.

Mayor Snarr commented that a portion, about one third, of the Intermountain Health Care (IHC) hospital is taxable, but that will not begin until next year.

Ms. Wells said that there is no increase from property taxes realized by the City when homes are reassessed. Property taxes remain the same unless a property tax increase is adopted.

The property tax increase has to come from growth.

Ms. Wilson continued her presentation by stating that City expenditures are labor intensive. Sixty one percent of expenditures are labor related.

The reimbursement for services item is a negative number and this amount will come from the enterprise funds as they repay the governmental fund.

The capital projects line item will come from the carry forward revenue above and is intended for the fire stations.

There is over one million dollars budgeted for ambulance service for up to half of this year. It looks like some of this will not be expended this fiscal year.

Mid-Year Review Comparison:

Ms. Wilson prepared a document that compares mid-year revenue of FY07 to revenues of FY08. In a nutshell, if our budget is balanced, and it is, and if our expenditures are in line, revenue is being received as projected, then the City should be in good shape financially. This analysis is an attempt to show whether the revenues are coming in to meet the expenditures that have been budgeted.

The revenues have been classified into six categories: taxes, licenses and permits, intergovernmental (grants), charge for services, fines and assessments, and other.

The first column shows FY08 mid-year revenue which has actually been collected to date, July through December. The next column shows the same numbers for the year before, FY07. The third and fourth columns show the dollar change and percentage change. Next, the FY08 annual budgeted numbers are shown, followed by the mid-year receipts as a percentage of the budget. For example, in taxes, so far we have collected 54% of our budgeted tax revenue. Finally, the chart shows the same figures for FY07, budgeted total and percentage received as of mid-year. In taxes, the amount collected mid-year was 53%, so we are on target.

In licenses and permits, this year we have collected 59% and last year was 47% at this time, so we are improving and should be expected to make budgeted figures by the end of the fiscal year.

Intergovernmental revenue is not at the halfway mark, we have received only 36% of the budgeted amount, however, as grants work, some of them are paid after the money is spent.

Ms. Dunn stated that grants are down all over right now.

In the charge-for-services category we have received 48%, although, Ms. Wilson does not feel this is consequential.

Fines and assessments are down about 6%. It is important that at the end of the year these figures are where we expect them, or that the revenue is made up in another category.

The other category, which combines all revenues not already included in a specific item, is at 68% of budget. This does include some sale of assets and the Sports Mall revenue which will last until 2017.

This information does confirm that the City income is on track. Currently, the City has collected 53% of budgeted revenue overall compared to 51% last year. Ms. Wilson feels comfortable that the City revenue is in line and there are no concerns at this time.

Mr. Dredge asked Ms. Wilson to explain why the total tax line shows a different number on the summary that she handed out compared to the detail listing in the binders.

Mr. Johns explained that the Public Treasurers Investment Fund numbers came in late and those figures could have been included in the summary, but not in the previous detail that went into the binders.

Mr. Dredge also commented that he noticed the interest income was way down.

Ms. Johns said that, regarding the sale of the Sports Mall, in the past the payments have been collected throughout the year, then the interest was allocated at the end of the year. The figures would be balanced, however, at this time the interest would be low and sale income a little high. In the future, Ms. Wilson intends to make those adjustments on a monthly basis.

In addition, it was discovered that some payments were not made at the same time this year compared to last, so that will make the numbers appear off somewhat, according to Ms. Wilson.

That concluded the revenue report from Ms. Wilson of the Finance Department.

Public Services: Doug Hill, Director, Public Services Department.

Mr. Dredge asked Doug Hill about the Class C road allocations, and if the figures simply reflect how the money flows to the City.

Mr. Hill responded that it is also a reflection of how much gas people are buying. The City receives a percentage of the gas tax based upon the number of lane miles that are in the City. Mr. Hill has noticed that when gas prices increase the funds to the City decrease, due to

lowered usage. The payments are received on a quarterly basis and go directly to Finance. Over the last few years this income has continued to decrease slightly. This could negatively impact the roads that are repaired this year.

Mr. Hill addressed issues in building inspections. In the first half of this year the City has issued more building permits than ever before. A higher building value has been noted in the inspections. As a result, there has been an increase in revenue for building permits. Most of the permits are for commercial and office space. There is not much physical space for new single family residential, although the Fireclay area has generated some residential permits, and there are some for redevelopment around the City.

The next category Mr. Hill addressed had to do with roadways, both repair and construction. Five road construction projects have been completed and another six are scheduled for this spring and summer. Mr. Hill stated that due to a changing bidding climate, more bidders and better pricing, he feels that the projects may come in below budget. The salt budget, however, has been completely exhausted. The last of the \$40,000 salt money was spent in December, consequently, he anticipates exceeding that budget but he does not know by how much and whether that it will negatively affect the overall budget.

Ms. vonWeller remarked that she had just ordered another thousand tons of salt.

Mr. Robertson asked if overtime pay had also been excessive.

Mr. Hill confirmed that overtime has been high thus far, and on holidays wages are double time and a half.

Mr. Robertson and Ms. Griffiths both commented that the snow removal service has been excellent.

Mr. Hill stated that Roy Kenney is responsible for that.

Mr. Robertson commented that he sees way too many vehicles left on the streets for the plows to work around.

Mr. Hill said that he reports to the police any cars that are continually left parked on the street.

Mr. Hill mentioned that he had to drop from the budget repair on Creek Road. He would like to try to fit that into the next budget year, although, if enough funds are unused from other projects, Mr. Hill may be able to add that one in 2008, with final approval from the Mayor.

Mr. Robertson said that after this difficult winter he suspects there will be excessive repair work necessary.

Mr. Stanger said that in addition to the bidding climate, the street department had completed many necessary repairs, freeing up some of the budgeted funds.

Ms. Dunn asked if Mr. Hill expects a similar bidding climate in the future, making it possible to get more street work completed.

Mr. Hill said that at budget time he will base his needs on the quantity pricing of this year and how much work can be done in-house. He is trying to complete more projects in the City, however, the Legislature makes that hard to do. It depends on the streets selected and the price to repair them.

Mr. Stanger stated that Glenoaks is a good example of cost savings, where pulverizing was done, rather than excavating so much, and that depends entirely on the material that is under the road where the work is being completed.

