



MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, July 15th, 2014, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Members in Attendance:

Brett Hales	Council Chair
D. Blair Camp	Council Member
Diane Turner	Council Member
Dave Nicponski	Council Member
Jim Brass	Council Member

Others in Attendance:

Doug Hill	Public Services Director	Janet Towers	Exec. Asst. to the Mayor
Janet M. Lopez	Council Administrator	Frank Nakamura	Attorney
Jennifer Kennedy	Recorder	Tim Tingey	ADS Director
Jan Wells	Chief Administrative Officer	Kellie Challburg	Council Office
Craig Burnett	Police Chief	Jennifer Brass	Resident
George Katz	Resident	Sally Hoffelmeyer-Katz	Resident
Georganne Weidenbach	Centurylink	Mike Adams	Resident
Eliot Setzer	Resident	Tony Semerad	Tribune
Peri Kinder	Valley Journal	Beverly Crangle	Resident
Brenda Moore	Finance	Jackie Muterspaugh	Boys & Girls Club
Sam Melonas	Boys & Girls Club	Chris Hase	Boys & Girls Club
Lynn Pett	Citizen	Justin Zollinger	Finance Director
Ted Eyre	Mayor		

Chairman Hales called the Committee of the Whole meeting to order and welcomed those in attendance.

Business Item #1

Appointment of a Council Member to serve as Co-Contact for New City Hall Architectural Services

Chairman Hales stated that Mr. Brass is the Chair of the New City Hall Committee and

asked if he would like to serve as Co-Contact on that committee. Mr. Brass replied that he would be happy to, and added that he originally went to school to be an architect. Mr. Nicponski and Mr. Camp were in favor of the recommendation. Ms. Turner offered to help if Mr. Brass needed anything. Mr. Nicponski moved approval. Ms. Turner seconded the motion. All were in favor.

Business Item #2

Potential Bicycle Lanes on Vine Street & Winchester and Possible Funding Opportunities

Chairman Hales introduced Mr. Doug Hill, Public Services Director. Mr. Hill said there had been a lot of interest in the community to try and get something going in Murray City involving bike lanes. He has attended several meetings with the local bike group, Cycle Murray, which is headed up by Keith Bateman. Mr. Bateman has had many conversations with biking organizations about generating funds for re-striping of Murray streets.

Mr. Bateman introduced Mr. Hill to an employee at UTA (Utah Transit Authority) who stated that UTA would be willing to fund entirely bike lanes in Murray City between the Trax station on Winchester Street and 1300 West. That includes taking the stripes off and re-striping the lanes. There are a few challenging areas between the Trax station and 1300 West, before reaching the freeway underpasses. There isn't enough room to stripe a dedicated bike lane, but it could be a shared bike lane, with sharrows on the road. Sharrows would indicate that the bicyclists and cars are sharing the road until you reach the west side of the I-15 overpass. Between the I-15 overpass and 700 West there is enough room for a dedicated bike lane, as well as on-street parking. There are homes on both sides of the street in that area, so people could still park on the street, have a dedicated bike lane, and a lane of travel for cars in each direction. Parking is not currently allowed on the section from 700 West until the Jordan River on Winchester, so a dedicated bike lane could be easily installed there. He believes the same thing could be done from the Jordan River heading west until 1300 West.

Mr. Hill mentioned that this change would touch District 1 and District 2. He wanted to make sure the Council was comfortable with the proposal. It would be an interlocal agreement with UTA, with UTA entirely funding the project. He doesn't see any real downsides, other than the City would have to maintain the striping in the future. It doesn't eliminate any parking or impact any current lanes of travel.

Chairman Hales asked if this was the money that is referred to in the emails by Mr. Bateman. Mr. Hill said that was correct. He has spoken with Jake Splan at UTA and UTA has funds that they can spend within a certain distance from a Trax station and they are very willing and would like to see this happen on Winchester Street.

Mr. Camp asked if this only applied to the area on Winchester Street west of the Trax station. Mr. Hill replied that was correct and nothing would be done east of the Trax station for now. Mr. Brass said he believes it would be a great start to determine how it works. Ultimately, he would like to see bike lanes on the entire stretch of Winchester Street.

