

**MURRAY CITY MUNICIPAL COUNCIL
BUDGET AND FINANCE COMMITTEE
Fiscal Year 2008-2009
April 18, 2008**

The Murray City Municipal Council met as the Budget and Finance Committee on April 18, 2008, in the Murray City Center, Conference Room #107, 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
Pat Wilson	Director of Finance & Administration
Michael D. Wagstaff	Council Executive Director
Jan Wells	Mayor's Chief of Staff
Janet M. Lopez	Council Administrative Secretary
Gabe Johns	Finance
Pat Wilson	Finance Director
Ron Koller	City Treasurer
David Larsen	MIS Director
Janie Richardson	MIS
Robert White	MIS
Doug Hill	Public Services Director
Dennis Hamblin	Public Services
Anne vonWeller	Public Services, Deputy Director
Blaine Haacke	Power, General Manager
Carrie Hart	Power
Charles Crutcher	Power
Dale Whittle	Human Resources Director
Mike Terry	Human Resources
Dan Barr	Library Director
Shaun Delliskave	Library Board
Danny Astill	Water/Sewer
Gilbert Gonzales	Building Inspections
Scott Stanger	Engineering

Roy Kenny	Streets
Susan Gregory	Heritage Center
Lane Page	Parks
Kim Sorensen	Parks
Mary Ann Kirk	Cultural Arts
Jenifer Francis	Attorney's Office
Frank Nakamura	City Attorney
David Frandsen	MCEA

Chairman Dredge called the meeting of the Budget and Finance Committee to order at 9:02 a.m. and welcomed those in attendance. He invited Mr. Koller to begin his report.

TREASURER - Ron Koller

Ms. Wilson commented that included in the treasurer's budget are additional funds requested for education and training.

Mr. Koller addressed the utility relief program, of which he is a Murray representative on behalf of the Mayor. The Utah Home Energy Assistance Program (HEAT) received an additional \$7.2 million dollars in Salt Lake City, therefore, the recipients will each be awarded an extra \$100 and relief will be extended one month.

The City relief budget was increased from \$12,000 to \$15,000 for fiscal year 2009, due to the increase in participants. Murray operates on a set budget, therefore it was not able to increase funds as Salt Lake was. There are two more payments left in the current Murray budget and the \$12,000 is almost exhausted. Mr. Koller continued that there are more participants qualifying and they qualify for higher amounts, due to the economy.

Mr. Brass asked how a possible increase in the power rate would affect the relief program.

Mr. Koller stated that he expects about \$5 to \$10 per person with the increase and has anticipated that the \$15,000 would handle that expense.

Mr. Koller explained that he raised the education and training budget for his clerk to attend a conference to obtain additional training on HTE.

Ms. Dunn asked for an explanation regarding the bottom line that does not show the total expenditures for the treasurer's department.

Ms. Wilson responded that there is a line item where the enterprise funds reimburse the City. A small amount is actually paid by the general fund, however, for the most part, the treasurer's expenses are covered by water, sewer, power and golf.

MIS - David Larsen

Ms. Wilson explained that the software maintenance budget of \$101,800, the data processing equipment for \$202,600, and the education and training of \$30,000 consist of the large items funded by the Mayor, and there is additional detail on following pages.

The education and training budget was addressed by Mr. Larsen, explaining that this is training for the entire City which has been requested by department heads. It is purchased in bulk and comes under the MIS budget, mostly for the Sungard products.

Capital budget requests include \$30,000 for VM Ware, virtual machines, which allows for server consolidation. In the server environment, there is an individual server for each application used. VM Ware allows for use of multiple systems on one computer. This will replace a couple of servers that will not be necessary with the VM utilized.

Additionally, there is a request for \$15,000, for two network servers which will replace three servers currently in use.

Aerial data for the GIS system is needed in the amount of \$30,000, which will cover the expense for a fly-over to obtain new data. The county gave Murray a bid of almost \$30,000 to provide the GIS data, however the county pictures are not what was needed. The last fly-over data was collected in 2003.

Mr. Brass asked what information is needed that was not available from the county.

Mr. Robertson commented that Valley Emergency Communication Center (VECC) demonstrated a new aerial project that would be available to the cities.

Ms. Richardson expounded, saying that the county assessors office purchases a package that has been made available to the City, however, it is not as high a quality resolution as is generally used for engineering needs. Part of the reason for new servers is for county imagery that requires almost 500 giga bytes of storage space, which Murray does not currently have. The City needs aerial photographs with better resolution for some of the storm water utility measurements and verifications for new developments. Ms. Richardson has a small portion of the county assessors imagery on an external hard drive now, however, the City needs a 6 inch resolution for determining curb and gutter, which it does not provide.

Mr. Larsen offered that there is an effort to put together a consortium of other cities to partner on this data.

The report writer software has been requested by department heads to acquire a better reporting mechanism from the data that is contained in the system. In working with Ms. Wilson, Mr. Larsen has discovered that there are numerous spreadsheets that the system should be able to

produce if the City had the proper software to help create the necessary reports. The software can provide multiple reports out of multiple data bases besides the Sungard product.

Mr. Dredge asked what program he is considering for this usage.

Mr. Larsen noted that the program is called Sequel, from a mid west company.

Mr. Dredge commented that would make it difficult for the average user to write reports.

Mr. Larsen pointed out that there are many things called sequel, however, with this particular product one would not be writing any code, it is made specifically for the end user. There is some set up required with the programming staff to get the views wanted, but it is designed for the end user to create their own reports and graphs.

Mr. Dredge wanted to insure that the departments would not have to rely on the MIS staff to write a report.

Mr. Larsen said this package has been out for some time and is being used in wholesale, retail, banking industries and government. It can show current operating statistics, cash flow, sales, and transactions with the ability to be updated daily.

Ms. Wilson asked if a staff member will be a Sequel expert, for the departments to call upon for assistance.

He confirmed that both programmers will be trained to help. Mr. Larsen further stated that he anticipates Dan Stireman, the customer service manager in power, will be a primary user of the Sequel product. MIS currently produces many reports and a significant amount of data for Mr. Stireman. This program should alleviate some of that burden, although, some interaction will continue. The entire target is toward the end user.

Mr. Dredge asked if once the core product is written, training will be given to each department in order for it to be utilized fully.

Mr. Larsen confirmed that.

Ms. Richardson stated that the GIS servers are out dated, small and full. It would be better to have one server that is large enough for the needs of the department.

Mr. White confirmed that the servers are seven to eight years old, given from MIS to the GIS department.

Mr. Larsen reviewed the request for the disk storage SAN (storage area network). This is to consolidate storage from different systems. It is the future direction of the department to group

storage together in a central area. The water department, for example, wants to store video of sewer line projects, which could be up to five tera bytes. Police have stored video and audio that MIS would like to consolidate.

Mr. Brass asked about compression programs to shrink the video.

Mr. Larsen said he could use them, although, it is something he has not looked into. It may depend upon what is needed. The new document management system that is being implemented will make it necessary to have additional storage, as well.

Mr. Larsen continued, stating that with the Sungard software and the new upgrade to the Windows version, there is some significant capability and integration ability. Four new modules integrate directly into the GIS. In the past, the data had to be maintained in either the Sungard system or the GIS, however, with the new module data can be seen and manipulated on both systems.

Mr. Dredge commented that in the mid-year budget review, Mr. Larsen indicated that Murray was already on the most recent version of the software. He asked if this is something that has come out since then.

Mr. Larsen confirmed that it is new and being piloted in Bend, Oregon, right now.

Mr. Dredge further asked, regarding the modules that are out, available and past the beta stage, if Murray is completely up to date.

Mr. Larsen said that Murray is up to date, with everything in use, however, there was a document processor that staff wrote its own version of, and every time there was a new release it would have to be re-written. This new software, being requested in the budget, will replace the staff written version and put it in the standard package.

Ms. Wilson added that the City still needs to get on the Naviline.