Mr. Hill said that the shop, the budget to maintain the property and buildings, is fine.

The engineering budget is for Mr. Stanger to complete contractual work and maintain his staff. There is a little money here for a position that is currently advertised and will be filled for the last half of the year.

Mr. Hill said that community planning is on budget with no concerns.

The Murray Park budget looks good. There is money budgeted for the pavilions to be replaced. The design is a custom, unique style and somewhat cost effective, as well. The cost has remained at about what was originally expected, although, that amount was trimmed for a total of \$275,000 budgeted. For the preliminary design \$10,000 has been spent with the architect. Now the architect has been authorized to move into final design which will allow an even better cost estimate and have it ready to go to bid. At that point, about \$250,000 will be available to construct the pavilions. The architect met with Kim Sorensen last week and indicated that it will probably be about \$470,000 to demolish four pavilions and reconstruct four pavilions and this is without a contingency amount. Mr. Hill's estimate is that \$500,000 will be needed. Mr. Hill has discussed the cost with the Mayor and they believe it would be wise to transfer the budgeted funds for the pavilions into the capital projects fund and leave it there until enough has been accumulated to complete all four pavilions in their entirety. A budget adjustment would be necessary prior to the end of the fiscal year to move the money from the general fund into the capital projects fund.

Mayor Snarr asked if the pavilion panels are pre-fabricated and then moved onto the structure with a crane. There was a positive response from one of Mr. Hill's staff members.

Mr. Hill stated that because the ice rink was not opened this year none of the budgeted funds would be spent.

Ms. Dunn asked what plans there are for the ice rink area.

Mr. Hill responded that in next years budget he would submit a cost to update the Parks and Recreation Master Plan. The current plan was made in 1994. The projects in that plan have been completed and Mr. Hill feels this is a good time to survey the citizens, hold public meetings and look at all the properties, facilities, and programs and put together a new direction with an updated Master Plan. There have been some minor updates through the General Plan over the years. According to the General Plan, the City should be considering the purchase of additional property for park land. There have been suggestions for the ice rink area that include grassing it over, dog park and skate board park. Mr. Hill feels strongly that the citizens should be given an opportunity to have input on the subject.

Ms. Dunn asked what is happening with the property in the area of the old armory building.

Mr. Hill responded that nothing is happening. The State has not addressed the area in some time, although, the State Park Board wants to discuss it at its February meeting and there is talk that maybe the land could be added to the City's inventory.

Ms. Dunn agreed that it should become part of Murray.

The Park Center has had some equipment challenges, now that it has been open for five years. Increased costs for equipment maintenance for treadmills and other machinery have been incurred. Mr. Hill noted that most of these repairs and replacements will be part of the normal budget expenses, however, for the boiler replacement it was necessary to reopen the budget to obtain funds for this expense. The Park Center is a little higher than 50% in expenditures due to expenses that were budgeted in the previous year but not completed until this year. Funds will be tight, however, Mr. Hill's goal is to stay within the budget as long as there are no large mechanical failures. Revenue for the Park Center is right in line as expected.

Participant recreation and cultural arts are both in line with no concerns. Mr. Hill stated that half of the grants are in with another Zoo, Arts and Parks (ZAP) grant to be received before the end of the fiscal year.

Mr. Hill said that the chemical costs for the swimming pool have increased, although, he is not concerned. Revenue was up last summer, so he feels he will be within the budget. The Heritage Center and cemetery are both on track, as well.

In addressing enterprise funds, Mr. Hill stated that the water fund is doing well with an increase in revenue over budgeted figures. This will allow for some capital projects to be completed. One issue to be aware of in water, concerns three unbudgeted projects that occurred in the first half of the year. One was a water line failure at State Street and I-215 as a result of Questar construction of the gas line on State Street. He did reach a settlement, but it was necessary to spend some unbudgeted funds for repair. As a result of this water line failure, it was

discovered that the casing across the I-215 bridge at State Street was also leaking. That is being replaced now. The third project involves the Cottonwood Sanitary District, which is moving a major trunk line. This affects one of Murray's main water lines outside the City boundaries in the Ft. Union area. These three projects add up to about \$200,000 and will be handled by moving some reservoir and well improvements into future budget years. That will allow the water fund to stay within budget. Mr. Hill does not think the delay of these projects will affect citizens in the City.

The Mayor reported that Questar did pay half of the repair cost that it was responsible for at I-215.

Ms. Dunn asked where he is on the five year cost increase plan. Mr. Hill stated that it is the second year of the second plan. Projections remain the same.

Water revenue is up due to increased customer sales, according to Mr. Astill. He said that people do not seem to understand that Murray's water is aquifer driven and it takes longer for aquifers to recharge.

Mr. Robertson stated that there is more drain on the aquifers from newly developed areas in the west than was expected.

Mr. Hill said that the City cannot drill a well without complaints due to the drain on the aquifers.

Mr. Hill also remarked that when the end of the five year plan draws near, he will recommend that the City analyze the reserves to determine how to proceed.

Ms. Dunn complimented Mr. Hill's ability to project what increases needed to be in place each year and she feels that other departments could benefit from similar planning. She continued by stating that it is easier for people to accept a 1% to 2% increase annually rather than wait until it is necessary to increase rates by 15%.

The waste water enterprise fund is in good shape. Mr. Hill explained that Central Valley Water Reclamation (CVWR) is talking about purchasing a new disinfection system which includes ultra-violet light. Depending on what CVWR decides, the fee structure for the City could be impacted.

Ms. Dunn stated that although the initial costs are higher, it seems that over time the expense would be less.

Mr. Astill confirmed that it does have that potential. Now the problem that Central Valley is experiencing concerns obtaining the rail cars that deliver the chlorine. Currently, only one rail car is being used. While traveling in Detroit to see two systems, Mr. Astill experienced an emergency involving a tank that ruptured. It was very well contained, although, had the entire

tank been destroyed, the results would have been catastrophic. Unfortunately, with this event, he stated that the rail car will not pass the next inspection. There are no rail cars available to purchase.

Ms. Dunn said that because chlorine is so dangerous, she feels this is something that we ought to look into.