Mr. Brass asked about bike lanes on Vine Street. Mr. Hill said that there is a second option and he has spoken with George Denaris, Alternative Transportation Coordinator,

at Salt Lake County. The County has some funds allocated for bike lanes that they receive from their registration fees. They have about \$1 million available and opened the application up to different cities to apply for those funds. Murray City didn't apply for the funds at the time because bike lanes were not being addressed. However, not all the funds were used and Mr. Denaris said that if Murray would like to quickly submit an application, he believed there might be enough money available this year to stripe Vine Street with bike lanes from the Trax station to 900 East. Mr. Hill said it could amount to a grant of \$50,000 to \$60,000, and does not require any matching funds from the City.

Mr. Hill said he has spoken to the Mayor and it is believed that the bike lanes can be done without any major impact to traffic or parking, but would take away a lane of travel. He mentioned that this change would touch Districts 3, 4 and 5. The lane of travel eliminated would be between State Street and 5600 South. Mr. Brass noted that it essentially takes away the center median. Mr. Hill said that was correct and that the center median would be eliminated between State Street and 5300 South and between 5300 South and 5600 South, a lane of travel would be eliminated. He said currently there are two lanes of travel heading northbound and one lane southbound, so one of those northbound lanes would be removed. Mr. Brass added that it eliminates the need for a drag strip at 5300 South, and believes that is a safety improvement. Mr. Hill said he and the Mayor are comfortable moving forward and working with these entities. Murray would enter into an interlocal group with the County and the County would fund it 100%. All were in favor of moving forward.

Mr. Camp said he would like some discussion on bike lanes heading east on Winchester Street towards Fashion Place Mall. Mr. Hill said that would probably require additional funding, above what is currently being offered. Mr. Hill said they could get an estimate on the cost involved. He said some of those discussions, as well as General Plan recommendations could occur with the upcoming task force meetings.

Ms. Turner and the others expressed appreciation for the efforts of Mr. Hill.

Business Item #3

**Discussion of Utah Telecommunications
Open Infrastructure Agency (UTOPIA)
and Utah Infrastructure Agency (UIA)
Operation Expense Shortfall and Murray
City Proposal to create new revenue for
UTOPIA**

Mayor Eyre wanted to give a brief history of UTOPIA and Murray City and also stress the fact that this is just a discussion of a possible new revenue source for UTOPIA. There isn't anything to vote on tonight, possibly in a subsequent meeting in August.

Mayor Eyre said that on December 9, 2013, Murray was a signer on a pre-development agreement for the Macquarie Corporation to come in and present the four milestones proposal. After that, Murray City had until June 27, 2014 to determine the parameters of Milestone 1 and decide to move forward to Milestone 2. Murray City knew the expenses contained in Milestone 1 and those that may be involved in Milestone 2 and thereafter.

The representatives of each City went to the UIA and UTOPIA Boards and presented their City's position on moving forward. He stated that there were five cities, including

Murray that opted not to go forward with Milestone 2, and six cities that decided to continue on. Murray has met with the four other cities that opted not to continue and also met with those cities that decided to move forward with Milestone 2. The five cities that opted out were put in a position of where to go from here. Those cities that opted to move forward were also put in a similar position waiting to see what Macquarie will do. Macquarie will determine if they have enough critical mass to move forward with the six existing cities. They will have to present a new proposal with a new utility fee, and that may influence the cities also. Those cities will have to determine their position once Macquarie decides the new utility fee and the parameters of Milestone 2.

Those cities that opted out and are not continuing in those discussions are attempting to come up with their own solution. Some cities had other companies that they thought would be better and others were trying to do it in a different way. Mayor Eyre stated that Finance Director, Justin Zollinger, had come up with a concept that may work. Mr. Zollinger presented this concept to other cities also and received favorable input. He asked Mr. Zollinger to present the key points and the Mayor would show the numbers on the overhead. He said that this is a discussion of this new revenue option for Murray, but also with regards to operating expense to keep UTOPIA viable to a certain point. He isn't proposing continuing to pay operating expenses indefinitely but only those that would keep the doors open and the lights on for the 2085 customers in Murray.

