



MURRAY CITY MUNICIPAL COUNCIL AND CITY ADMINISTRATION RETREAT

The Murray City Municipal Council met with the City Administration for a retreat on Monday, April 16, 2012, in the Murray City Center, Council Chambers, 5025 South State Street, Murray Utah.

Members in Attendance:

Jim Brass	Council Chair
Dave Nicponski	Council Member
Darren V. Stam	Council Member
Jared A. Shaver	Council Vice Chair
Brett A. Hales	Council Member

Others in Attendance:

Michael D. Wagstaff	Council Executive Director	Dan Snarr	Mayor
Janet M. Lopez	Council Office	Jan Wells	Mayor's COS
Frank Nakamura	City Attorney	Doug Hill	Public Service Director
Tim Tingey	ADS Director	Gil Rodriguez	Fire Chief
Pete Fondaco	Police Chief	Blaine Haacke	Power General Manager
Michael Williams	Court Administrator	Mike Terry	Human Resource Director
Justin Zollinger	Finance Director		

The meeting commenced at 4:05 p.m. Ms. Wells mentioned that there were a couple of pertinent agenda items to go over and she had agreed to lead the discussion giving everyone an opportunity to speak. She would try to keep the dialogue moving as necessary.

Strategic Plan Implementation and Prioritization – Jan Wells

A considerable amount of time has been spent in the Strategic Planning process. To move this forward a follow up discussion was suggested to determine how to implement the strategic initiatives. Ms. Wells directed everyone to find the chart of “Committees for action plans of the Strategic Plan.” This packet is a summary of the Initiatives and Key Performance Areas that were agreed upon in the Strategic Plan (SP). The administration has had some internal discussions on this and they wanted an opportunity to talk with the Council to see if they are on the right track on moving these forward. There is no intent to be presumptuous; however, they just wanted a place to start.

Ms. Wells said that some committees and sub-committees have been formed that could be used to help the City move forward on the initiatives. She welcomes ideas, thoughts and suggestions.

Mr. Stam said that he noticed the Benefits Committee is listed as a participant on one of the focus areas. Looking at possible new committees, he asked if existing advisory board committees could become part of this. Ms. Wells said that those are the kind of discussions the City will want to have as they go through this; it is not comprehensive or complete, just a place to start.

Ms. Wells began to review the seven different areas.

Financial Stability – A list of the tasks involved is attached and she mentioned that it made sense for Mr. Zollinger to be the chair of that committee. She thought a Council member with a particular interest who would want to participate. It was talked about during the SP process that there might be residents who would want to be involved and staff to help. She asked for thoughts on that.

Mr. Shaver noted that because this was specific to finances, his recommendation would be that either the Council Chair or one of the two budget leaders be involved due to their work with Mr. Zollinger on a regular basis.

Ms. Wells said that it was her assumption that as a Council they would select which of these they want to participate on. She understood Mr. Shaver's suggestion on the Finance area.

Mr. Tingey suggested that the City's financial advisor should be part of this committee. Mr. Brass liked that idea because it is important to know what the bonding room is and where the City stands on certain things so they would have the person who could speak to that. If you are looking for initiative priority Mr. Brass said this would be his number one priority because all else stems from the money. Ms. Wells agreed with that suggestion.

Mr. Zollinger stated that one thing that has changed for governments and private companies is an audit committee, which could talk about this as well. In the early 2000s this was implemented due to all the fraud going on. He thought possibly an audit committee for this instead. You would select the auditors, review the financial statements, and could almost combine the budget into the audit committee, as well. Mr. Brass said there are provisions in the Council Rules that may prevent that.

Mr. Wagstaff asked if this is outside of the annual audit. They would present the audit findings to this committee and in addition to Council. This is one of the things Mr. Zollinger was picturing for this. The committee would meet once a quarter. Mr. Shaver said that he sees that inverted. The auditor reports directly to the Council and bring it back to the finance committee as part of the discussion. The other way the audit committee hears it first and then it comes to the Council. Mr. Zollinger confirmed that, adding that two Council members would be on the committee. Mr. Shaver did not understand the concept or the purpose. Mr. Zollinger asked if he felt it would be filtered before going to the Council. Mr. Shaver stated that this committee is for financial sustainability not where the City stands. The audit is past not future. He feels the financial sustainability says where are we going and the audit says this is where we have been. Once we get the audit information it is late and there is no opportunity to adjust it or do anything with it. He would rather have it come to the Council and then to the financial sustainability committee.