Mr. Larsen confirmed that it does need to be installed.

Mr. Dredge asked about the timing for having that installed.

Mr. Larsen answered it would be in the next three months. He said that he is working on getting the appropriate trainers and schedules coordinated.

Mr. Dredge commented that one thing noticed in the budget is that the department heads have closely examined the capabilities of HTE and have requested more training in order to utilize more of the functionality. If using this system can increase efficiency, Mr. Dredge questioned the problem of preventing usage from occurring quicker.

Mr. Larsen responded that one problem has been a key staff member who has been in the hospital, and a second issue is resource availability at Sungard. He explained that it was scheduled to be implemented last year, until Mr. Carpenter became ill, and installation was delayed.

Ms. Dunn asked if there was a priority regarding who would receive training first.

Mr. Larsen works with the department heads to get them the training they need, so it is up to them.

Mr. Dredge noticed that the payroll module was not funded. He asked if that referred to the HTE payroll module to replace the custom written program.

Mr. Larsen confirmed that it is the HTE program. He said that in discussing it with Ms. Wilson, they felt it would be advisable to wait a year in order to get the Windows version installed and other items updated. They will be busy and don't want to be distracted with the payroll. After the staff uses the work order system and learns how it all integrates, next year will be better timing for implementing the HTE payroll.

Mr. Dredge stated his feeling is that payroll is the biggest issue in the proposed budget this year and anything that can be done to take pressure off that ongoing issue, through efficiency and systems, would be something he is in favor of implementing on a fast-track.

Mr. Larsen responded that it takes a significant amount of resources and maintenance right now and additional work to get set up, however, he supports the payroll module.

Mr. Dredge advised that he is concerned about, in general, getting the updates completed and becoming more efficient within the City.

Mr. Johns stated that he visited Logan City recently and Logan does use the HTE payroll package. They have one person who does the payroll, it works well and Logan has positive comments about it.

Mr. Dredge asked if it has some capabilities to manipulate the numbers to obtain results from COLA and merit increases, for planning purposes.

Mr. Johns thinks it does have the ability to project numbers, to some degree. There are capabilities to draw data out of it which would be beneficial and is something Murray does not have the ability to do.

Mr. Larsen said the current custom program has a data base that is DB2 which has the ability to withdraw information.

Mr. Johns stated that it is necessary to go through Mr. Carpenter, who manages that program; it has its own file structure, so that reporting is not as transparent and easy to obtain.

Mayor Snarr commented that he did not fund the payroll program because of his worries about having enough money for road projects.

Mr. Dredge clarified that he agrees that rolling out the payroll package would be better next year in order to fast-track the most recent version of HTE.

Mr. Larsen confirmed that he is trying to move that along just as quickly as possible.

Ms. Griffiths asked what happens when Mr. Carpenter is ill and not able to assist.

Mr. Larsen responded that sometimes other programmers step in.

Ms. Griffiths said that if there is exclusivity, it would concern her. Cross training is important.

Mr. Larsen added that all the programmers have the ability to work from home, so that if there is an issue, Mr. Carpenter can take care of it. Although, cross training is difficult, in that, each person has their own responsibility, and is not able to give their full attention to other areas.

Ms. Griffiths pointed out that the conversion to the newer program might alleviate some of the problems with the necessity for constant MIS support.

Mr. Larsen said that it will help to some extent, although in some applications, like work orders, finances or utility billing, MIS uses specific personnel allocated to help in those areas and it is difficult to become an expert and then be given additional duties, where certain knowledge may be lacking.

Mr. Brass asked about having the website up and running. It is important to have our agendas available on the website, particularly with the budget hearings, our constituents are unable to find information. It has taken too long to become operational.

Ms. Dunn and Ms. Griffiths both remarked that they have received many comments about not being able to obtain City information on the website.

MIS has been told by the software company that the program is working, when in reality it is not. The site has been restored to the previous program, until the issues can be resolved.

Ms. Wells stated that the City may look at changing the provider.

Mr. Brass said it affected him personally when he was traveling and wanted to find out

the time of the meeting that he had to be back for. He had to call in to find out.

COMMUNITY AND ECONOMIC DEVELOPMENT - Dennis Hamblin

Ms. Wilson stated that the two departments are being combined into one. All of the community development budget has been used, with part of economic development office operation expense, and specific line items from economic development have been brought forward.

The new department head's salary will be split as follows: 80% from community & economic development and 20% will come from the RDA budget.

Ms. Wells remarked that the salary numbers may be adjusted, based on the person who is hired and results of negotiating salary.

Ms. Wilson continued, explaining that there is a new position in RDA, city planner. All other employees are in the new combined department.

Ms. Wilson reviewed the expenses approved by the Mayor in community planning which consists of the following:

- Planner, \$60,000, paid through RDA
- Taylorsville-Murray study, \$22,000, non-departmental budget
- ArcView Software, \$1,500, in the MIS department

Mr. Brass asked if these plans need to be approved by the RDA Board.

Ms. Wells responded that it has been done this way in the past, and Ms. Dunn agreed.

RDA: Mr. Hamblin explained that most of the money in the RDA budget has been obligated. The obligation to the school district in the amount of \$440,000, was a negotiated settlement. The cost of the bond and interest cannot be changed. Other listed expenses are normal staff expenses.

One item that might be considered for next years November 1st report is some potential tax increment that could be collected off the Costco/smelter site. That money has to be used in the district, however, a lot of work has been completed that could be reimbursed.

Mayor Snarr commented that the tax increment money is earmarked to pay off the bond for the overpass. He further asked about the boundaries of the hospital site, referring to the nine story medical office tower. If it is included, that building is totally taxable.

Mr. Hamblin explained that the entire hospital site is within the boundary. Some items

and equipment are taxable, however, if it were used across the boundary line it may not be taxable, therefore, since that sort of utilization could not be tracked, the entire site was determined to be within the boundary. There is good potential to track and claim the taxes.

Ms. Wilson commented that the bond principal increased from \$25,000 last year to \$215,000 this year. She wondered if the idea was to use RDA money in order to make this large payment.

Mr. Hill added that the RDA revenue from the smelter site is not included in the budget because there is no idea what it will be.

Mayor Snarr pointed out that he wanted to wait until the development was complete prior to beginning the tax increment. Once you begin recovering those funds you have 20 years to collect and it is wise to recapture as much as possible.

Mr. Hamblin noted that when the November 1st report is done to the county, that is when the county is informed that we want to move ahead with tracking the increment.

The Mayor said he feels development of the office tower will be completed by the end of the summer and be open and operational.

The RDA board can consider recapture in the fall of 2008.

Mr. Hill reported that there is car allowance in the RDA budget.

Mr. Hamblin explained that the RDA and community budgets both contain car allowance and one should be eliminated.

Ms. Dunn stated that she would like the car allowance added to the contingency list.

There was some discussion regarding addition of the payroll module to the contingency list, however, it was the consensus of the group that it might be too overwhelming to try to implement it along with learning the new Naviline upgrade. It is difficult to absorb so much new training.

Mr. Hamblin notified the group that he plans to retire at the end of May. He confirmed that it will be a sad day for him and others present reminisced about events they had shared. He said that if anyone needs him, he will be available by phone. Council members commented that he will be missed.

The meeting recessed at 9:50 a.m. for a short break.

Mr. Dredge reconvened the budget meeting at 10:12 a.m.

POWER - Blaine Haacke

Mr. Haacke explained that there is some good news regarding the changes in the anticipated rate increase from the Colorado River Storage Project (CRSP). Previously, it was expected that the increase would be between 16-18% beginning October 1st. It has been decided that the increase will be implemented in two tiers, this year an 8 % increase and another 8% next year. That will benefit Murray's cash flow.

Mr. Haacke stated that he has a \$38 million budget. Of this, \$20 million is the expense for purchased power, \$2 million of that is for gas turbine operation (power generation). There is \$12.5 million dollars in the operating and maintenance (O & M) side of the budget, which includes the in lieu of tax transfer, and debt service payments on bonds. The final \$2 million is for capital needs. At the last power board meeting some of the capital expenditures were trimmed.