Mr. Zollinger said this proposal is a culmination of many people's ideas coming together, and fits within the limiting factors that exist. He said Murray prefers not to keep providing money to UTOPIA on an ongoing basis. He said Murray would prefer UTOPIA to become sustainable, and not need continual support from cities.

Mr. Zollinger explained he was working one evening and had some ideas and began writing up a proposal. He then gave it to some pretty good business people to poke holes in it. There have been different people, including those within the City, that have made suggestions and tweaks to the proposal.

Mr. Zollinger said intense focus was needed on operational sustainability. He referenced Macquarie's report that stated that "The majority of capital raised was devoted to building the network core and trunk line. There has never been a focus on revenue." As everybody knows, revenue is needed to sustain oneself. Macquarie also referenced that \$3,000 or \$2750 initial fee, and states, "while there has been modest uptake since the fee was established, this fee is prohibitive for end-users to connect." There needs to be a greater emphasis on the bottom line, stated Mr. Zollinger.

An additional necessary element is that the City focus and invest dollars on curb-to-home connections, to avoid the large connection fee. The City keeps control of the money and oversees it.

Mr. Zollinger added one disclaimer that this idea had not been fully vetted and doesn't mean the City is going to do it. In vetting it, it would go through a thorough legal review.

He added that one-time money generates ongoing revenue that would cover operational shortfalls. He proposed an 80/20 split with the ISPs (Internet Service Providers) that gives the ISPs more incentive to provide great service.

Murray would manage vendor build out. There would not be a thirty year contract, as was with Macquarie. He recommended a two year contract with a pro-rated portion of payback with the knowledge that money had been put into the property. In this case, the service can be turned off for non-payment. Nobody would say that wasn't fair because they were receiving a service, unlike the other proposed option.

There would be no data cap, or a data cap so large that it would never be reached.

All the new revenue would go to UTOPIA, not UIA. UTOPIA is the one with the operational shortfall. UIA is doing okay.

It was discovered that some ISP's are competing with UTOPIA and putting fiber right over the top of the UTOPIA line and pulling customers to their network. Everyone should be working together and not against each other, so there would be a non-compete agreement established.

Mr. Zollinger stated that the connection cost of \$2,750 is just not working. He at first tried to reduce it to about \$1,100 or \$1,200, with the idea that the City would pay \$800 and the customer pay \$300. A friend looked it over and said that still would not be a competitive rate; the competitors offer either a \$50 or \$100 connection fee. Mr. Zollinger then tried to evaluate what makes up the \$1,100 connection fee. He talked with a contractor that actually installs fiber at a University. He asked him for a breakdown of the cost for fiber, fiber fittings, etc. for curb to home installation. The reply was that the fiber cost is about 44 cents per foot, on a 200 foot line. There needs to be two fiber fittings on each end and they are \$10 each, so \$40 for fiber fittings on a 200 foot line. The trench is a soft estimate of \$100, and the conduit would cost \$50. The actual equipment that UTOPIA uses costs \$200, which is also a retail number and could be less. The estimate for labor is approximately \$272, considering it should take 2-3 hours to install. The total cost for installation is \$750. There was also an uninterruptable power supply that was previously \$80, but that isn't necessary unless someone has a voice override P phone. He would like to strengthen those numbers even more with the help of the Mayor and Council Member Brass.

The overhead installation costs may be even less, but that is less vetted than the underground installation.

Mr. Zollinger stated that the City could set a goal to add 500 users to the UTOPIA network using the current ISP's. If the City paid \$700 for 500 customers, it would total \$350,000. Although that is a lot of money, UTOPIA initially asked for \$400,000 per year to help with operational expenses, or currently \$70,000 per quarter.