Mr. Astill commented that chlorine is still the best material because it has a residual when completed, although, for the environment he feels ultra-violet will be far better. The treatment process with ultra-violet offers some additional benefits, such as killing certain pathogens. The long term maintenance is similar to chlorine, although it is not as dangerous and not necessary to add chemicals to the water that go into the environment. The cost is the problem. Previous estimates by the engineers were to build a brand new facility, although, if the existing chlorine facility is refurbished and used, then the cost will be much less. A consultant has been hired by Central Valley and a new cost estimate will be announced at the next meeting. The design is moving forward, technology and a system have been chosen, and pre-purchase of equipment will begin soon. The plant itself will be built over a three year period, so the cost can be spread over two to three budget years for Murray. Utilizing the \$4 million in the bonding issue that is still available, and with the sale of the Cedar Valley property owned by the plant (Murray is also part owner), the expenses related to the new facility will mostly be covered. Only part of the Cedar Valley 280 acres will be sold to Timpanogos Special Improvement District for a sledge composting project. The revenue to Murray will be turned back over to Central Valley to go into an interest bearing account and will be used to offset the expense of the new facility. Mr. Astill is confident that it will not be necessary to raise rates to cover these costs.

Mayor Snarr asked what Murray's current percentage of ownership is in the plant. Mr. Astill stated that it is almost 9%.

Mr. Hill explained that the Fireclay sewer line has been designed and Danny has worked with property owners to secure easements. There is one owner who has been difficult. It will be put out to bid soon and construction will begin, even if it must be done in phases. Hamlet Homes is planning to connect to the sewer next summer and Murray needs to keep its commitment with Hamlet. Two million dollars was budgeted for this project, although, the preliminary expense has been estimated at more than that. Any additional funding necessary will be addressed once the bids have been received. It is likely that the cost can be spread over two budget years.

Mayor Snarr commented that the construction would bore under I-15 and then trench from there down to 5th West.

Mr. Hill added that revenues are right on target for waste water.

The golf course has had a really good year with no construction on or nearby the course. The weather was good and revenues and expenses are right on target.

The solid waste enterprise fund does not generate much extra money, it pays for itself through fees collected. There are few reserves, which are decreasing, due to cost of living increases that are built in for the waste contractor. Waste Management is looking at evoking a clause in the contract containing increases for additional fuel costs. The bid was done four years ago when fuel was \$1.50 a gallon. Nothing official has been received, but it will need to be handled if the request becomes reality. The contract is through June of 2009 and will be rebid next January or February. Mr. Hill ensures that a rate increase will become necessary then.

Mayor Snarr says that Murray has the lowest rates in the valley and he feels the City will need to explain that the increases are due to fuel and labor costs.

Ms. Dunn said that maybe rates should be stepped up now. Also, she asked if the rate increase would affect the recycling program.

Mr. Hill responded that he did not know about that, although he wondered if it might be necessary to change the collection policy to weekly for recycling, which would definitely increase costs. That change would be a policy decision for the Council to address.

Costs for collection can replacement is over budget and that will take care of any accumulated reserves.

Mr. Hill said that he has the ability to extend the waste collection contract for up to two more years without going to bid.

Ms. vonWeller stated that the renegotiation now is for fuel only and it might be wise to extend the contract the two years and simply raise the rate for fuel costs.

There was some discussion regarding weekly pick-up for recycling, and Ms. Wells commented that for an additional \$3 fee a citizen can have two cans.

Ms. Dunn stated that a survey would be wise prior to adding weekly pick-up.

Mr. Hill went on to discuss storm water, which is in its second project year. Little capital projects money has been spent this year, reserves are building until studies and engineering are completed and necessary projects identified.

Ms. Griffiths asked if there were any issues with fee collection. Mr. Hill did not have an answer, due to the fact that finance collects on the bills, although, areas which are not on Murray utilities have objected to the fees. Budget and revenues are fine.

Ms. Wells stated that utility relief programs help those residents who are unable to pay storm water fees.

Mr. Hill remarked that the central garage, which is an internal fund, is not meeting

revenue projections. Part of the problem is that the fleet provides services to other City departments and if they chose not to use City fleet services then no revenue is collected. Sometimes the departments take the vehicles elsewhere and some do its own repair.

Ms. vonWeller stated that it is so important to keep the fleet services working, because on non-business hours a plow may go down or a fire truck blow a tire or a police car may need snow chains. The private sector would not provide that service but our own personnel are willing to repair them.

Finally, Mr. Hill wanted to mention two items of business that will need a decision soon. First is the Art in Transit program at the Mid-Jordan Station at Winchester and 300 West. UTA has a matching fund program of up to \$40,000 for art in the park and ride lot or architectural designs on the canopy. UTA will not approve any glass windscreens or art on the platforms. An interlocal agreement will be submitted to Murray for participation. At this point, UTA is only interested in whether or not we wish to participate. The design does not need to be developed yet. This is for one commuter rail station only. All the other cities have indicated a desire to participate.

Ms. Griffiths said that she would like the expertise of the Arts Advisory Board to be involved in developing the artwork.

Mr. Dredge stated that he would like to have an idea of the design prior to budgeting money.

The other item that will need a decision is the Taylorsville-Murray Transit Alternatives Analysis. UTA is seeking \$22,000 from Murray. The interlocal agreement has been structured in such a way that Murray would agree to pay when the study is completed. If the Council approves this project, money will need to be allocated in the next fiscal year budget. Mr. Hill has discussed with the Mayor and Ms. Wells, the possibility of including in the study the area from State Street east to Van Winkle or beyond. Of course, additional funds would be needed to extend the study.

Mr. Dredge thanked Mr. Hill for his report and recessed the meeting for a break at 10:30 a.m.

The meeting reconvened at 10:40 a.m.

Police Department: Chief Fondaco, Police Department.

Chief Fondaco began by stating that he needs one new officer for narcotics. He has decided to pull an officer out of the gang unit, temporarily, to have more people on the street in narcotics. Currently, there are two detectives working in narcotics and because it is necessary to work in pairs a new officer is needed to partner with the one from the gang unit. That person is now on patrol but will be pulled to help the narcotics officers who are overwhelmed with the

number of cases. Drugs in the neighborhoods are rampant and some statistics are being accumulated to show the number of cases that the police are not able to get to. The gang unit officer is important, but his work is mostly in Salt Lake and West Valley. Now that the Fun Dome is closed, gangs do not have a place to congregate in Murray.