Capital Projects Budget: The total budgeted amount is \$1.978 million. There are some items that were not funded by the Mayor and they have been eliminated or moved to other years. The current budget includes five or six back yard rebuilds which does contribute to reliability. Thirty year old poles and conductors will be replaced. This is something that is ongoing each year, with five to six neighborhoods being upgraded. The past year work has been taking place in the Southwood area.

The budget includes \$240,000 for the Fireclay extension, and supervisory control upgrades between central dispatch and substations in the amount of \$140,000. Budgeted is \$165,000 for one bucket truck, which is a replacement of an existing truck, and replacement of the arborist brush truck for \$110,000. There are also two vehicles budgeted for regular day to day operation, a SUV and truck, and a brush chipper.

Mr. Brass asked if there is a benefit to the SUV hybrid versus just purchasing a Ford Escape.

Mr. Haacke said that the department owns four hybrid vehicles currently. The \$30,000 was budgeted for a hybrid vehicle, although, the \$25,000 approved is for a regular SUV. Mr. Haacke stated that he drives a hybrid which has 70,000 miles on it. The vehicle gets in the high 40's on miles per gallon and he is on his third set of tires. There has been routine maintenance on other items. At 100,000 miles, the battery goes off warranty. The City is moving away from hybrid vehicles.

Operating and Maintenance: Included in the budget is a 3% cost of living adjustment, and salary modifications up to 3% above the average market rates. The in lieu of tax transfer is

\$2.1 million, which is 5.7% of the total operating revenue. Debt service payments for bonds is \$2.2 million. There is the typical City Hall service reimbursement for treasurer and billing. There are also plans for cash reverses in an amount from \$500,000 to \$750,000.

Purchase Power: The rate increase from power resources is evident. For review, Mr. Haacke, stated that increases are seen from CRSP, where the budgeted numbers represent a 16% increase, or about \$380,000. If the 8% becomes reality, these numbers can be decreased. The final decision will be made in July, although, as mentioned earlier it may be 8% for the next two years.

Mayor Snarr stated that the federal government will wait to examine water levels before a final decision is made, regarding the CRSP rate increase.

Mr. Robertson asked what Mr. Haacke feels will be the end result.

Mr. Haacke responded, 8% this year and 8.2% next year, however, he wants to leave the budget with the planned 16% increase, in case it is necessary.

The loss of the Idaho Power contract will be made up from the landfill gas plant and Intermountain Power Project (IPP) callback. The loss of the Idaho contract and replacement with other providers amounts to an increase in costs of about \$950,000.

Other Utah Associated Municipal Power Systems (UAMPS) members are reeling from the loss of the Idaho contract, and scrambling for additional power sources. Springville and Payson have already purchased some of our callback and they would like more. Santa Clara would also like some of the callback. Mr. Haacke stated that he will need to watch closely how the IPP callback is handled. We do not want to get involved in a contract that allows Murray to go short. Murray has 72 megawatts (MWh) of callback capability, and the City has called back 25 for this summer.

Mr. Brass asked if Murray will hit a point when the contract runs out and we must take all of it?

Mr. Haacke responded that in 2026 the contract expires and the City must callback all of it. Until that time California is required by contract to take Murray's excess. We will have 40 to 50 megawatts to sell. Springville would like to purchase 10 megawatts until our contract expires, although, Mr. Haacke offered that it is too far out to plan. Season to season contracts are fine. It is a \$55 resource and we will continue to callback as needed, 25 MWh this summer and next winter will be 12 MWh. As our load increases, so will the callback.

System growth is expected at 2.5%, which is about \$700,000 more than last year with an IPP type resource.

The Intermountain Medical Center (IMC) will be at full load soon and the City expects about 30,000 MWh increase. At the IPP rate of \$55 that is nearly \$700,000 of increased need. Murray receives that power in the low \$50's and charges IMC in the low \$60's so there is a \$10 profit margin. They are a customer rate #15, because the power is received at a high voltage, therefore, there is somewhat of a discount. The rate is comparable to the PacifiCorp rate and we are not tied in long term.

Mr. Robertson asked if we have the ability to raise the rate if we need to do so.

Mr. Haacke stated that we can raise rates, as needed, and have planned the 5% increase in July and 5% in October, like the other City rates. The rate was locked in up until December of 2007, until the load stabilized. The margin is not as wide as it was at Cottonwood Hospital, due to the fact that IMC is charged a different rate. Cottonwood was about a 2 MWh load, whereas, IMC is an 8 MWh load.

Mr. Robertson asked if we continue to supply The Orthopedic Specialty Hospital (TOSH) at the same rate.

Mr. Haacke replied that the rate they have had for years has continued, however, if they reach the 3 MWh threshold, they bump into the rate IMC is on.

Mr. Crutcher commented that TOSH is currently a little below 2 MWh, nevertheless, expansion is planned.

Mr. Haacke stated that the IPP callback has increased from \$2.5 million last year to \$6.3 million this year. Some of that will be sold to the cities that have approached Murray.

Both landfill gas plants are budgeted starting January 1st. That will be at the high \$50's to low \$60's per MWh. There is a possibility they will be on line by Thanksgiving.

Natural gas costs are extraordinary now; the City is not running the turbine, because the gas price is around \$9 per decatherm. Last year it was about \$3 per decatherm.

Mr. Haacke continued by addressing the payroll costs. A 1% COLA adjustment on the \$5 million payroll (including benefits), amounts to \$38,000. Projecting a 3% COLA is over \$100,000. To reach a salary level of 3% above market average will cost the power department \$250,000 to \$300,000. In order to be in a position to raise pay scales, the capital budget was cut and some items moved into the next budget year. Those capital cuts amounted to about \$280,000.

Mr. Dredge asked if the pay rate modifications will be sufficient to please the employees. He explained that the purpose is to make it less attractive to lose employees to other companies.

Mr. Haacke stated that he feels it will be a great improvement and some employees will

benefit with about a 14% increase in pay. Currently, his employees are about \$4 per hour behind the rest of the market. A few apprentices will see sizeable increases, however, some will only see the COLA adjustment. GIS specialist is already above market. Mr. Haacke confirmed that this is a great gesture.

Murray Power uses Bountiful, St. George, Logan and Provo for wage comparables and his journey linemen are the easiest positions to compare. They will be average, to near the top with the increases planned. He has not looked at PacifiCorp, and it is doubtful that he could obtain that information.

Ms. Griffiths asked how Murray fares on employee retention and retirement.

Mr. Haacke responded that the power department has 52 employees and about 15 have over 30 years of service. He did confirm that he has an older work force and the department goes through cycles, three to four years ago he lost three journey linemen to PacifiCorp. Much time and investment goes into training employees and to lose them is major expense.

Mr. Brass stated that it is four to six years to journey plus related education, it could cost up to \$100,000 to prepare a journeyman, and we do not want to train them for someone else.

Mr. Haacke explained that there are some exciting things coming in the future. The Landfill Gas Plant #2 has walls up, methane is stubbed to the building, and engines will be delivered in the next month or two. The engines are actually "skidded in" from overhead doors. This is a Granger plant and we are going to be a power purchaser. Murray has not been involved with the construction, however Granger has asked for Murray's help with the interconnection with PacifiCorp. The City has been asked to come under the UAMPS umbrella, meaning that if UAMPS has agreements on projects anywhere in the western grid, PacifiCorp is required to let UAMPS on the system. The initial contract is for 15 years. Murray has \$550,000 that will be paid for the interconnection, which will come out of reserves. Granger has said the actual interconnection is four times that cost, it was vastly underestimated.