He said if the City were to offer a 10 Mbps connection, symmetrical up and down for \$34.95, the payback for the initial investment would be 25 months. He tried to project out what the revenue would be. There is something called the technology innovation adoption lifecycle, which he used to determine the average revenue generated per customer. The number used to project revenue was \$44.80. The proportionate revenue per customer amount of \$44.80, then multiplied by 500 customers provides new monthly revenue of \$22,400. He noted that he is receiving bills from UTOPIA asking for \$23,611 per month. He would much rather find a long term solution to help them become viable. If the monthly revenue of \$22,400 is multiplied by 12, the total is \$269,000 annually of ongoing revenue.

He noted that it is a solution that might work; it overcomes many barriers to entry that the current system has. He added that there are many things, legally and operationally that still need to be worked out. He said it is always good to start with numbers and if the numbers don't add up then it isn't going to work. It is also the Murray way to do things. Citizens have asked why Murray isn't doing more to run this system. This is a little of the Murray way, while keeping UTOPIA intact.

Mr. Zollinger said he presented this proposal in a very basic form to the other cities. Chairman Hales asked what their response was. Mr. Zollinger said they seemed a bit surprised about a solution coming from Murray. They seemed to think that Murray was just against UTOPIA completely, but rather Murray has been looking for solutions for a long time. He added that he had only presented to the five cities that opted out of the Macquarie proposal.

Mayor Eyre added that the City was fortunate to be able to host the meeting with the four other Mayors of the cities. He said the meeting lasted over an hour and they were able to vet different ideas. It was the first they had heard about this proposal but also allowed the others to hear where Murray was coming from regarding the OpEx (operational expenses). It changed the attitude of the other cities regarding their feelings towards Murray. Murray was willing to stand up and have its own plan, and also work with the other cities. It was a real cooperative thing that transferred to the following meeting with all the cities. When meeting with all the cities, tensions were quickly diffused and the attitude of us versus them dissipated. They realized that all of the cities are just looking for different options with a common solution. This proposal was very well received added Mayor Eyre.

The big differences were that the attitude has always been towards build-out, and this option puts build-out secondary to adding revenue. The revenue gained will help with the build-out at an appropriate time. He added that under Mr. Zollinger's proposal of adding 500 customers, it still leaves the City with an operational shortfall. If the City gets 720 residential customers, it is an absolute breakeven.

Currently, Murray has 2,085 UTOPIA customers, both residential and commercial. Of the 2,085, there are 1,184 previously connected customers. The system is still installed in their homes, but they are no longer a customer. He referred to that as the "real low hanging fruit". Either the original customer has moved away or they chose not to continue the service.

He added that in the City of Tremonton, there has been one connection, even though they are at 95% build-out. The reason for that is the expensive \$2,750 connection fee. This proposal reduces the major barrier to the connection fee. He believes many more people will be interested in the service without the deterrent of the \$2,750 connection fee. He believes that even UTOPIA representatives were overjoyed at the idea that a City would come up with an idea that would bring them customers. He added that Murray cannot afford the marketing department of UTOPIA and it has underperformed in the past.

Mayor Eyre added that the GIS department has created maps showing the addresses of every single person that is connected and was previously connected, as well as the addresses of the responses from the survey. From a marketing standpoint, Murray has

an unbelievably valuable resource to approach those residents about connecting to UTOPIA. Murray would like to see UTOPIA work, not only for the 2085 current customers, but also for those that want the service but cannot afford it. This is contrary to the model that Macquarie proposed that had everyone pay for the service whether they want it or not. This proposal will reach the people that want the system and see the value of it, and pay a competitive, if not advantageous price for it.

Mayor Eyre said that all of the ideas have to go through a thorough vetting system. He is aware of the emotional ups and downs from the Macquarie proposal and said there will be ups and down with this idea also. He said if Murray doesn't start creating a solution, then someone else will control Murray's destiny. He stated that he believes this is a brilliant idea that is worth consideration.

Chairman Hales noted that it amazes him how so many people don't know that Murray is still on the hook for about \$2 million a year for another 25 years. He said it would be wrong not to look into this option. It would be irresponsible to not look for a better solution, he added. It is impressive to hear this proposal from the Mayor and Mr. Zollinger and he appreciates their efforts.