The Chief said that for crime lab equipment the line item budgeted amount should have been \$15,000 for three years. However, only \$2000 was budgeted for the current year. He has talked to Ms. Wilson regarding this oversight. After the initial three years at \$15,000 the annual budget will be only \$2000.

Due to this error, Mr. Dredge asked Ms. Wilson to check into this figure and change the budget line item.

Chief Fondaco explained that DNA testing has to be sent to outside resources, therefore, the criminal investigation budget is over due to homicide investigations occurring during the year. In the FY2009 budget, Police will ask for this item to be increased. The entire budget was \$8000 and outside DNA testing cost \$6000.

Ms. Griffiths stated that she appreciated the DNA testing to bring the homicide in her district to a resolution.

The record division overtime is very high. Even if the Chief acquired the money for an additional person, at this time, he has no space for additional personnel.

Ms. Dunn asked if the satellite offices were being used, such as at Smith's and Albertson's.

The Chief said there are officers assigned to work out of these offices, however, they are not actually in the office very often.

Chief Fondaco explained that the officers fill out necessary reports and then it has to be entered into the records system.

Mr. Dredge suggested with fiber connections personnel could work out of their homes. The Chief said they have tried that but it was not very successful.

Mr. Robertson asked if personnel could work out of the satellite office to enter data. The Chief responded that Smith's is on dial up. Albertson's has fiber, however, the office is very small.

Ms. Wells asked if the Cadets could do this. The Chief responded that the Cadets do citations and accidents, but this is transcription from tapes so it is a little more involved.

Ms. Dunn asked how many community police offices the City has. Chief Fondaco stated

that in addition to the two grocery stores there is one in Fashion Place Mall.

Ms. Dunn said that it might be wise to put someone in a community office.

Ms. Wells informed the Chief that the new fire station on Vine Street will have an office in the basement that may be a possibility.

Mr. Dredge noted that Councilman Brass joined the meeting at 10:55 a.m.

Chief Fondaco stated that the software maintenance budget shows an overage, however, that was an error of an invoice being entered twice and has been corrected now. He reported that all other Police areas are in good shape. He said that patrol overtime cannot be helped. He stated that in the past police would not fill ill or vacationing officers shifts, however, now, with IHC and additional needs, they must fill in to full capacity, hence the overtime dollars.

Mr. Dredge asked Chief Fondaco what impact the IHC hospital has had on the Police.

Chief Fondaco responded that traffic, accidents and vehicle burglaries have increased. Inside the hospital has not been bad, although, he feels the need to work with other police chiefs because mental patients are being dropped off and then the hospital contacts Murray Police when the subject is released. The Chief feels each police force should be responsible for its own subjects. He went on to explain that a Murray officer is on duty at the Emergency Room from 9:30 p.m. until 7:30 a.m. This officer takes care of intoxicated persons or anyone who may be a problem for the nurses and doctors inside the hospital and is paid by the hospital. It is sometimes necessary for this officer to call Murray Police to take someone to jail, but most issues inside the hospital are taken care of.

Mr. Robertson asked about how police handle vehicles being left on the street during snow plowing. Mr. Hill stated earlier that if he encounters chronic offenders, he calls the police.

Chief Fondaco says that he feels a new ordinance may be needed to control the issue. The police give multiple warnings, then have to try to find the owner, subsequently police give 24 hours for the vehicle to be moved and it really doesn't help anyone. The plows must go around that car and then they don't want to return to that one area to plow.

The Mayor stated that the police need to make the owner aware that the vehicle should not be parked in the street the next time it snows because there will be consequences.

Mr. Robertson inquired about the police turnover rate because of low pay.

Chief Fondaco does not feel this is a big problem, although, the starting salary needs to go up. Sandy now starts at \$17.45 and West Jordan at \$18.90 and Salt Lake is over \$18 per hour. Murray went up to \$16.50 two years ago and needs to go up again now, although, that causes problems with compression of wages for those who have been on the force for some time. He

does feel we need to go up to \$17.50. Then it is necessary to go 2 to 3 years into the ranks and raise rates, as well. The Chief feels he needs to be more competitive in the valley.

Mr. Dredge thanked the Chief for his comments.

Fire Department: Fire Chief Rodriquez and Laura Lloyd

According to Chief Rodriquez, construction on Fire Station #82 is moving along and completion is expected near the end of May to June first. This building has no basement so all the mechanical works are on the roof, making it higher than most. The concrete cannot be poured in the truck room until the ground has dried out.

Chief Rodriquez stated that on Station #83, construction is moving along, the Board of Adjustments has taken care of the issues with the driveway and the sewer line is the next matter. He said that efficiency changes are being made that do not affect the cost. Also, he is trying to include environmentally sound techniques in the construction.

Regarding ambulance service, the Chief explained that negotiations with Gold Cross have been delayed. Community service calls are a point of contention. Many of those people are not transported at all.

Ms. Dunn asked if we can send our application in prior to the completion of negotiations.

Ms. Wells said that there is some legislation that could affect the ambulance service, but she also feels it would be worthwhile to send in the application.

Mr. Brass remarked that the savings to Murray citizens will be tremendous, once ambulance is in place. Other agencies charge the maximum fees.

The Chief went on to explain that the fire department pagers have been eliminated.

Vehicle maintenance is one area that is over budget. The expenditures are at 72% with only 50% of the year elapsed. This is to be expected, because when a fire truck needs maintenance it is quite expensive. Ladder #81 is now 11 years old.

The Chief says overall the fire department budget is 41% at mid-year.

Mr. Dredge asked how Valley Emergency Communications Center (VECC) bills the fire department.

Ms. Lloyd stated that VECC bills the City twice a year in advance. She pays them quarterly and VECC has not complained. Fire Chief Rodriquez added that VECC bills based on a projection of the calls.

Mr. Dredge thanked Fire Chief Rodriguez for all his additional work in connection with construction of the new buildings and the ambulance service.

Mr. Dredge recessed the meeting for lunch at 11:35 a.m.

The meeting reconvened at 12:40. All Council Members were present.

Power Department: Blaine Haacke, General Manager, Power Department.

Mr. Haacke was pleased to report that in light of the huge snow storm the previous day there were no power problems or outages.