There is a wind resource that Murray is considering in Idaho. Most of the future power projects are through the UAMPS perspective, because Murray is too small to negotiate individually, however, UAMPS needs of 40 MWh, as a group, is sizeable. This wind project is east of Idaho Falls and looks promising. UAMPS has total land rights and it would like to own and operate it, instead of a middle man to regulate. On renewable projects, most of the money is made by the middle man, who develops and sells the power. In this case, UAMPS is working with the land owner and it will produce about 40 to 50 MWh. It is anticipated that the power will come in at about \$80/MWh. Wind operates about 30% of the time. UAMPS intends to work with a private firm for 10 years that will be collecting a tax credit, which drops the rate down to about \$65, and once the tax credit is used, the company will sell the plant to UAMPS. This is close to what the landfill gas plant will be in five years. Murray will probably use some of this power as it becomes available.

The solar project that is coming into commercial operation in about a month is located in Delta. This project has four mirrors on a large stand and it follows the track of the sun. The company is hoping for 50 to 60% utilization.

Mr. Brass commented that solar is very expensive and is available during the high load hours. The wind becomes available on low load hours. Load curves show that night time is the peak for wind power.

Ms. Dunn responded that she feels 30% could be high for the wind power.

Mr. Haacke said that the existing wind plant for UAMPS ranges from 25 to 33%.

Mayor Snarr stated that the Delta solar panels are very inexpensive. He said they consist of magnifying glass that focuses the sun's rays down on a particular point, which heats the solution inside the coffer, which produces the steam to drive the turbine. Lucite has a contract and if panels are mass produced the cost will be reduced significantly. He said the water cycles back through, so that, there is not much loss.

Mr. Haacke offered that UAMPS will be looking at the Delta facility.

Ms. Griffiths commented that the Milford wind power must be very successful. It is sold to California, as well as, geothermal, north of Milford.

UAMPS is not favorable toward geothermal, due to the fact that it costs \$1 million to drill the well, and there is no guarantee that steam will emerge.

The Milford wind farm is a 200 MWh project, which is twice as large as Murray's peak load. Two weeks ago the Intermountain Power Association (IPA) board gave that project permission to get on the southern transmission line to California. There are plans to double the wind farm in Milford. One issue in wind resource is obtaining parts. Many of them come from Europe, Denmark and Scandinavian countries.

The Hunter resource has been good, Murray is putting \$100,000 away per month for a major rebuild that will take place in a couple of years. The City eliminates its debt on it in 2011, which makes the source a \$15 to \$20 cost, although, some money will be reserved for capital.

Landfill Gas Plant #1 has been a great resource. It is a 95% load factor versus the 30% on wind. They work well with UAMPS and the City. Delivered price is \$56 to \$62, higher than IPP, however, for a renewable it is good.

Landfill Gas #2 will pattern that rate, which escalates at 2.5% per year for the life of the contract.

Regarding Cottonwood Hydro, there is 135% of normal snow pack. If it does not melt too fast, it will be a great resource. Murray uses 500 kilowatts, 10% of the way to full melt. If it is a fast melt we will lose some of that.

Mr. Robertson asked if there is any discussion about nuclear power in the area.

Mr. Haacke replied that there are rumors that California discouraged the IPP #3 because it wants to build a nuclear project in the area and use the existing transmission line.

Mr. Robertson asked how the costs compare on nuclear.

Mr. Brass said that because of extensive regulatory issues, the costs are very high by the time it is built, however, long term, it is stable, and will be better than solar or wind power.

Mr. Haacke confirmed that it takes 15 years to build. There is talk of one in Grand County where there are some uranium mines.

In the last power board packet, Mr. Haacke included a matrix of projects that UAMPS is considering. Some nuclear was mentioned, and it is interesting to see where the future studies are concentrated. Governor Huntsman has changed his standpoint in moving toward coal and nuclear. This was discussed in the last UAMPS meeting. PacifiCorp will be short 100s of megawatts this year.

Mr. Brass related that it was figured solar costs would be over \$100/MWh, and wind in the high \$60 - \$80/MWh. The cost of power will be astronomical and the only alternative is nuclear, besides coal. Clean coal technology, carbon sequestration, does not exist on a scale large enough to complete a plant.

A final comment was made by Mr. Haacke regarding the 3% above market average for salary. He anticipates about 35 % of the 52 employees will receive grade increases due to this policy.

Mayor Snarr complimented the Power Advisory Board for cutting \$280,000 out of the budget request.

Mr. Brass applauds the conservatism of the Board, however, he feels strongly that the City must not sacrifice reliability. Further, he said that Murray can justify a little higher cost than PacifiCorp, as long as reliability is key, especially to the businesses.

Mr. Haacke feels that the back yard rebuilds are the primary efforts in reliability.

Mayor Snarr stated that PacifiCorp will be raising rates every year.

Mr. Haacke reiterated that he really needs the rate increase of either 9% in July or to split the increase 5% this July and 5% in October. The increase will not eliminate the need to charge the Supply Cost Adjustment (SCA).

Mr. Brass asked, if the City decides to raise rates by 5% in July and 5% in October and if CRSP goes to an 8% increase, how Murray would net.

Mr. Haacke confirmed that situation would be workable. He also said that Murray is looking at a new light-emitting diode (LED) streetlight program. He will use a pilot neighborhood, replacing the high pressure sodium lightbulb with a new program using LED focused lights. He plans to put up about 10 to 15 lights and see if there is any noticeable difference.

Greentag sales will occur again in the next two months. Price will be about \$5/MWh. The Council just approved a sale at \$3 per MWh, so these are increasing rapidly.

Mr. Dredge thanked Mr. Haacke for his efforts on behalf of the budget and called for a lunch recess until 12:45 p.m.

The Budget and Finance Meeting reconvened at 12:45 p.m.

MURRAY CITY EMPLOYEES ASSOCIATION - David Frandsen

Mr. Frandsen thanked the Council for maintaining the insurance rates as planned for the coming year. That is a big concern for all employees. In addition, keeping pay rates competitive is extremely important. The Utahs Right website posts pay rates for all cities, making salary information more accessible to employees. He feels that the 3% above market average will help retain staff. Lastly, he requests that if the City decides to use the "seasonally adjusted" cost of living rates, the Association would like to see that become stable and uniform from year to year.

Ms. Dunn asked if most of the employees are aware of the Mayor's proposal regarding salary market adjustment.

Mr. Frandsen published the information as proposed by the Mayor in his monthly newsletter and he presented it to the Association representatives. He has had to explain the medical insurance increase to the employees, which is to bring the City to the 85/15 % split.

Mr. Dredge remarked that the Council is trying to recognize the value of the employees and desires to make a significant difference in pay scale. The employees are an asset to the City and he said their service is appreciated.

Mr. Frandsen told of personnel from his department who left after 10 years of

employment with Murray City.

Mayor Snarr commented that the loss of that institutional knowledge is unfortunate.

LIBRARY - Dan Barr

Mr. Barr introduced Shaun Delleskave, President of the Library Advisory Board who was present with him. The Board met prior to this meeting and adopted the Budget as presented to the Council members.

In the temporary employees line item the budget for the current year is \$266,600, and with typical cost increases it was raised to nearly \$300,000 for the FY 2009, however, as a result of the renovation, it will be possible to utilize the staff much more efficiently, therefore, the final request is lowered to \$208,000. It will also be possible to give an increased level of service with the personnel.

Other adjustments are merely inflationary, or in some cases consolidation of accounts has occurred.

Mr. Robertson asked about the computer maintenance.

Mr. Barr responded that the line items that have a zero have been consolidated into other accounts.

Ms. Wilson noted that in the temporary employee category, the beginning pay has increased according to the City guidelines.

By way of reassurance, Mr. Barr commented that in the temporary employee line item where \$266,000 was budgeted for the current year, he expects that it will be less than \$166,000, and that balance will be applied toward the remodeling.

The loan for the library renovation is \$750,000 from the general fund, however, the total cost of renovation will exceed \$800,000. The balance of the cost will come from the library operating budget.

Mayor Snarr asked about the revenue from the library.