Mayor Eyre added that he hopes the citizens of Murray really appreciate that 5-0 vote by the Council. He added that unlike many of the other cities that voted either for or against Macquarie, Murray had a united Council. The united vote stated that Murray would not put this on the back of every citizen in the form of a tax or a fee. The easy thing would have been to hand it over to Macquarie and be done with it. The Murray City Council chose not to take the easy course and had the backbone to stand up for the citizens of Murray.

Ms. Turner said she was impressed with this proposal and asked where it goes from here. Mr. Zollinger said there is some uncertainty and it needs to be reviewed by the legal department. Mr. Nicponski said there are entire companies, such as Centurylink with accounting specialists, marketing departments and he would like to see some private sector consultants vet this also if this is the chosen path. He appreciates the time and efforts put into this.

Mr. Nakamura added that there are limitations under State law, and that will be looked at very closely to determine compliance. The proposal will be scrutinized, but the basic understanding of UTOPIA remains the same, that any ISP can use it on an equal access basis. The model is that any of those private entities can have open access on equal terms.

Mr. Zollinger added that the Murray way is that Murray operates things well and finds better ways to do things.

Mr. Camp asked if everyone was waiting for the next UIA/UTOPIA meeting to determine what Macquarie was doing. Mr. Zollinger said he believed Macquarie was going to respond within two weeks after the vote, but it isn't on the next agenda and he hasn't heard anything.

Mr. Zollinger recommended that Murray pay a portion of the operational shortfall to keep UTOPIA running, in order to make the changes and give the City options.

Mayor Eyre said that the five cities determined to keep working on these things until the end of July and by the end of the month, everyone would know where all the cities are going with OpEx and how long UTOPIA would remain viable. They also agreed that by then Macquarie would have responded.

Mr. Camp stated that part of this discussion included a memo from Kirt Sudweeks. In the memo, he discusses cities paying January- March expenses, but yet attached an invoice for July-September. He asked if they were expecting both payments. Mr. Zollinger replied that they while they would like both payments, they probably aren't expecting both. Mr. Zollinger stated that he has been pretty clear that the prior payments were not budgeted for and the plan isn't to go back and pay. Mayor Eyre said he has spoken with Mr. Sudweeks and discussed what would happen if the City didn't go back and pay. Would the amount remain at the negotiated reduced rate of \$23,000 or revert back to the original \$33,000 and what would be the consequences, asked Mayor Eyre. He said that UTOPIA needs to get as much as they can and are asking for as much as they possibly can and hope to get all or a portion of that. He believes that if the Council presents a check with a proposal of what they are willing to pay, that they would accept the check. He said the Council needs to determine the appropriate amount. He added that if the Council decide not to pay in arrears back to January, then possibly the amount of allotment going forward might be increased to compensate for that. The payment would begin July 1st and go forward, but he added that there would be a bookend to that agreement. He believes the other cities have also put bookends on their commitments to support UTOPIA.

Mr. Brass said he understands that need to look for options and that requires the network to remain viable for a period of time. He stated that the Mayor was correct in saying that the philosophy of UTOPIA has been all about the build-out and that has proved to be ineffective. He re-stated that Murray has no obligation to pay OpEx as it was never part of any agreement. His concern with paying the OpEx is that he would like to see the build-out philosophy changed, so that more money isn't thrown into the proverbial black hole. The other concern is that Murray is receiving criticism because they are not paying the money and Murray has played along with the game for a decade, and as a result, is more than \$350 million in the hole, with no fault of our own. He would like to control the destiny of Murray also and not throw money away.

Mr. Nicponski struggles with the public sector getting involved in the private sector arena. He commented that the proposal on the board might look good, but he doesn't know if this is the City's element or if it should remain with a private sector company that is beholden to stock holders to succeed.

Mr. Camp noted that the Chairman of the UTOPIA Board declined to discuss the ramifications in a public meeting, but agreed to send a letter. He asked if the City had ever received a letter. Chairman Hales said he hadn't seen anything and agreed that he was adamant about acting quickly, but has yet to respond. He added that the Chairman of UTOPIA Board has been busy with other issues.