Welcome and Thriving Business Climate – Ms. Wells noted that she has Tim Tingey as the potential chair, working with Council representation, staff, business representative and a Chamber of Commerce representative. Mr. Tingey agreed with a small or larger business representative.

Responsive and Efficient City Services – This area has three different initiatives with the first one being discussed a lot, City services. This would be to compile a City services review team and go through the steps suggested in the Strategic Plan.

Ms. Wells planned to go into depth in these areas after the overview.

Internal communications was part of that initiative, and the third part was a sub-committee of employee compensation and resource options. The City already has a benefits committee and Mike Terry is the logical person to head that area. If Council wants to be involved in that they certainly can, but this is just a sub-committee of Responsive and Efficient City Services. Mr. Shaver asked if her question was whether a Council Member wanted to be part of the Benefits Committee. Ms. Wells stated that is an option on any of the committees.

Engaged and Informed Residents – Ms. Wells suggested that Zach Fountain be the chair of that committee working directly with the staff public information officers (PIO), community outreach and Council.

Well Maintained, Planned and Protected Infrastructure – This comes under the Capital Improvement Program Committee with Brett Hales as chair. The committee as it stands right now could be adjusted annually if it is the pleasure of the group.

Safe and Healthy Neighborhoods – This is another area that comes under Tim Tingey's purview because it deals with zoning issues, housing and NeighborWorks. It could involve staff, Council and different housing groups involving residents.

Vibrant Parks, Recreation and Cultural Amenities – Doug Hill would take this chairmanship and is contingent upon funding the update to the Parks Master Plan. As Darren mentioned you would probably involve the Parks Advisory Board in this area.

Those are the groups and Ms. Wells asked for thoughts and input on the breakdown of these groups as a way to start.

Mr. Shaver asked what staff would be involved in the committee for Safe and Healthy Neighborhoods. Ms. Wells responded that it could be whatever support Mr. Tingey would like possibly involving police and fire. Angela Price as CDBG coordinator could be part of the committee.

Mr. Nicponski said that he feels what is being done here is excellent. He sees this as a generation of controlled information flow that is needed and he likes that it is a combination of the professionals in the City with Council representation. He does not want it to become a veto power that is normally Council decision.

Ms. Wells mentioned that there was an extensive list of Best Practice recommendations. She thought perhaps Mr. Wagstaff would like to chair that with her, Council representation and

staff. This is another one that would probably involve sub-committees as the work there is identified.

Ms. Wells gave credit to the department heads for suggestions and input on how to organize. This is a lot for one sitting but taking full advantage of the Strategic Plan is the desire to move the City where it wants to be.

The attached pages outline the initiatives and by seeing the tasks it may put things into perspective with the people suggested to take responsibility for particular areas. Ms. Wells asked how much flexibility should be given within the committee and shall the committee be allowed to prioritize. Some things may be very easy to take and accomplish quickly. Others may depend on policy that needs to be identified or finances that may not be in line quite yet. Do we want to give the committee the power to prioritize, decide timelines and evaluate which initiatives need to be first, with some happening concurrently?

Mr. Hill observed that, for example, with the financial committee, they have immediately the four tasks identified as part of the plan. The question then becomes shall the committee decide which tasks to work on first or do you want to give them direction on priority.

Mr. Shaver said that the first question he would like to ask is, "What is the reporting structure?" If the committee sets priorities and timelines where does it go? Who do they report to? Would it come to a Committee of the Whole meeting or to a staff meeting? He feels the committee should set the priorities and meet with Ms. Wells and then bring it to the Council at a Committee of the Whole. Ms. Wells agrees with that thought, allowing the committees to work and just as we have the boards report, maybe these committee chairs could come to another meeting to report their progress on the initiatives. This would keep everyone informed. Mr. Wagstaff said that using the Committee of the Whole to collaborate makes sense as this is a group effort.