Metered sales revenue, with 50% of the year elapsed, is at 52.2% of budget compared to about 51% last year. Mr. Haacke is happy with these results. Billing is based on demand and there were major increases in peak demand, breaking the 100 megawatt barrier. Much of this can be attributed to the hospital, which is using almost 7 megawatts. Residential customers growth was in the 4-5% range.

The SCA is an “emergency action plan” in response to high power supply costs in specific months and was not implemented during the first six months of the fiscal year. This plan is a program to bank some money going into heavy usage months, about \$500,000 currently, although Mr. Haacke does not anticipate having to use it this year.

Wholesale power sales are good, this involves selling surplus energy to the spot market at low load hours. Mr. Haacke stated that this revenue is at 69.7% of the annual budget.

The total revenue is at 55% for mid-year.

Mr. Haacke continued to cover the expenses to date. The largest expense is to purchase power. Of the \$30 million budget, nearly \$20 million is for power supply costs, that includes purchased power contracts, gas turbine generation and hydro generation.

Payments to in-lieu-of-tax transfer, which is 5.7% of operating revenue, have been made to the General Fund. It amounts to \$910,000 to date and will be about \$1.7 million by the end of the year.

Ms. Dunn commented that the payment amount had not seemed to negatively affect the power department from building reserves.

Mr. Haacke stated that this past fiscal year, power has not been able to put much money into reserves. There were some expenses in building a sub-station that were unexpected; one transformer was about \$200,000 higher than planned and some other \$50,000-\$100,000 expenses

were incurred. Given that, the power department has not gone into the red to operate.

Ms. Dunn asked how things look for the next couple of years.

Mr. Haacke believes that with power supply cost increases, it will be difficult to put money into reserve. He is anticipating 7 figure cost increases due to the loss of the Idaho Power contract and rising wholesale power rates next year by the Colorado River Storage Project. He is looking at rate adjustments.

Ms. Dunn stated that she believes a five year plan for rate increases may be necessary in the power department. It is easier for the public to accept a 1-2 % increase per year than to raise rates 22% after 15 years.

Mr. Haacke remarked that he and his predecessor had anticipated rate increases in 2008 and 2010 when they completed the last five year plan. He would like to discuss a rate increase fairly soon in a Committee of the Whole Meeting.

Mr. Brass concurred with the idea to increase rates a small amount annually. As power providers back away from coal, everything will become more expensive.

Utah Associated Municipal Power Systems (UAMPS) is actively pursuing ownership of a wind farm and Murray Power will have the option to buy into it. UAMPS is investigating up to 15 different power options, including two land fill gas plants.

Mr. Haacke commented that Murray Power will need \$500,000 for the inter-connection fee on Land Fill Gas Plant #2. That will be included in the next budget year.

Mr. Haacke remarked that Utah Power & Light, now, Rocky Mountain Power just announced an 11.7% rate increase. The average residential customer in Murray now pays 7% less than the Rocky Mountain customer. Bountiful raised rates 6% last year and it is considering another 6% increase this year. Murray's cost per kilowatt hour is 7 cents for residential power.

Mr. Haacke's goal for rate modifications is to demonstrate that increases are not for internal spending, but is externally driven by rates that are now \$400,000 more to purchase the same amount of kilowatt hours. The replacement for the Idaho resource is from Independent Power Project (IPP), which is a mid \$50 cost versus the former mid \$40 cost. This will be about \$800,000 more than last year. In total, Murray Power will need \$1.2 million more in revenue. Mr. Haacke stated that if rates go up by 1% the gain is about \$250,000. That translates to about a 6% increase just for the cost of power, more if reserves are going to be built.

What people like about Murray Power is the reliability. Ms. Griffiths thanked Mr. Haacke for answering questions about power issues so she could report to her constituents and they are very calm when communication is good. This will be a priority when rate increases become

necessary.

Mr. Haacke explained that usage of gas turbines has been frequent and quite advantageous, as natural gas prices were \$3.37 per decatherm (dth) compared to \$5.62/dth the previous year. This helped the City avoid the pricey spot market. His guess is that it saved the City a million dollars.

Mr. Dredge asked about the maintenance schedule for the gas turbines. Mr. Haacke stated that money is going into reserve for turbine rebuilds. There is a fellow on staff who handles all the maintenance who is awesome. The rebuild is not going to be necessary until 2011 or 2012. The turbines run about 4 months of the year.

Mr. Haacke stated that his net margin is at \$2.1 million and capital expenditures, budgeted at \$1.7 million, will come out of that. He feels there is a possibility of putting about \$200,000 into reserves this year. He continued to say that there are about \$5 million in reserves now and he feels the minimum reserve should be \$8 million to \$9 million.

The Mayor stated that if those reserves can reach \$10 million, then they will grow internally on interest alone. Also, if Murray sold all excess capacity from IPP then reserves could realize an additional \$200,000 per year.

Everyone in UAMPS lost the Idaho contract. Idaho went up to \$62, Murray sells at \$57 with a premium.

Mr. Haacke indicated that the Landfill Gas Plant #2 is going up on schedule. The shell of the building is completed. Granger has complained about a problem with air quality. There is a bit of a problem with the interconnection with Utah Power & Light. The interconnection cost is 3-4 times more than anticipated. Murray is in good shape because it put a \$550,000 ceiling in the contract. Frank Nakamura is responsible for staying with that figure and not allowing a percentage.

Ms. Dunn informed Mr. Haacke that as there are more conversations about rate increases she would like to know what inventory is stock piling. Ms. Dunn suggested that a Committee of the Whole tour of the power plant might be a good way to continue discussions prior to the budget sessions.

The Mayor would like a thorough overview and explanation of why we need to raise rates.

Treasurer: Ron Koller, City Treasurer.

Mr. Koller informed the Council that he is earning a little over 4% interest on the checking account and over 5% on the State Pool, so he is pleased about the rates. With the lag

time, we can expect those rates for a while. Murray has about \$32.5 million in the State Pool. Everything is doing great.

City Attorney: Frank Nakamura, City Attorney and Jenifer Francis

Mr. Nakamura stated that he plans to expend the budgeted funds for training and travel to send the prosecutors to training in the spring.

There is also a variance in membership fees which are not payable until May.

All other budgeted expenditures for the office are on track.