Mr. Zollinger commented that he agrees with the comment from Mr. Nicponski about the public vs. private sector, yet Murray is in this spot now and owes a lot of money. Mr. Brass agreed that Murray has to look at ways to fix the problem. Mr. Camp agreed with Mr. Brass and said the City cannot just keep doing what they have been doing. Mr. Brass said these numbers in this proposal would be verified by a non-interested third

party and ensure that they are real numbers. Mr. Nicponski commented that was a wise thing to do.

Mayor Eyre added that it would behoove everyone to stay well informed on this issue during the interim of the Legislature. He said he has an incredible staff that is watching the Legislature during the interim because they could make important changes in January. There is both a legal and a legislative element involved in this, he added.

Chairman Hales thanked the Mayor and Mr. Zollinger for their hard work.

He asked for a five minute break and asked Mr. Hill to meet with some of the residents that just arrived about the bicycle lanes.

Business Item #4

Discussion of a Financial Request for the South Valley Boys & Girls Club- Justin Zollinger, Mayor Eyre and Bob Dunn

Chairman Hales welcomed Bob Dunn, the President of the South Valley Boys & Girls Club.

Mayor Eyre commented that he had sent an email to the Council with this information, and hoped that would answer some questions, and also Mr. Dunn has a packet to hand out.

Mr. Dunn said he appreciated everything the City has done in the past. He said he had three Board Members with him tonight. Jackie Muterspaugh, G.E. Capital, has been on the board for about two years and sponsors a financial literacy program at the club. Sam Melonas has been on the board for about six months but has been involved with the Club for about ten years. He has helped with marketing and graphic design, particularly with the golf tournament, the yearly gala, and most recently the 5K run. Chris Hayes, Midvale Mining Company restaurant, has been a board member for 22 years, three times as Chair.

Mr. Dunn said the Club serves the most at risk kids in the community. The Annie Casey Foundation released a study showing that minority kids are faring far worse than their white counterparts. The Murray Club has 45% of the kids are minority kids, and 85% are low income kids.

There was a study done by the Public/Private Ventures Group that showed that kids who attend a Boys & Girls Club at least 105 days a year, are twice as likely to graduate from High School.

The Murray Club is open 70 more days annually than the district schools. They are open 12 hours a day in the summer, and also 12 hours a day for the childcare program. They are open 9 hours a day for the other programs. The kids most at risk in the community are receiving the services and having amazing results.

The Murray Club did a study that showed that those kids that attended three times a week increased their grades and test scores by 30%, those that attended 105 days a year increased their grades by 73%, for a total increase of 43%. The goal is to get the young kids to remain on their grade level, and that leads to graduation. He strongly

believes that it is money well spent. More kids are staying out of trouble and graduating. He told a story about a student named Michael that is at the club every single day, despite very difficult circumstances. He said there are thousands of similar stories.

He said the Club has partnered with NAMI (National Alliance on Mental Illness) to help with mental health issues and extreme behavioral issues. They work with the parents of the children as well.

The Murray kids alone did nearly 6,000 hours of community service, including 600 projects.

He said summer brain games are offered so that the students don't fall behind in the summer.

He invited the Council to visit, although it is very hot currently, with problems with the swamp cooler.

He believes the Club has more influence on these kids than the schools do.

Chairman Hales asked how many volunteers the Club has. Mr. Dunn said there are probably hundreds. There is a group called Graduation Alliance that comes every day and helps with Power Hour. The Murray Fire Department helps with different things also. There is another group called No More Dropouts, and the Online Virtual Academy that come over and help out. The local colleges and universities send students to help out also. Many of the board members' children have volunteered, as well.

Mr. Camp asked if the Thursday 10:00 am tours are still happening. Mr. Dunn replied that they were and he would love to have them visit anytime. He said alumni often come back and visit. He said that two weeks ago, Patrick Ewing Jr. attended the club and came with his wife, a Murray resident. He came and played with the kids for two hours, and it was an amazing experience. He added that tomorrow some of the kids are going to Primary Childrens Hospital to meet Derek and Julianne Hough, the famous dancers from Utah.