Ms. Wilson stated that there are no changes in revenues.

Mr. Barr observed that the revenue would not be affected by renovation, however, he will review some of the maintenance agreements. There will be new more efficient lighting with different bulbs and tubes. New air conditioning units were installed which are, also, more efficient. Over time these will pay for themselves in operational savings.

Ms. Wilson pointed out that the principal and interest payments are to repay the \$750,000 loan.

Mr. Barr said that the Board has discussed the idea of larger loan payments should there be any increased revenue. There may be the ability to repay the loan in a shorter term, rather than the seven years initially planned.

The renovation project should be completed by late July. Most of the changes are to the entrance, lobby and service area right up front.

PUBLIC SERVICES - Doug Hill

Building Inspection: A major change in building inspection was to reduce the amount in professional services, item #3110. That item was increased due to the hospital construction and outside consulting. Now, upon completion of IMC, that is no longer necessary. There were a few line items that were increased in the Mayor's budget: education and training; uniforms; books and subscriptions; and small equipment.

Mr. Brass commented that he likes the idea of a repair and demolition fund, and he hopes that at some point the money may be approved for that.

Mr. Hill offered that it takes almost a year to go through the legal process to demolish. Ideally, it would be nice to set up the funding in advance, although, there is usually time to allocate the money in the next years budget.

Roadways: This is a status quo budget that is used primarily to pay street department employees for maintenance and snow plowing. The only increase is for the seasonal part time weed employee to take care of the public right of ways.

Mr. Robertson noticed that workers compensation decreased by about \$3000 and he wondered the reason for that.

Ms. Wilson stated that the rate decreased. In addition, she noted that the funds for the weed person were to come from the unused elections money, so an adjustment will be necessary for that money to be transferred to this fund.

The last item is the reimbursement for service. In the current budget \$49,000 was transferred to the general fund, for employees who are dedicated to delivering and picking up the green waste trailers. In the preparation of the worksheets this item was missed, so with the transfer made, another \$49,000 will be added to the general fund.

Road Cut Repair and Maintenance: Street employees with the primary focus being to take care of private road cuts that occur for utilities or other purposes. Sometimes the resident or

business would like to have the curb and gutter replaced and they have the ability to pay the City to make those road cuts. This was originally set up to create a reimbursement where the City could be paid for the road cuts and that is why it is tracked separately from the roadway budget. It usually recovers about 40% of the work done, due to the fact that public repairs are done here with no reimbursement. This is a status quo budget.

Class C Road Program: This budget should balance with the gas tax money that is distributed to Murray, for the number of road miles in the City. It is approximately \$1.5 million per year. About \$600,000 is being used to pay off the bonds on Cottonwood Street. There are a couple of years left on those bonds. The remaining money can be used, according to state legislation, on road projects within the City. This budget has the road salt line item, in the amount of nearly \$29,000, and about twice that has been spent in the current year. He will try to keep it about the same next year, because the weather was somewhat of an anomaly this year.

The Mayor is recommending that we purchase equipment with this budget. There are several equipment needs, and approved are purchases for two 2-Ton 4x4 trucks with plows and salters; a pick-up truck; 4-wheeler with a plow; and a loader. Plans are to repair the salt dome which has fabric panels that are torn and need replacement.

There is one road repair scheduled from this budget which is 5290 South from 900 East to 1300 East. That is in Mr. Brass' district.

Road Construction Projects: There are always some sidewalks and Americans with Disabilities Act (ADA) ramps budgeted each year. On actual road repairs the biggest concern is 5900 South, and the worst section is from State Street to 300 West. (It could be repaired all the way from 700 West to 1300 East.) That project alone is almost \$1 million. The Mayor has recommended that it be started next Spring and split the expense between two fiscal years, therefore, \$550,000 has been allocated in the FY 2009 budget.

The Mayor stated that he has planned it that way in order to be creative and get some of the other projects completed. Council members agreed with that idea.

Mr. Hill said that project requires a storm line, as well. He said it is old steel pipe, probably corroded, which will need either a lining or installation of new pipe.

Mr. Hill explained that the department will try something new called slurry seal projects. It will be tested on Woodoak and 4800 South. The engineers have been skeptical of slurry seal, because the technology and materials have not proven to be a viable long term repair. Slurry seal is a layer of oil that goes over the top of the street to seal the cracks. That prevents the water from entering, which causes the rapid deterioration. Ideally, a road would be built and 8 to 10 years later it would get the slurry seal, which extends the life of the road. Murray has not done that much, however, other cities apply slurry seal frequently, due to low funding for rebuilding roads. Now, the materials have improved with bigger aggregates, and different polymers that allow for

better and longer binding. He stated that these two streets are good candidates to test it on and the cost will be about \$50,000. If the Council and Mayor concur, in future years, the City will try to implement the program to put a portion of money into slurry seal each year instead of spending it all on rebuilds.

Ms. VonWeller stated that, although, the polymer modified rejuvenators are relatively new, there is enough history that the department feels it will be a good investment.

Mr. Hill commented that the remaining road projects are: Creek Drive; Capri, where installation of a new storm line will require an overlay of the road; Rodeo, not the entire length; and Cottonwood Street, which is being done with the \$1 million awarded by the legislature. This one will require extensive work, especially the intersection at 5900 South and 300 West. That intersection will have a large impact on adjacent property owners. Based on how much of their land must be taken, if it involves consuming parking, etc., the project could be considered a *taking* and the City may not have enough money to complete it. There have been discussions of doing an environmental document and going north on Cottonwood Street to Main Street, the long range goal. This environmental document allows you to apply for the Utah Department of Transportation (UDOT) Statewide Transportation Improvement Program (STIP) funding.

Mr. Hill said that concludes the plans for road projects, with the money that was made available. He is aware that there are other projects in the districts.

Mr. Robertson asked if the roads with holes from winter damage will be addressed.

Mr. Hill stated that those will be taken care of, and anyone may call Ms. VonWeller or himself and some patching will be done. Sanford is one that has come up which will be ground off and patch work completed.

Ms. VonWeller offered that a pothole can be reported right on the City website.

Mr. Hill explained that in talking with Mayor Snarr and Ms. Wells, some ideas about overpasses have emerged, such as at Fireclay and the Central Avenue bridge, in order to make Fireclay more pedestrian friendly. He has met with engineers from the FrontRunner rail line, who have run cost estimates on these projects. The cost to take 5900 South and make a separated grade crossing is \$23 million. That may not include the right of way acquisition and closing access on property that would have to be purchased. That would then allow the City to apply for an at grade crossing at Fireclay. On Central Avenue the cost would be about \$18 million. The catch is the short time frame, in order to complete improvements before the FrontRunner comes through. There would have to be some federal money to complete projects of this enormity and the time frame does not allow for the option to apply and obtain federal dollars. There would be a savings of about \$5 million between completing it now versus 10 years from now, however, due to the train, it is likely that it may never be able to be done in the future.

Ms. Dunn asked that the road projects be put on contingency, so they can be discussed further.

Shop and Garage: This budget is used to maintain the public services property. The funding is status quo.

Engineer: There are a few equipment items approved by the Mayor in this budget. One is to purchase an upgrade to the Auto CAD that the engineers use to read drawings from outside engineers; a new shared printer for all of the lower level of the office building, MIS quoted a price of \$6000; two computers; and overtime of \$1500. Mr. Hill stated that he has rearranged some engineering positions and hired an inspector who will be working with utilities on weekends and evenings when cutting is being done.

Mr. Stanger added that there are GIS staff who help with snow plowing and use overtime, as well.

Ms. Griffiths asked, regarding the pavement management software that was denied, if there is currently a system in place.

Mr. Hill responded confirming that the system is in place, however, it is no longer operating, and there is no possibility to upgrade the information. He explained that he has not been fond of the HTE system, it is not user friendly, and the staff has not been utilizing all the capabilities of the system. Now a new HTE upgrade is available. Demonstrations show that it will be more user friendly and allow resolution to problems that he has been looking to third party software companies to solve. If the upgrade of HTE accomplishes what he needs, it removes the necessity for purchase of a third party software.