Mr. Brass noted that once the committees move forward it can be decided how much information is needed. And if the committees don't have flexibility, then nothing will ever get done. Everyone has to trust in that happening and where Council members are involved, if you talk to one, then you talk to all. Council members will keep each other informed.

Ms. Wells suggested another option: to have committee chairs give a synopsis of meetings that could be sent out with Council communications. Mr. Wagstaff said that it could be random; just as committee chairs have something to report they could schedule time in a Committee of the Whole, leaving it the chair's responsibility.

Ms. Wells asked how the Council would feel about information coming to them in the Council Communications with major reporting done at a Committee of the Whole. Mr. Brass felt that would be a good idea, pointing out that this is new ground and we may have to learn as we go along. If we err on the side of more information that could not possibly be wrong. Mr. Shaver suggested if there were questions about information related in the Council Communications, then a report at the Committee of the Whole could be requested of that chair.

Mr. Nicponski gave an example of needing to know bonding capacity due to the urgency of giving an answer to the performing arts people. That is the kind of information that he sees these committees providing to the Council. He asked if budget needs, and adherence to budgets are the kind of things these committees would let the Council know. That was confirmed.

Ms. Wells proposed that the Council members take time to think about the committees and let her know which ones they would like to be involved with and then the chairs can begin to work with their committees.

Mr. Brass stated that each Council member has different interests and strengths. Mr. Nicponski said he would leave it to the Council Chair to solicit from the Council their desires and then let Ms. Wells know the outcome.

Along with this, Ms. Wells mentioned the other area that needs attention is to get the employees involved in the Strategic Plan and let them know of the focus areas, Mission, Values and Vision. They have some ideas to introduce it and make it fun for the employees to get excited about participation and helping to use this in everyday efforts.

Mr. Tingey inquired if everyone felt comfortable with the direction. It was confirmed that up to two Council members could sit on a committee without notice of the meeting, and some may have one or none.

Mr. Nicponski asked if the committee members would feel better if a Council member is there or would they feel less important if no Council member were in attendance. Ms. Wells said that she did not feel that made any difference. It is more up to the Council, their time and interest.

Mr. Hill asked if everyone were familiar with the Best Practice recommendations. There were several pages referring to this suggesting establishing a performance management system, establishing a centralized fleet system and clarifying the role of Chief of Staff. There are a lot of specific things that are not focused on any single department but more toward changing the structure of the City. Mr. Nicponski noted his excitement at having these guidelines and they should be prioritized.

Mr. Shaver mentioned that the Council is going through this, as well, setting up best practices for the Council on its issues. Determining how and why things are done.

Ms. Wells said that she would like Council members help on this and sees the use of sub-committees important here.

Fiscal Year 2012-2013 Budget Discussion – Justin Zollinger

Mr. Zollinger proceeded to show the Council the process the administration had gone through to get to the Mayor's level budget. The pages show the summary of each department's expenses and at the very bottom is the comparison from last year's budget to this year's budget including the revenue over expenses. This report gives a pretty good feel for where the City is.

Page One - This is as if nothing from 2012 has changed. There were some capital expenses from the prior year that caused some savings. Other savings are a result of the early retirement. The total difference is a \$2 million savings from the prior year.

To clarify Mr. Zollinger detailed that he is speaking of the 2012 fiscal year (FY) budget compared to the next years (2013) projected budget.

When you look at the revenue over the expenses there is a \$1 million surplus. This is a positive thing. The revenue is Mr. Zollinger's projection.

Mr. Zollinger pointed out that the Fire budget is down \$347,000 from the previous budget. Part of that is savings from early retirees. The same goes for police and some of the other departments. Mr. Shaver noted that we do not see the enterprise funds here. Mr. Zollinger said that most of his concern is in the General Fund.