Mr. Dunn said he wanted to reply to the question of money saving efforts. He said there have been cuts to the retirement program, and there is no cell phone or mileage reimbursement plan. Mr. Dunn said he has traveled with the Club to attend conferences which he feels are very important, but has not charged the Club. He pays for the travel himself.

The Club began a 5K race last May and complimented the Murray Fire Department for their contribution. They are also asking for a large TANF (Temporary Assistance for Needy Families) grant. Murray is the largest Club so it has good potential, but grant proceeds won't be known until November. Pre and post tests are done, which are part of the requirements for the grant. They were able to get a matching grant from the Department of Workforce Services, which was used to enhance or grow some of those programs, including the addition of the two new schools served.

There is a very active board with 18 members. There are two open positions and he would love to have someone from the City, whether it be a representative from the Council, Police department or, Finance department sit on the board. The board meets

every other month, and once a month with different committees. He added that Mayor Seghini from Midvale sits on the board, as does former Mayor Pett.

Mr. Chris Hayes added that if the Club had to replace Mr. Dunn and hire someone from outside the organization, it would be impossible. The Club doesn't have the funds to do that. He said that Mr. Dunn works tirelessly for the kids and for this organization. He has recruited a lot of board members to help him.

Mr. Hayes started the golf tournament 19 years ago from scratch and it raised \$1,200. In 2007, it raised \$43,000 net profit. Over the years, this golf tournament has brought in over half a million dollars. Countless things are done to bring money to this organization he added. He spent ten years with the Murray Club before opening the Midvale Club.

Mr. Hayes stated that this organization saves lives. This gives kids a meal that they many not otherwise get, especially in the summer time. They teach the kids basic things, such as how to tie a shoe. This program shows kids how to get from point A to point B and become a grownup. Many of the children's parents are incarcerated, or single parents that have to work. There are many kids that have no place to go after school. He is proud to be a part of this organization and said that Murray has been a "giant or the mother ship" over the years. He thanked Murray for all their efforts and money donated. He said many attempts at raising money are occurring, such as turkey days, Christmas programs, etc.

Mr. Dunn handed out a list of comparable salaries, including his salary of \$62,650.

He stated that Murray is the oldest and the largest Club in the State. Last year, the Murray Club received \$42,000 in grants, \$30,000 from a State grant and \$12,000 from a Federal grant. At the same time, Midvale received \$276,000, and Kearns received \$151,000 due to the income levels in the community.

Murray is receiving two new busses to pick up the kids in the low-income pockets. Every program is divided by the overhead and it is economics of scale. There is a huge insurance bill attached to every new program, but the grant pays 1/9 of the insurance liability bill and brings money in also for accounting and overhead costs. Often times, staff is pulled from other programs to help out.

Mr. Dunn referred to the profit and loss statement that he had included. In 2012, there was a negative balance of 131,000 for the organization, including a depreciation amount of about \$80,000 to \$90,000. Last year, there was a positive balance of \$348,000. This year, it looks like a negative balance of \$200,000+, including depreciation of about \$85,000. Over the three year period, it equals about an \$18,000 difference.

Every year the Club receives a grant from G.E. Capital, and that is still coming.

There is a current cash flow problem. The busiest months of the year are June, July and August and the Club is open all day long. Many of the grants are reimbursable and not received in a timely basis, and the money has been spent. The Club tried to get a loan but the situation with the lease makes it difficult. Numerous times he thought the bank had a loan ready but it fell through. These are the reasons that he has to ask for one-time money from the City. He is aware that it is a big investment, and appreciates the support from the City, but feels like it is a great cause for the City.

Ms. Turner asked how much money the City had given so far. Mr. Zollinger replied that it was \$118,750, and that is the same number given annually. She asked if they were a line item on the budget. Mr. Zollinger replied that was correct, as a non-departmental item. Ms. Turner replied that it was a lot of money. She understands that the Boys & Girls Club is important. She ran a non-profit agency for five years and is aware of the difficulties. She had an organization that used horses to work with at risk kids and also worked 15 years in the juvenile justice system. She understands the value and importance of the program. She said that when her non-profit organization was short on funds, programs were cut and salaries were skipped. It is tough working for non-profit groups. At times, the belt really needs to be cinched in. She asked how often the Club is audited. Mr. Dunn replied that every year the Club is audited. He distributed a staffing document with employee salaries, minus the names. He added that they have 57 YDP (Youth Development Professionals) and the Murray Club has about half of those (25).