Ms. Wilson confirmed that if we can use the HTE system, then everything is more integrated and it removes the programmer issues every time there is an upgrade.

Ms. vonWeller stated that an important feature is for software to be GIS compatible, which they do now integrate with systems that are used frequently.

Mr. Hill noted that HTE will not solve all the problems, for example, it does not provide a separate program that allows staff to go out and gather new data. He is hoping the upgrade will enable them to utilize the existing data better. What is really a challenge is staying current because every year new streets are added to the maintenance list and it is imperative to have a system to determine performance, project and prioritize needed road work.

Ms. Wilson pointed out that all these funds are part of the general fund.

Mr. Hill reviewed that last year a capital projects fund was established. There was one Class C road project that did not get transferred to the capital projects fund and that is Fashion

Boulevard. There are joint plans with UDOT to rework the intersection at Fashion Boulevard and Winchester Street to make the entrance to I-215 function better and to add lanes on the north side on Fashion Boulevard. This will require purchase of some property from the LDS Church and the power department on the east side in order to add lanes. Mr. Stanger's staff has been coordinating with UDOT to accomplish this project. Due to the complexity of right of way acquisition and coordination with UDOT, this project will not begin until June and no payments will be made until the next fiscal year. Mr. Hill explained that what he would like to do is to transfer the money from this years budget, plus some remaining money from other projects, into next years capital projects budget and make the payments from that money. The money does not change, it will be about \$700,000, however, UDOT will reimburse the City for the signals and costs on its side, so the cost to Murray will be approximately \$550,000.

Ms. Dunn asked if that figure includes the acquisitions necessary.

Mr. Hill responded affirmatively.

PARKS AND RECREATION - Doug Hill

Street Trees: This is money set aside for the City Forester to purchase and plant street and park strip trees.

Mayor Snarr asked how much the City will charge for park strip trees.

Mr. Hill stated that Mr. Haacke would have that information, as it is increasing. Mr. Hill continued that he would like to see larger trees going into the park strips. Currently, power charges \$50 for a half inch caliper tree, and he would favor a one and a half to two inch caliper tree, and charge whatever is necessary. The ordinance was changed by the Council to allow that to happen, however it is up to power to make the changes.

Murray Park: Items approved in the Mayor's budget are a donation to the Babe Ruth Baseball in the amount of \$10,000, which will be the last of three donations. Equipment approved for the parks included an all terrain vehicle (ATV). To complete landscaping for the Ken Price hillside is \$35,000, which has been a great cooperative effort of the entire City, a storm drain was moved, the street department has graded and placed rocks, the sprinkling system will be completed along with the landscaping. This was not an outside design project, City staff designed and built it.

One of the large items in the park budget is to update the parks and recreation master plan. All City officials are receiving requests for things like dog parks and skate board parks and property is available, such as the ice rink, which was shut down. The Mayor is recommending purchase of the National Guard Armory property. The master plan study will address these desires and needs.

Mayor Snarr mentioned there was \$20,000 extra needed in the budget this year for the hillside, however, Mr. Hill responded that he has money in the budget to complete that.

Mr. Hill commented that one thing not approved was the additional funds for the park pavilions, therefore, the budgeted amount in the current year of \$230,000 will not be spent for the pavilion replacement. A decision should be made as to whether that money goes back into reserves to be spent in a future year, or be set aside in a capital projects fund.

Ms. Dunn stated that she would like it to go on the contingency list for discussion.

Mr. Robertson asked if environmental issues would be researched prior to making a commitment on the National Guard property.

Mr. Hill said that he has been told that a Phase II Environmental Study has been completed and it is clean property, however, Mr. Hill will confirm that. No one wants another Quality Oil issue.

Ms. Griffiths asked about Quality Oil and if it had been definitively resolved.

Ms. Dunn and Mr. Hill agreed that it is not resolved.

Neighborhood Parks: The following items were approved by the Mayor in neighborhood parks.

- Completion of the Jordan River asphalt overlay on the trail system.
- Replacement of the wind screen at Hidden Village Park.
- Purchase a power washer to clean graffiti.
- Replace trees that have been removed along Jordan River Parkway

That overlay on the Jordan River trail system will complete everything and it should be several years before having to do that again.

Ms. Griffiths asked about the Wildlife Habitat Enhancement Program (WHIP) grant.

Mr. Hill explained that the grant has been received to improve approximately three acres of property at Germania Park. It is a three year grant with Murray providing matching funds. This is the third and final year.

Mr. Dredge asked if the ordinance prohibiting smoking had produced any complaints.

Mr. Hill responded that he has not heard of any problems. There was one incident where a person was asked to extinguish a cigarette and that person complied without complaints, however, he does not know if Murray is actively enforcing the ordinance.

Ms. Dunn stated that she has noticed the no smoking signs.

Mr. Hill responded that signs were put up just after the ordinance passed and at Liberty League baseball, where a large problem existed, he has not seen anyone smoking.

Mr. Robertson stated that cleaning the parks must be easier without the cigarette butts.

Mr. Sorensen thinks the smoking ordinance has had a positive impact and has made people aware.

Ms. Kirk commented that at Fun Days an announcement was made that there would be no smoking and the audience applauded.

Park Center: Mr. Hill explained that several line item adjustments were made just to reflect existing costs. Temporary employees has gone up. Minimum wage laws are changing and temporary employees will get a raise this year and another raise next year. Office supplies and equipment maintenance have increased. Much of the equipment is original, from five years ago, treadmills are wearing out. Currently, there is no cable television access to the Park Center and many of the clientele would like to watch TV while they exercise. He has gotten bids on the expense, as requested on the budget.

The Mayor commented that people have talked with him about the fitness bikes that were not approved. Bikers like them because they have something to concentrate on by going up hills and varying the workout.

Ms. Dunn stated that there are always people using the bikes.

Mr. Plant stated that he would like to have four more.

Mayor Snarr said that he did not include them due to the roads that desperately need repair.

Recreation: The only request is an increase in the officials game fees and is offset by fees charged for participation.

Cultural Arts: Ms. Griffiths stated that it is her dream to have a performing arts center in Murray.

Mr. Hill responded that the cost quoted for the proposed arts center is \$7.7 million.

Ms. Kirk offered that auditions for the Sound of Music were recently held and there were over 200 people at auditions. She stated that three full casts could have been selected with strong parts. Over 150 people will not be able to participate. She says that shows the demand that is

being turned away for opportunities for kids without a facility.

Ms. Griffiths added that kids who participate in the arts do better academically than other students and she considers the facility a need, not a frill. She hopes that one day there will be one.

Ms. Kirk stated that there is an opportunity working with Salt Lake County. She continued that she feels there is money out there, however it takes leadership from the community to get behind the project. There is now a Murray foundation formed and it would appreciate help from the Council to support it.

Ms. Dunn commented that we have one of the best arts programs in the state of Utah. Even without a performing arts center, the City provides a lot of opportunity. She continued that she is open to ideas and would love to see it happen.

Mayor Snarr agreed to the desire to see it become reality, however, it is a balancing act and a question of priority, between repairing roads, or providing facilities.

Ms. Griffiths responded that her point exactly is making it a priority.

The Mayor asked what would be sacrificed, the City's responsibility is to police, fire, a good infrastructure, those things are at the top of the list.

Ms. Dunn suggested the center go on contingency to talk about it further. Ms. Dunn asked if the \$7.7 million referred to the proposal that was seen several years ago.

Mr. Hill answered that he did refer to that proposal, although, it would cost quite a bit more now.

Mr. Brass asked about anticipated annual maintenance costs.