Page Two – This shows the base budget with the retirement and insurance increases. The health insurance went up 8.5% and various percentages for Utah Retirement Systems (URS). You see on the bottom line that the City does have a surplus; however, it is not as much. This is a \$450,000 surplus showing a substantial decrease from the \$1 million on the previous page. He said the administration was hoping to use that for raises.

Mr. Haacke asked if the increase from URS is a dictated number. That was confirmed by Mr. Zollinger. Mr. Haacke asked if this was based on the Liljenquist bill. Ms. Wells said that the way they have planned to keep the fund whole was to have large increases for the next two years and then level it off over three more years. Mr. Haacke asked if it is based on the number of employees we have or salaries or is there a formula they use. Mr. Terry said it is a percent of salary. So everyone in the police pension is at 32%, instead of what they were before. Police are in one pool, fire fighters are in another pool and other employees in another pool.

Page Three - The next projection shows a 3% COLA (cost of living adjustment) for employees and a pay adjustment for compression. For example, an officer hired three years ago is being paid the same as an officer hired today, which we will try to remedy with pay adjustments. Three new positions are included here. That takes the bottom line to a negative \$345,000. Ms. Wells mentioned that the three positions are to replace retirees in police, and two in parks. Mr. Wagstaff questioned whether this takes into consideration changing the pay grade scale from 10 years to 20 years.

Page Four - The next scenario shows a 3% COLA, no pay adjustments, 3 new positions and an 8% fee in lieu of taxes (ILOT) across the board. Currently, the ILOT is 8.3% for water, sewer, storm and solid waste; and power is 6.8%. Making that standard is the idea. This puts us into a positive balance of \$384,000. This is the plan that is currently in the Mayor's level budget. There is no increase in training or operations, just the 3% and fee ILOT. There have been some requests for operational increases. They were requests to cover actual expenses. That surplus really could be used based on those requests. Vehicles are on the CIP (capital investment program). The only vehicles included here are the Class C vehicles. There were questions regarding the inclusion of benefits in this scenario. Mr. Zollinger stated that everything from each preceding page is included in the next proposal, except where it specifies that no adjustments are made.

Ms. Wells expressed that the requests for operational funds to get to where the departments expenses currently are come to about \$450,000.

Page Five - The final scenario has the 3% COLA, pay adjustments, three new positions and the 8.3% ILOT fee. The operational requests still are not included here. The revenue and expenditure difference here is \$151,604.

Mr. Zollinger stressed his willingness to work some other scenarios if there were additional ideas from this group.

Mr. Shaver asked Mike Terry to review the pay adjustments and years span that he had detailed in an earlier meeting. Mr. Terry stated that he had broken down the scale of employees by each year so that a two year person would be making more than a one year person and a ten year person would move to mid-point in the range. He has figured where each person would rank according to years of service.

Mr. Shaver said that in his mind the real discrepancy comes in fire or police where a one year person is hired at the same rate as someone who has been here for five years. That is where the real discrepancy exists, not in the people who have been here 20 years. He asked if it is possible to put in a pay adjustment increase for a portion of the employees and not all employees. He understands that the scenarios presented have increases for all employees. Mr. Terry said that they have retooled it so that people are only pushed out to mid-point. They have not gone beyond that. The scenarios presented by Mr. Zollinger have only included pay adjustments to the mid-point. Anyone already above mid-point would just get the COLA. So a ten year employee will go to mid-point and the other criterion is to be in their current job for 10 years.

Mr. Hales asked if there is a cap on the increase amount and he wondered if someone could benefit by thousands of dollars because of that. Chief Rodriguez stated that the compression issues are not just from the last three years. That has been an issue for a long time and that is part of the problem.

Mr. Shaver stated that he would like to look at the numbers if pay adjustments were given only for those employees in their jobs for the last five years. This would cover the last recession period, Mr. Zollinger noted. Mr. Shaver said that the numbers given were marvelous and easy to comprehend; however, there is only one option on the pay adjustments. Several options in ILOT and other areas, why not run three year, five year, seven and ten year pay adjustments. Then they can compare the savings.