City Recorder: Carol Heales, City Recorder and Brent Davidson, representing the Recorder's office, Purchasing; Business License, Elections; and Government Buildings.

Ms. Heales stated that all three areas are at about the 50% mark for mid-year. She said that she is in line with the budget in all categories.

Ms. Dunn asked why elections is grouped with business licenses. This way you cannot really tell what is happening with business licensing.

Ms. Heales responded that it was originally set up that way prior to her becoming City Recorder.

Ms. Heales feels that recorder and elections could be combined and separate purchasing, as well. She researched the amount of money that goes through the purchasing system and it was \$19 million.

Regarding this building, the roof needs replacement. There are three different types of roofing material used. The south end is about 15 to 18 years old and is a tar and gravel type. The water is pooling and pulling away from the edges. The bid is \$18,000 to \$23,000.

The Gap Analysis presentation, on records management, will be held in the Committee of the Whole in February. She is anxious to see what the findings are and how we should proceed with that matter.

Information Systems: David Larsen, Director, gave the following presentation.

Mr. Larsen stated that the materials and supplies budget is currently at 33%. This is due to some on-going billing reconciliation issues with the phone system. That amount is about \$8,000 - \$10,000 and will be reconciled in the next two months. He has budgeted for some Microsoft Office licenses that have not been purchased yet, also, licenses will be necessary for records management.

He continued explaining that on services 81% of the budget has been spent, due to the use of some outside consulting in the first half of the fiscal year.

Education and training funds will be spent on annual conferences as they occur later in the fiscal year.

The other category is used for rental and lease payments, generally for the phone system. These will be due in May.

Capital outlay is at 74% and only a few items remain to be purchased. Most of this is in the Government Information Systems (GIS) development license.

Mr. Larsen expects all categories to be within the budgeted figures by fiscal year end.

Mr. Larsen stated that he is in the process of replacing the GIS administrator. Talks with the final candidate are being conducted now. He feels he will have someone on board soon.

This coming year, Mr. Larsen anticipates working with Ms. Heales on the records management to get some IT infrastructure for that. He is also looking at about \$25,000 to update Murray's GIS photos to go in to the county and state for fly-over data. He may look at some improvements in programming.

The records management will be a huge project which involves completing the planning process, getting the records classified, implementing new infrastructure and altering many processes within the City. It will eventually lead to rewriting job descriptions. There are many efficiencies to be gained in the records management plan and risks to be avoided. Much time and effort will be spent in getting this adopted and rolled out. Part of what is being analyzed is how to benchmark the system and quantify the savings.

Mr. Dredge commented that he has asked Ms. Wilson questions on the budgeting process and where the information comes from. Everything leads to the accounting software, the HTE program. He is interested in knowing what version Murray is using and what programs have been hand written to tie in.

Mr. Larsen said that the HTE program is up to date with the current software and he is working on a graphical interface version to implement within the next 90 days. He said there is no hand written programming in the general ledger. He does have hand written capabilities and efficiencies in utilities, although, for financial areas none are being used. Mr. Larsen did confirm that our payroll program is in-house developed. He recommends that we use the HTE payroll and human resources software so that it automatically interfaces with finance. This could automate many processes that are now completed by hand work. Customization can be put in for the retirement system, public safety and career service people. No solution has been decided upon.

Finance & Administration: Pat Wilson, Finance Director, with Gabe Johns.

Ms. Wilson stated that the retirement pay-out and her early starting date have put a strain on the salary and related benefits category. In trying to obtain the exact amount she found the information was not readily available. One of the problems is related to working with one particular programmer who is experiencing some health issues just now. She is anxious to work with Dave Larsen on these matters. Based on the retirement pay-out, the payroll overage is about \$22,000.

The Mayor stated that sometimes he knows in advance when personnel are planning to retire. When he is aware of that, he will try to get that information to finance for budgeting purposes.

Ms. Griffiths asked what the retirement pay-outs include.

Ms. Wilson responded that it is sick pay and vacation that has built up on the books. There is a cap on how much vacation can be accumulated.

Ms. Wells said that sick time pay-out is alleviated somewhat, due to annual pay-outs of 25% of unused sick leave.

Ms. Wilson stated that as the government work force ages and as the “baby-boomers” reach retirement the government has more of a challenge to be prepared. She does not see where that was planned for in advance this year.

Mr. Dredge agrees that we should do what we can to prepare the budget for those events. Possibly human resources can give some statistics about past retirement and make some assumptions for the future.

Regarding the computer programming to obtain this information, Ms. Wilson feels there could be some improvements made.

Mr. Dredge stated that he has concerns about the City computer system. On a DOS based system the graphical interface should be installed. This seems way behind where Murray should be.

Mr. Johns said that he believes that Murray is not current on the HTE system. Finance is using version 3 of the HTE system and there are advances up to version 5. He stated that the graphical interface is available on version 3.

Mr. Dredge said that he is surprised we use a system that needs a graphical interface, because it is a fancy front-end over the same old program.

Mr. Johns agreed with Mr. Dredge, saying that MIS will be adding a server to overlay the graphical interface on the same underpinnings.

Ms. Wilson stated that she is used to a Windows based system, rather than use of the function keys, and she would like to see us become updated as soon as possible. Mr. Larsen has said that we can make that conversion very quickly, although, she is hesitant to make the change during budget time, when we may not have a support person available.

Ms. Wilson continued by saying that she has a call in to Sun Guard, who is the parent company for HTE, to discover what version is currently being promoted to its clientele, where Murray is in relation to that, and how she can learn quickly in order to begin the budgeting process.

Mr. Dredge stated that the binder that is used for annual budgeting is made and entered into a spreadsheet by hand. He believes that it is a fairly archaic system.

Ms. Griffiths suggested that an analysis be run to see if we are using the system that is most efficient. She continued by remarking that when there is exclusivity on anything it creates a potential for problems.

Ms. Wilson stated that she, also, would like to analyze the system to see if Murray is using it as efficiently as possible and to discover if it is the best system for the City's needs. There could be another system that is more efficient, more user friendly and costs less.

Another item that created a variance in the finance budget was a printer that had to be replaced in an amount exceeding \$15,000.

Mr. Dredge asked Ms. Wilson to address Murray City salaries which may not be where they should be.