Mr. Nicponski asked how many kids the Club serves. Mr. Dunn replied that the lowest number has been 319 and reaches to 400. The Club is open 12 hours, so when the number of staff is divided, it is about a 1 to 15 ratio. He said there are 25 YDP's, not counting himself. The Program Directors are making about \$24,000, versus \$30,000 in comparison for persons with college degrees. The Director of Operations makes very close to what other non-profits make. There have been cuts made in retirement programs, reduced hours, and other cuts. Mr. Hayes replied that the Board came close to shutting the doors on Fridays but didn't want to do that. He noted that the Board meetings were tough a few years ago, but everyone stayed and battled through it. He commented that nobody is getting wealthy, and just doing it because they are good people. Mr. Dunn said that basically all the benefits have been cut, but some of the grants require certain things.

Mr. Pasker added that the Club receives grants and extends expenditures for the kids. The staff will go without a paycheck for three to four months, then a recession occurs, and the bank won't give a loan. One of the board members made a motion to stop attempting to get loans through banks, it just isn't working. That was seconded by a board member. Mr. Pasker stepped up as Plan B. He helped cover salaries three times last year, and one time this year. There hasn't been any money for increases or healthcare. He remarked that it is at the bare minimum. He said there was one accounting about seven months ago that was in the black. Mr. Dunn said it was about the first time in five years, and the Club would probably be even at the end of the year. He said it has been a tough struggle and the Club could use some help.

Mr. Brass remarked that he has been involved in one way or another with the Club since he was elected on the City Council. He noted that he and his wife, Jennifer are picky about who they donate money to, and they have given a lot of money over the years to this Club. He added that this is Murray's Club and is different from other Boys & Girls Clubs. Murray started and formed this Club. He added that Mr. Dunn was one of the kindest, most honest men he has ever met. Mr. Brass noted that he has paid for golf foursomes, banquet tables, 454 Club, and an electrical outlet, added Mr. Dunn. He said this organization adds value to the City. He estimates that it costs \$4,500 to educate a child and \$50,000 to \$60,000 to incarcerate one. Anything that can be done to keep the kids off the street and out of trouble is well worth any money given. He added that although \$200,000 sounds like a lot of money, this is a bargain. He cares deeply about this Club. He added that Mr. Hayes donates countless prime rib dinners to the Club. He

said the Club does a lot with the money that they have. He knows that Mr. Dunn has gone without a salary and that is family gives personally to the Club. He believes this donation is something that the City must do.

Mr. Nicponski said he struggled with justifying more money going to this Club when there are many non-profits out there that could use it also, but he stated that kids are always number one with him. He agrees with Mr. Brass that this early intervention can make a huge difference in the life of a child. He believes the City cannot afford not to support this motion.

Mr. Camp asked if this donation would be eligible for a matching grant. Mr. Dunn said he has been trying to get a firm answer on that. The last response he heard was in May that it was possibly eligible. Since then, Senator Shiozawa has worked on this and hasn't been able to get an answer yet. Mr. Zollinger said that it qualifies as far as the requirements of the grant. The criteria is that it must be General Fund money, which it is, stated Mr. Zollinger. The question might be when it qualifies.

Ms. Turner commented that it was a wonderful organization and that Mr. Dunn does a great job. She believes that she owes it to her constituents to do some due diligence before committing.

The Council thanked Mr. Dunn for his presentation and the consensus was to move forward with the Public Hearing.

Mayor Eyre added that he failed to answer one question about why the Club would choose to expand to new schools when they are struggling financially. He said the answer to that is that it helps qualify for some of these grants.

Chairman Hales adjourned the meeting.

Council Office Administrator II
Kellie Challburg