Mr. Nicponski asked the Mayor his reasoning for picking the option that he decided upon. Mayor Snarr responded that it keeps the City in the black. Mr. Zollinger pointed out that it is a sustainable budget. He said the employees are being addressed, operational increases are being addressed, and capital is being addressed. Three of the major things to be achieved in a budget are being addressed, not completely fulfilled but being taken care of pretty well.

Mr. Hales confirmed that the budget being recommended was the 3% COLA, no adjustments, three new positions and 8% ILOT. He explained his understanding from conversations with department heads that they are concerned for their people. He asked what the feel is for getting a 3% COLA and no other pay adjustments. Chief Rodriguez replied that the compression is a big deal and he feels the problem will just be pushed to the next year. It has to be addressed sometime and he knows the money is tough, but his people are frustrated. At some point we push good people out the door. Mr. Shaver mentioned that it is also a morale issue for people who have been here for three years making the same wage as those just hired with benefits that have not improved, as well. Mayor Snarr remarked that it brings up the option of how to raise revenue.

Mr. Nakamura said we have the opportunity to discuss this at length and to resolve all the compression issues; however, the City will have to do it piece meal. We will start with the new people, entry level and not the highest paid people. These are generally the entry level fire and police and in all offices. We are not doing nothing, but just beginning to address these

issues. Mr. Terry stressed that if the City just does a COLA it does not begin to address the other issues.

Chief Fondaco understood the Mayor's viewpoint, but he feels the City needs to consider Mr. Terry's suggestion to look at pay adjustments from the mid-point down. Above that can receive the COLA only. The Chief has officers here for three plus years and he just hired two or three that came in making the same amount.

Mr. Shaver wants to hear from the department heads. He noted that there was a marvelous meeting with the employees; however, the trust factor between the employees and the Council present some challenges. He would like to do adjustments for the three and half year employees now, and the following year go up to five year employees and then up to the ten year employees. Seeing the regular increases in revenue is good, although, with the zero budget the City still has to do a swag to determine what the increase in tax rate will be. If the three and a half years were increased now, with the others to follow, what would that do to the employees? Would that help or make it worse? Chief Fondaco said that it will hurt the four to six year employees. Mr. Zollinger added that no matter what, someone will be unhappy.

Ms. Wells indicated that it would cost the General Fund \$263,000 to adjust to mid-point. Mr. Stam reported that from broader meetings that he has attended, other cities are trying to do something for their employees; although, some are only giving two percent. Have we considered the scenario with a two percent COLA? It sounds like that would allow the City to be at the same point with the three percent and no adjustments. Ms. Wells said it was something to look at. Mr. Stam said it benefits the younger ones the most and the older employees less with only the two percent.

Mr. Hales indicated his total understanding of Mr. Stam's suggestion; however, he insisted that a two percent increase comes across as nearly nothing and it will not help morale. He feels less than three percent should not be considered. Mr. Stam asked if that is true coming out of four years with nothing. That is the difference he sees; it is a time when two percent means more than usual with the adjustments for compression. Mr. Hales felt employees would disagree with that concept.

Mr. Nicponski asked if the City goes with the Mayor's recommendation of the three percent COLA with the compression adjustments, what the practical realities are. Would the City need other revenue sources to make it work? The Mayor replied that there are some suggestions and Ms. Wells said it is part of the discussion. Mayor Snarr said there are things some other cities do that he feels are reasonable.

Mr. Wagstaff asked if the \$263,000 is the cost of the compression adjustments. It was confirmed.

Mr. Brass said that the group has been presented with revenue issues and those alternatives and the costs need to be considered because the one thing that has been suggested is increasing the ILOT on power. We need to talk about the ramifications to power because our utilities keep our taxes low, however, if we sacrifice reliability to cover a budget shortfall then that impacts Murray businesses and everything. The power utility brings reliability and before he felt comfortable with that he would need assurance that it would not impact operations. Operations have been discussed everywhere else; he insisted the City not look at power as the City piggy bank. Ms. Wells said that conversation is on the agenda.