Mr. Hill does not have an answer to that question, however, Ms. Kirk has studied other similar centers, such as Rose Wagner, to get a sense of how the rental to the public would contribute. The thinking is that the facility could be rented, because, as currently designed, there is a small theater, and other community rooms. The question frequently comes up as to why there is no facility in Murray for dinners and banquets and we are forced to go the Gardner Village and other locations for events. This center is designed so that space would be available for rental to groups in the community. There are revenue opportunities available. The groups that want to use the facility, Murray Symphony, Arts Council, rehearsal space for the public, could be charged for use. Tickets sales generate revenue, however, in Mr. Hill's opinion he is skeptical that revenue would cover operation and maintenance.

Ms. Dunn stated that she feels if the City is able to build the facility, subsidizing the operation is part of providing the services of the municipality. She stated that we subsidize

facilities to provide quality of life, the question is providing the facility itself.

Ms. Griffiths commented that there is a secondary need for a gathering place within the City. She reiterated that departments have to go outside the City to host events, such as the volunteer banquet.

Ms. Kirk offered that she would be happy to share with the Council the data she put together regarding other facilities, the usage and charges. Up-front costs are not being sought from the Council, however, its approval is being enlisted, in order for the fund raising group to seek funds and naming rights for the theater, little theater, and community rooms. She feels that up to \$2 million could be raised if they have the backing and support from the City. They have contacts now and will be hiring someone to put together a professional presentation for an Eccles Grant.

Mr. Hill explained that a non-profit group has formed for this effort.

Ms. Kirk expounded, saying that it is a group called the *Friends of the Performing Arts*, not part of the Arts Advisory Board. The chair is Lynn Chatterton, and some members are former Board members. The members are from local individual arts groups, and citizens are coming forward with interest to help.

Ms. Griffiths confirmed that the Arts Advisory Board is passionate about this effort, as well. She asked if this group was formed as a result of discussions in the Board meetings.

Ms. Kirk confirmed that was true.

Mr. Hill continued by stating that there are two items approved in the Cultural Arts budget, which are \$25,000 for the outdoor amphitheater floor replacement and \$10,000 for a schematic design for a possible amphitheater expansion. There is a need for concession space with roof and this would help put together some preliminary costs for future budget years.

Ms. Griffiths commented that in reading the requests, she noticed that the current facilities are really lacking.

Mr. Hill stated that everyone seems to be in agreement that the facility needs to be added on to, however, Mr. Hill's request is to start the process by involving an architect who can estimate the expense that is necessary for renovation.

Another concern that Ms. Griffiths addressed was the lighting in that area.

Mr. Hill commented that the lighting was addressed in the current budget. The power department worked with public services to improve lighting and repair the trail.

Swimming Pool: The plaster for the pool is in the budget and it is standard to re-plaster about every eight to ten years. Mr. Hill confirmed that the pool is now about 10 years old. There are some minor adjustments to supplies and maintenance to reflect some existing costs.

Mr. Robertson asked if Mr. Hill is comfortable in terms of the cryptosporidium that was common the previous summer. Many pools are installing ultra violet lights (UV) to prevent an outbreak.

Mr. Hill stated that he is concerned about it, as is Cory Plant and Kim Sorensen. The biggest problem is the public perception. If there is an outbreak in the valley, people will stop swimming, whether there is a problem at Murray or not. Mr. Hill is not aware of any issue at the City pool last year. Because of that, nothing different is being planned, however, at the Park Center pool the ozone system has been repaired for an extra layer of protection there. The outdoor pool has only chlorine protection, and he feels that spending \$50,000 for a UV system is not wise until it is known how effective it might be. It sounds like a great solution, however, and it may be something requested in the next budget.

Mr. Plant stated that there are two new changes being implemented that he feels will help this situation. One is that on May 5th a *potty break* will be instituted, so that for the last 10 minutes of every hour the pools will be cleared and patrons asked to use the restrooms. This was recommended by the Board of Health and will begin in the Park Center pool and then carry over to the outdoor pool. The other recommendation that will be implemented is that all children under the age of three or four must wear a swim diaper with plastic pants.

Mr. Plant continued stating that there were no confirmed cases of cryptosporidium in Murray pools according to the Board of Health. A city to the south of Murray had UV installed two years ago and that city had 17 confirmed cases of cryptosporidium last year. He does not feel that UV is the answer. He feels that following the recommendations of the Board of Health is the best way to go. The Board of Health thinks Murray does a good job and he feels the key is raising awareness among the patrons so that they know the reason for the new procedures at the pool.

Ms. Griffiths suggested that an article in the Murray Journal would be helpful.

Mr. Plant stated that he does plan that article and there will be signs and posters up on all the doors.

Heritage Center: Mr. Hill pointed out items approved in the Mayor's budget, which includes \$9000 additional software to track classes, lunch and other programs. It expands the data available now. There is a slight increase approved in car allowance reimbursement. Additional funds have been requested for the new evening dance program to continue operation. The seniors who participate pay a fee which offsets this expense.

Cemetery: The Mayor approved an increase in overtime costs, due to frequent requests for holiday and weekend burials. Mr. Page is serving on a state board for cemetery superintendents and needs some funds for conference attendance and training. The road removal was not funded this year.

Mr. Hill stated that this completed the general fund departments budget requests and he would go right into the enterprise funds.

Mr. Dredge stated that in reviewing enterprise funds, it would be nice to have the revenues and reserve balances together with the budget requests.

Water: The water fund is in good financial condition. The reserve fund estimate for the end of this fiscal year is anticipated to be about \$7.2 million. Ms. Wilson has recommended that water maintain a 15% reserve as a minimum. That means that over \$6 million could be spent, in addition to what is requested in this budget. Mr. Hill would like the Council to be aware of the goal to go to remote meter reading. It would take most of the excess reserve to accomplish that. The staff will continue to analyze that concept and begin to move in that direction.

Mayor Snarr asked about the bobcat that was budgeted for \$2,500. He wondered if that was an attachment that was requested.

Mr. Hill responded that it is an upgrade to the bobcat. Every year he gets a new one for that price and the old one goes back.

Ms. Griffiths commented that this is the only budget in which the Mayor approved all the requested items.

The Mayor responded that in the enterprise funds, where he can see the revenue stream, it is easier to approve expenses.

Mr. Astill explained that the City really did not anticipate this kind of wealth building, however, the conservation efforts have been abandoned. The newspapers stated that the drought was over so water usage increased back to the 2001 water levels.

Waste Water: It is expected that waste water will have about \$850,000 in reserve at the end of this fiscal year. That assumes that all budgeted expenses will be expended, as anticipated.

The budget is very slight, with the only two projects scheduled.

The Fireclay sewer line combines funds from the current budget year with \$800,000 from next fiscal year making a total expense of \$2.2 million for the entire line.

The second project is the Central Valley betterments and the \$400,000 in this budget is

one of two years when the City will need to make larger than normal payments to Central Valley.

This means that the State Street project, which is the Fashion Place Mall line, is not planned to be done this year. Mr. Astill is a little nervous about that because it is nearing capacity, hopefully, depending on the Mall schedule and what type of businesses go in, it will not become an emergency situation. It will be monitored closely.

The plan is to fund that project next year.

Mayor Snarr commented that the new Nordstrom store will not be open until next year, and he asked if there is concern about the new shops on the south side.

Mr. Astill affirmed that there is a great demand from the Cheesecake Factory area. Other shops will be going in with Dillard's too.

Golf Course: The golf course is doing well and some reserves are being built, estimated to be about \$194,000, although the restroom remodel will lower that to about \$150,000. Mr. Hill has recommended spending about \$20,000 from reserves in order to purchase all the equipment items. Plans are to purchase only one greens-mower and to eliminate the equipment storage building.

Mr. Brass asked about playing through the spring.

Mr. Hill stated that the golf course did not open in January, and February and March were both down, however, the numbers are not significant.

Solid Waste: Mr. Hill estimates that the solid waste fund will have about \$320,000 in reserve at the end of the fiscal year.