Ms. Wilson confirmed that the Wasatch Front Study shows that about 65 positions need adjustments.

Mayor Snarr stated that it is grade increases that need adjustments. The challenge is with other cities that have raised the starting salaries and that causes the compression for employees who have been working for a number of years.

Ms. Dunn stated that IHC is having the same problem with increased starting salaries and pay for employees who have been with them 3 to 5 years.

Ms. Wilson said that some salary issues need to be discussed during the budget process.

The non-departmental budget is fine and many problems can be handled with those funds,

according to Ms. Wilson.

The meeting was recessed for a ten minute break at 1:55 p.m.

The budget review meeting reconvened at 2:06 p.m.

Human Resources: Dale Whittle, Director and Mike Terry.

Mr. Whittle explained that the 1997 Ford Taurus is responsible for the budget overages in fuel and vehicle maintenance in his department. Public notices are way up due to the higher than normal job vacancies and advertising. (He did say that his retirement is about four months away.) Advertising costs have escalated to between \$400 and \$700 for a small ad that previously was about \$100. He has tried to work on special contracts, but it has been difficult to work with newspaper inconsistencies.

Ms. Dunn asked if he keeps track of where applicants get their information.

Mr. Whittle said that the newspaper is very significant. There are many web sites, including Workforce Services, and other agencies, however, the newspaper is still important. He has cut down on the wording, referring to the Murray website for full job descriptions.

Mr. Whittle does succession planning every year that shows all employees, how many years with the City, how old they are, and when they will be eligible for retirement. These are sent out to the department heads. He also has age bracket planning that is projected out five years and ten years in order to consider employee retirement. Right now the City is fine. He has noticed, however, that in five to ten years the power department will have a vast majority of employees eligible for retirement.

Ms. Griffiths wondered if these reports are available and if reserve funds are being accumulated to prepare for these pay-outs.

Mr. Whittle said that the retirement pay-outs are based on vacation and sick leave. The vacation must be paid out. The sick leave pay-out for those retiring is 10%, except for those people with over 15 years of service, an additional incentive exists. The pay-outs now come out of the individual department accounts.

Ms. Griffiths reiterated that money should be earmarked for that specifically, based on the actuarial study, so that when retirement occurs the City is prepared financially to cover those expenditures.

Mr. Whittle explained that there are actuarial companies that will come in to crunch numbers and figure the pay-outs. This may be something that between finance and human resources could be projected.

Mr. Whittle stated that several years ago he did have an actuarial study completed and recommendations were made and changes enacted. He went on to explain that now post retirement benefits end at age 65. The expense of these benefits are very minimal. Retired persons and their spouse can stay on the insurance until age 65. Basically, the first 18 months following retirement the City pays 50% of the insurance premium, after that the City pays between 20%, 25%, or 30% of the premium, based on years of service up to age 65. Private companies cannot do this anymore.

Police and fire have a 20 year retirement benefit so it could be a larger expense for them, although, Mr. Whittle said that the majority of them get a second job with insurance benefits. Under age 55, the City pays very minimally.

Municipal Justice Court: Mike Williams, Court Administrator

Mr. Williams began his comments by stating that he had run his report on January 17th, so with 58% of the year lapsed, the court had spent 52% of budgeted funds. He does not anticipate any problems in the coming months, therefore, he expects to be on budget through the rest of the fiscal year.

One item that exceeds the 58% now is overtime expense. This amounts to only \$570, caused by use of a temporary judge when needed, and two temporary employees, although, now he is down to one.

Memberships, subscriptions and books are paid once so they look high just now, but that will come back in line by the end of the year.

Telephone expense has gone up this year, due to video arraignments, that are done instead of transporting defendants from the jail. Mr. Williams stated that he does not have fiber in the court. The transports fall under professional services, which have been a savings at only 47% of budget.

The capital out-lay for the interactive voice recording system (IVR) is a little high, at 70%, although, by the end of the fiscal year it should be within budget. IVR should be up and running by March 8, 2008. The new server is being installed and 30 new licenses are being acquired. That is for the web court and voice court.

The night court is going very well and more than pays for itself, it includes the small claims court and criminal court. Mr. Williams uses Judge Thompson for this. The traffic school is very successful; since it opened last February 7, 2007, over 3200 people have attended.

Car allowance budgeting is high due to travel, car rental and mileage payments. It should be in line by the end of the fiscal year.

Citation revenue is lower due to the repealing, in July, of the \$10 sur-charge per ticket. If you have 15,000 tickets, \$10 each is a lot of money. This was a Salt Lake County charge.

On insurance tickets, the Legislature changed the law to lower this fine if the defendant shows proof of insurance by the time they see the hearing officer. Murray has decreased to \$200.

That concludes the report from the court.

Murray City Employees Association (MCEA): David Frandsen

Mr. Frandsen thanked the Council for resolving a number of issues that were brought to them last year.

Mr. Frandsen commented that the Consumer Price Index (CPI) for inflation is currently 4.1%, according to the United States Department of Labor's Bureau of Labor Statistics for 2007.

The employees are concerned about the costs of medical insurance and what they see happening across the country. The MCEA appreciates the benefits in Murray and hopes to retain the 85/15 premium split.

Mr. Frandsen has received a number of emails from employees who have requested changes to the bereavement policy. It has been suggested to receive five days instead of three for the death of a parent and a single day for the passing of an aunt or uncle.

Increased employee turnover within the City has been noticed. Some employees have taken similar positions in other cities due to higher wages. Mr. Frandsen suggested the administration take a look at market adjustments that might be necessary to retain trained employees.

Mr. Frandsen thanked the Council for considering his suggestions.

Library: Dan Barr, Director

Mr. Barr began by pointing out that with 50% of the year expired only 30% of the budget has been spent, although, that will not continue due to the capital outlay account for the building renovation.

In the area of regular and temporary employees, the spending is low, deliberately, due to two retirements and one position that was left vacant for six months as a cost saving measure. He has made an effort to reduce the use of temporary employees, as well.

Mr. Barr feels very strongly about staying within budget on the building renovation and has renegotiated some of the costs. He is trying to save money wherever possible in anticipation

of some unexpected costs with the remodel.

The expenditures for equipment maintenance, professional services, and periodicals are one time payments that have been expended. The library development grant was spent for renovation costs, and most other expenses are in line with where they usually are at this point in the fiscal year.