Mr. Hill commented that the operational costs, other than employees, are a big concern in Public Services. He added that he cannot continue to operate at the same level as this current budget. If all the money goes to employee raises, which he does support, with no adjustments to operational line items then he will not be able to operate within the budget. For example, Rocky Mountain Power costs for street lights have increased \$30,000, which will be short before the budget year starts. No money for overtime or temporary employees makes it simply impossible to operate at this level on an ongoing basis. He has a bigger concern of putting all the money toward employees and not addressing operational costs. He has let Justin and Jan know about that. The City cannot just discount the operational expenses.

Ms. Wells stated that this was the reason they decided on option four for the Mayor's budget. No one asked for fluff and she saw this as a way to cover actual expenditures that they know the City will be forced to spend. The compression concerns are well understood and she said she appreciates the discussion.

Mr. Nicponski appreciates that Mr. Hill is watching out for the residents that is important too.

CIP Committee – Ms. Wells explained that the CIP Committee has worked with \$3 million dollars. They have taken the requests from the departments and have made some recommendations for allocations that will be presented the next evening in Committee of the Whole for discussion. The three big issues that were not addressed were the City Hall replacement, Performing Arts Center downtown and the Hillcrest Junior High option. The City is at a point where some sense of direction must be prioritized.

The first decision is whether the City wants to be involved with the school district on Hillcrest Junior High options. The window for deciding is coming to a close.

The second priority involves the Performing Arts Center. Murray is in a process with the County, who is pressing for a commitment. They want to know if Murray will make a promise to bond for half of the money if the county gives us the other half the money. We must decide the priority and direction, because if we don't we may lose an opportunity.

As much as everyone thinks the new City Hall is the top priority, as far as timing goes it is really third. The second would be Performing Arts because of the squeeze from outside influences. As a group we need to discuss this.

Mr. Nicponski said it would be interesting for each Council person to give their priority. Personally, he would say no to Hillcrest Junior High, City Hall would be placed as number one and if there was money left, then he would put it toward performing arts center.

Mr. Shaver agreed with those positions with different reasoning. If Murray is told to do a bond for the performing arts center it is not a City choice; it must be voted upon by the public. He said that is not pressure on the City, it is not up to Murray officials. The citizens could say no. If yes, then the project could move forward if they wanted.

Ms. Wells asked if there were going to be a referendum, would he want it on City Hall first and then performing arts second.

Mr. Shaver said he believes there is a way to construct City Hall without a bond or with a limited bond. As a part of that committee he has discussed it with other committee members. If

we can do this and be financially sustainable, then it would free us to do a bond for performing arts.

Mr. Hill asked if we are saying that we withdraw our application to Salt Lake County for the performing arts center. We have to let them know by the end of April if we want any money from them. If it is not a priority, he does not want to be embarrassed by continuing to court the county. That would mean we withdraw the application.

Mr. Brass took this opportunity to talk with everyone as he had circumstances that prevented him from talking with his fellow Councilmen regarding this earlier. He received an email from the Friends of the Murray Centre for the Performing Arts (FMCPA) group about their meeting that occurred last Thursday. They wanted to know where the Council stood and he took the initiative to go and speak with them because Council members had talked at length about it and he felt he could accurately represent the Council. He told them bluntly that the City does not have bonding room at this time. He said we all support a performing arts center downtown; however, we can't commit to going into that kind of debt. If we have to come up with \$15 million it would mean a general obligation bond on top of the junior high school. He does not believe the citizens would vote for that and the City does not have room for bonding on sales tax. (Mr. Zollinger said that Mr. Matsumori confirmed that.) Mr. Brass told them the Council was disappointed in the presentation they gave because he was left with the impression that they kind of, maybe, had some people that might, if the situation was right, give some money, sort of. They now assure him that they have firm commitments for between \$4 and \$5 million making the City portion \$10 to \$11 million. He said that was interesting and if they decide to go forward, please talk with the Council. Mr. Chatterton said he would not reveal the donor's names. If you tell me you have these commitments, he will believe it, Mr. Brass explained. They honestly believe they have these firm commitments. He added that the City does not want another building that must be annually subsidized for \$800,000. Murray cannot afford that. He is concerned about the downtown because it all competes for dollars even if it is not the same market. As Mr. Hill said, a decision must be made. Mr. Hill confirmed that he is not trying to persuade anyone, but if that is the feeling, and it is what he is hearing from the Council, then he needs to tell the county not to consider Murray's application any longer. We have only two weeks to decide. Mr. Brass emphasized that we do not know our options right now.