There has been additional usage of the large roll off dumpsters and a fee associated with them, so the line item has been increased and is offset by rental charges. Garbage cans are aging so that line item has been increased by \$3,200.

Mr. Hill explained that a 4% cost of living adjustment has been built into the budget for the cost of Waste Management, this is in the contract, and amounts to \$30,000. The City is currently negotiating on the contract due to huge increases in gas and diesel costs. Waste Management has been clear that it is losing money on Murray City, however, a contract requires the service at that cost. The contract does contain language which allows for some adjustments for cost of living and Mr. Hill is not sure the \$30,000 will be sufficient, it could be as high as \$100,000. Waste Management is requesting a higher rate to cover fuel costs and wants to implement a fuel surcharge fee, which allows the contract to fluctuate from month to month based on the price of gas. Nothing has been decided, negotiations are ongoing.

Ms. vonWeller stated that Waste Management has indicated some flexibility.

Mr. Hill added that the contract with Waste Management expires July 1st of next year, with the ability to renew for two one year extensions.

Ms. Dunn asked about the comparison sheet for waste fees. She noticed that Salt Lake County charges a very high price for the second can and wondered the reasoning behind that.

Mr. Hill responded that he believes it is due to the fact that they are encouraging citizens to recycle rather than have the second waste can.

Ms. Dunn asked about Murray recycling. She read an article that showed Murray and one other city in which only #1 and #2 plastics can be recycled. Other areas take all plastics.

Mr. Hill did not have an answer, although, he will find out. Waste Management dictates that and because it picks up in other cities, he is surprised that there would be a difference.

Mayor Snarr stated that the recycled substances are all taken to the same sorting facility.

Mr. Hill stated that Murray may need to change the education materials to reflect what is actually acceptable.

Assuming worst case scenario, Waste Management may increase the collection rates by \$75,000 to \$100,000, which means that without a fee increase to the citizens, solid waste would need to use about \$120,000 of its reserves next year. That would leave a reserve account of \$200,000 at the end of next fiscal year.

Based on the comparison chart that was distributed, next year when the contract is renegotiated, it is likely there will be another fee increase.

Mayor Snarr's recommendation is to increase citizens fees this year. It may be that 50 cents for the first and second can is sufficient. With the first can at \$6.50 the recycling can is included, then a second can at \$4. He suggests running the numbers to see what increase reflects an additional \$75,000. His hopes are that by being fair with Waste Management this year, they will be fair in negotiations next year. He added that the county will be increasing its garbage collection fees.

Ms. Griffiths inquired about the fee for an additional recycle can.

Mr. Hill responded that it is \$4.00.

Ms. vonWeller commented on the comparison chart, that the costs are not exactly comparable, because there are variables on how far to the landfill, also, Riverton has just

renegotiated and will probably follow with an increase to the residents.

Mr. Hill added that a fee increase would necessitate an ordinance change and he will defer to the Mayor on what should be done.

Mayor Snarr asked if that could go on contingency to be discussed further.

Ms. Dunn responded affirmatively.

Storm Water: This is a relatively new fund and the staff is still trying to adjust to revenues received. Mr. Hill anticipates that at the end of this fiscal year, there could be up to \$360,000 in reserves.

Some projects are not being started, due to complications that were not expected. Labrum is one, it looks like it needs to be taken all the way down 725 East to the creek, so it is a very expensive project.

This year the recommendation is to only expend according to revenue, and not touch the reserve account.

He explained that the requirement through the Phase II Environmental Protection Agency (EPA) is to have a structure at the shop which controls the street sweepers washout residue to send the water through a grease separator before it goes into the river. The estimate to build that is \$150,000.

Mr. Hill recommends the lease-purchase of a vacuum truck to suction out storm drains, and that is a major purchase of \$250,000. The lease purchase for five years would cost about \$60,000 per year.

There is other equipment requested in the budget and, due to the Phase II EPA requirements, he feels there is a need for an inspector to be added into the expenses for that fund. This employee would inspect new construction and monitor storm water.

The only project scheduled is the Capri storm line for \$400,000.

There was some discussion regarding complaints on storm drains and the City not taking care of those areas fast enough. Ms. Griffiths stated that she does not feel the citizens understand how expensive these programs and repairs are.

Fleet and Central Garage Utility: This is a status quo budget with no changes requested.

Mr. Dredge complimented Mr. Hill and the public services staff on their efforts. He called for a short break.

The Budget and Finance meeting reconvened at 3:04 p.m.

ATTORNEY - Frank Nakamura

Mayor Snarr commented that Judge Thompson was very complimentary of the attorney's office.

Mr. Nakamura reported that the budget is status quo with no major changes to last years figures. He stated how proud he is of the prosecutors. He feels that combined they are the best prosecution staff Murray has had. He is pleased that the City has given him some good employees, Mr. Critchfield, Mr. Farnsworth and Ms. Francis contribute to one of the best staffs in the state. That does make his job very easy.

Mr. Robertson asked about Mr. Nakamura's assessment of the court now.

Mr. Nakamura responded that we are fortunate to have Judge Thompson, with Mr. Williams, and the two prosecutors, it is a great situation.

MAYOR'S OFFICE - Dan Snarr & Jan Wells

Mayor Snarr stated that his budget is mostly status quo, although, there is some additional money for car allowance.

Ms. Wells explained that due to the increased fuel costs, \$25 has been added for anyone who receives a car allowance. That amounts to about 15 to 18 employees citywide who are affected.

Ms. Wells continued to explain the Mayor's *at-will* proposal. He is recommending the 3% COLA increase and a 1% merit increase this year. In addition, he would like to increase the *at-will* annuity from Jefferson Pilot by \$200.

The Mayor commented that he has very loyal department heads and some are not compensated as high as others, and there has been no merit increase for them in some time. With the 3% increase in average market rates, many red-lined employees will be off red-line and given a little room for growth.

Ms. Wells pointed out that last year money had been requested for cameras in the recorder's budget. Ms. Heales did not know what that money was intended for and it was spent on other things. The camera purchase has been requested again in the recorder's budget.

Mayor Snarr asked what that money was spent on.

Ms. Wells responded that a large copy machine was purchased, as well as, a couple of computers.

CITY COUNCIL - Mike Wagstaff

Mr. Wagstaff had a question regarding the Council budget in the temporary employees line item.

He was informed that it is the Council Members salary that comes under the temporary employee category.

Mr. Wagstaff suggested that the item be called elected officials.

Mr. Johns explained that the temporary line item is uniform throughout the City for employees who do not receive benefits.

Ms. Wilson stated that finance would be revising the chart of accounts and that is one item that can be looked at.

Mr. Dredge complimented everyone for their work, ideas and input on the budget. In revising the budget worksheets for next year, he suggests, instead of having each request on a separate page, combining onto one sheet in a narrative form, to reduce size and be easier to read. Another idea that Ms. Wilson showed Mr. Dredge is the form with projected revenues, expenses, and beginning fund balance. That would be valuable for the Council to see on interim reports.

Ms. Wilson noted that as other issues arise she would like to come to the Council to fine tune, if necessary.

Ms. Wells mentioned the budget addendum. It is so helpful not to have to hold public hearings on each item and she would appreciate the Council looking over that and considering it.

Ms. Griffiths asked to review the contingency items.

Mr. Brass mentioned the \$250,000 pledge for UTOPIA, because the hearing had not been held.

Mr. Wagstaff listed the contingency items as mentioned throughout the meetings:

- RDA Car allowance
- MIS Payroll system report writer
- Public Services (PS) road projects
- PS Pavilions
- PS Performing Arts Center

- PS Garbage rate
- Non-departmental UTOPIA
- Salary recommendations
- PS Speed signs
- Narcotics officer
- \$49,000 reimbursement in roads

Ms. Dunn asked to have Mr. Hill put together a list of road repairs for discussion.

Mr. Dredge adjourned the Budget & Finance meeting at 3:23 p.m.

Janet M. Lopez
Administrative Secretary