Mr. Barr asked Ms. Wilson about a lease fee (expenditure account #55-10). He wondered if that was the total of charges on that account. Ms. Wilson will check and let him know.

Mr. Dredge asked when the renovation would take place.

Mr. Barr responded that the first charges will be in February, and everything will be expended this fiscal year.

Ms. Griffiths commented about the floor plan adjustments to the entrance. According to Mr. Barr, due to the cost of concrete and cutting, this part of the project was eliminated. On the outside, some landscaping and changes to the handicap access doors will be completed. Other suggestions by the architect were too expensive to include. The bulk of the renovation will be as originally planned and affect the inside of the building.

Mr. Dredge and other Council Members were very complimentary of the way Mr. Barr handled the renovation costs and made adjustments to stay within budget.

Mayor's Office: Jan Wells, Chief of Staff.

Ms. Wells commented that the Council Intent Document had asked for a vehicle replacement study and she did have an internal study by Carol Heales. This study was to develop a process for replacement but it did not have anything to do with the more fuel efficient vehicles available. There is some information gathered on hybrid vehicles, but she wondered if the Council wanted something more expansive, completed by an outside party.

Ms. Dunn said she has some ideas and will work with the Council to give her some direction.

Ms. Wells will send out the copy of Ms. Heales study and the one completed by George Hamer, also.

Mayor Snarr stated that Michael Wagstaff completed a survey of hybrid vehicles that showed which were the best buy and which get the best return on investment.

Ms. Wells stated that the Mayor's budget is at 46% of expenditures with 50% of the year expired. She said there will be some employee adjustments in the Mayor's office and some funds

will be spent for temporary employees to get through the changes.

Ms. Wells addressed the code enforcement that she has been monitoring for the last nine months. She said that there are excessive calls about weeds. In her office they have discussed these issues and have decided that for a reasonable amount of money a seasonal weed person could be hired. This person would need to be trained and certified in spraying weeds. A route could be developed of City property, 1300 East that needs spraying, and some other areas that can be enhanced. She would like authorization to get someone on board this spring. Ms. Wells suggested that there are some funds available from elections that amount to about \$23,000 that could be used to hire a weed person. This would be a seasonal employee working only a few months, without benefits. Ms. Wells stated that Murray is responsible for improvements and landscape enhancement on 4500 South and 5300 South. This spraying would help maintain those areas, as well.

Ms. Griffiths asked about the area on the south side of 5400 South at 700 West. It is filled with dry grass that looks so flammable.

Ms. Wells responded that it is owned by UDOT and seeded with native grasses.

Ms. Dunn asked about unused funds and how they are spent.

Ms. Wells said that it goes back into the general fund and then into reserve.

Mr. Brass mentioned that as the reserve account reaches its maximum, those funds could go into the capital projects fund.

In conclusion, Ms. Dunn reiterated that she would like any overages to go into the capital improvements fund for future usage.

Council Office: Janet Lopez, Administrative Secretary

Ms. Lopez stated that in salary expense, the Council budget was hit by the retirement payouts, similar to those in the finance department, putting us over our salary budget.

We are in good shape on materials and supplies, and services money is unexpended.

The miscellaneous category includes the meals that are budgeted and, although, these invoices had not yet been paid by the end of December, funds are almost completely spent in that area. The Oath of Office was not budgeted for this year and other expenses are forthcoming that will need funding. Ms. Lopez suggested that we might need to readjust budgets within the department.

Ms. Dunn added that she and Jan had discussed the Council budget. There are some

expenses that are paid out of three different line items that could be readjusted and simplified.

Mr. Dredge said that he had talked with Ms. Wilson about shifting money around within departments, and he would like to see where the money was actually spent and if it was over, he wants to know that.

Ms. Dunn commented that for out of town travel the money comes from several categories, such as travel, education, etc. She would like to have a travel/training budget that does not change every time you expend it. This might be a good time to simplify the process so it is easier to see what has been done.

Mr. Whittle said that it is very common to be done that way.

Mr. Dredge says there may be some value in looking at the chart of accounts and developing some recommendations for reducing and simplifying the process. Also, it should be consistent throughout the City budgets. Secondly, Mr. Dredge suggests that the budget reporting be done on a more regular basis. Monthly might be too often, however, quarterly at the least. In addition, he would like a standard budget reporting form created that would include the line items where a specific variance occurred with a space for explanation and then a memo on the bottom for any extraordinary issues. The other item Mr. Dredge brought up, is that several departments have revenue projections that are overlooked by our present reporting system, that focuses on costs. We should be analyzing revenue as well as expenses.

Mr. Robertson commented that based on the economy, if our sales tax revenue goes down, we need to know that.

Ms. Wells suggested that Mr. Dredge develop a simple form that she could send out to the departments internally for reporting.

Mr. Dredge is thinking of something very simple in which the finance department could scan in the budget and expenses and then the department heads could work on the variances. He does not intend to make more work, rather, be informed so that when there is a request for funds the Council has a clear view of where the City stands financially.

All concurred that this would be beneficial in making sound financial decisions on behalf of Murray.

Ms. Griffiths addressed the capital projects fund and transferring surpluses into that. She said there is a need for a public safety building and the Arts Advisory Board is looking at fund raising for a performing arts center. Ms. Griffiths made the suggestion that some of these funds be earmarked for these projects. She feels that by having some funds set aside by the City, it would be easier to raise money in the private sector.

Ms. Dunn recalled that a couple of years ago, it was decided that 5% of the budget would be set aside for that. The problem exists that the City is in dire need of new buildings but also there is a critical need for repairing roads. It seems that the City is always playing catch-up and it would be good to funnel some money that direction to be prepared for the future.

The Mayor stated that he is concerned about cost of living and insurance increases. He asked Mr. Whittle if he had any projections on insurance costs.

Mr. Whittle said that the medical and dental looks good with only single digit insurance increases expected, however, that means no major catastrophic changes in the next few months. Mr. Whittle also said that there are a couple of concerns on the horizon that he is gathering numbers about and will discuss that in the near future.

Mr. Dredge thanked everyone for their input on the mid-year budget review and adjourned the meeting at 3:12 p.m.

Janet M. Lopez
Administrative Secretary