Mayor Snarr said that timing has been difficult because of the pressure on the City to commit. Yes, we know we need a city hall and it will take several years to plan. His issue is that if someone buys into doing something downtown then we will convince people that the City is committed and wants to see it come alive and have something that will drive other developers. They will see the parking structure for multiple purposes. He sees the need for two of these options and has mixed feelings. It is a tough decision to make.

Mr. Hales stated that he has raised money his whole life and people drop out on commitments and it is hard to do it. He feels confused on which direction to go. When he hears two weeks to make a decision that is difficult.

Mr. Hill said that we have two weeks to make a decision regarding coming up with matching funds if Salt Lake County gives us money, but Murray has made this representation to them for over a year now. He feels that if we want to get out, this is a good time because he is not comfortable going forward if the City is not committed.

Mr. Hales asked Mr. Hill how he would feel if he were a constituent. Mr. Hill said that a performing arts center would do a whole lot more for the City and downtown than a new city hall

or the junior high. He would rather see the City make an investment in the downtown with a performing arts center because that creates many more economic development opportunities. Granted, it will be expensive, it will not pay for itself. If Mr. Hill had to vote for one or the other, he said he would vote for a performing arts center. Mr. Nicponski said the City would ask him to pay for one or the other. He continued that we would ask citizens to pay for the performing arts on a referendum and find another way to build the city hall. If we asked the citizens to pay for a city hall we would lose.

Mr. Brass added that he knows the citizens want something downtown. Mr. Hill understands the problem because it is a ton of money and he is not trying to persuade anyone, he just feels that we cannot keep telling Salt Lake County that we want their money if we really don't want the money. Now is the time we need to tell them if we are not in a position to build it. Or we are in a position to do it. Mr. Nicponski asked where else it would go. There are others who want it, Ms. Wells said. Cottonwood Heights and Taylorsville both have applications in.

Mr. Stam mentioned a couple of points. Russ Wall of Taylorsville said they built their city center with lots of property out in front to attract retail and they received no response. Finally, they installed grass in a large portion of it. He also realizes now that next week we could have an issue in the basement and have to be out of the building. He does not think that residents know that. If they knew that, and that we would not be able to provide the services they need, they would be pretty upset. It might change how they would vote. As a resident would you vote differently if you knew the consequences. Others added that people would not believe it. Mr. Stam indicated that he would probably agree with the other Council members on priority. He does not know if it will be a complete catalyst, but he does think it will have an effect. He does not feel we are in the same situation as Taylorsville because we are on State Street. He asked if the county would really have money to do anything in the next five to six years. Mr. Hill did not have the answer to that. Mr. Nicponski commented that things change at election time.

Mr. Shaver added that his answer to continuing to court the county is yes. There are so many variables that could change, so he says stay with the project.

Chief Fondaco expressed that he really has a problem with the performing arts center and spending \$30 million, because he feels that only government can spend \$30 million for a building knowing that it will cost a million dollars a year to keep it running. Only government can do that. No private company can spend that money knowing it will operate in the red. I have trouble because you say it will cost \$800,000 a year to operate and that means it will really cost \$1.2 million. That means \$1.2 million out of the General Fund, which is where he lives in public safety. Where will the \$1 million per year come from? Others agreed that was good input.

The meeting recessed shortly.

Ms. Wells resumed with a question to confirm what she heard about the Hillcrest Junior High project. Her understanding was that the City really is not interested in investing in the construction of Hillcrest.

Ms. Wells said regarding the performing arts center that we want to call the county's bluff and continuing pursuing the money to see if they award that to us. If they do give us the money, Mr. Shaver confirmed that the City is not encumbered in any way except to pay for a referendum bond election. If the citizens are willing to pay for it, then it can be done. Mr. Hill said that is the question, because he feels that this year Salt Lake County may move forward. They have already asked Murray to go to the TRACT Committee (Tourism Recreation Act) to make a

presentation. Mr. Hill believes the TRACT Committee will support the Murray facility because the Salt Palace Bond is coming off. They are going to have a ton of money next year. He believes they will decide to help Murray out with this project. If you are willing as a Council to put this on the ballot for our citizens to decide, then he feels we should stay in the game. If we are not willing to put it on the ballot for our citizens, then he says, let's get out because he feels it will damage the City's reputation and his own.

Mr. Tingey feels that the City needs to be proactive in getting this bond. There has been a lot of talk about downtown investment, the City has purchased property and in a lot of ways he has wondered when Murray would go out to bond to see what the citizens really think: whether it is for a performing arts center or a city hall. He feels we need to develop that plan and decide when to go on to the election. Mr. Nicponski said that the City needs to see how the recovery will pan out. He feels we should keep it alive and we need to let them know that we are also looking at a new city hall and we need to see how it plays out internally. There are some variables and we definitely want to do this; however, it may be down the road a ways.

Mr. Brass agrees with the Chief that we cannot afford to subsidize another building. But it could be an interesting attraction downtown. Another consideration is that plumbing is not the only issue in this building. If there is an earthquake City Hall will not survive and our public safety personnel, the police department, work here. That is something that we need, as we are ill prepared in this state for an earthquake. If you lose access to the valley, how do get the things you need to help. In a disaster are the people we need to help even going to be around?

Ms. Wells hears that everyone votes for City Hall as a number one priority; and the performing arts as number two but to stay on track with the county. Mr. Zollinger said that we will not be able to afford all that as the City will need revenue sources for each of the first two priorities. He is doubtful that the citizens would vote for two general obligation bonds. Mr. Hill agreed with that knowing that we really cannot afford it. He stated that it would be a relief to him to step back saying Murray cannot afford it. Mr. Stam said that we owe it to the citizens to ask them. Mr. Hill said that Chief Fondaco made a good point in that the facility has to be maintained every year.

Mr. Shaver recalled the University of Utah class that made a presentation on the operation of a performing arts center. He said that because of his expertise in this area he noticed so many issues in their numbers that were not addressed. Everything they talked about was conjecture: if we get this many days filled - if we can use it in this way - this is the money we will make. No one has made any commitment to use it. Tim and Doug have both said, we are either in it or we are not. Mr. Shaver thinks a formal vote of the Council should be made. We do not want Mr. Hill or FMCPA to be left in a precarious situation. We need a positive affirmation to go after it or dismiss it and back out the Murray application from the county process.

Ms. Wells said we might need a follow-up discussion on this.

Mr. Brass would still vote for a city hall and FMCPA was going to have a vote on whether to continue or not. That was supposed to be Thursday and we have not heard anything.

Mr. Nicponski said that, based on Mr. Zollinger's observations, we should proceed on a city hall and then a couple of years down the road, we can always worry about the performing arts and resurrect it if we desire.

Ms. Wells thanked everyone for the discussion and will tell the school district that the City is not interested in pursuing involvement.

Ms. Wells commented that the CIP for the enterprise funds will be in the budget when we get there. They are not part of the next CIP discussion.

Vehicle Replacement Policy - The Vehicle Replacement Policy is included with the other documents distributed. The CIP committee used this policy in determining what vehicles to recommend for replacement.

Mr. Shaver asked that the point system be explained. On the last page of the policy, the point system is explained.

Also, included is a list of the vehicles that could be replaced but the departments have not asked for all these vehicles. You will see the recommendations the next evening. This is just forming a standard so the vehicles can be tracked. Ms. Wells said that the policy is a starting place that Mr. Hill worked on and it is hoped that we will get to the point where it will be adopted. Adoption should be done before the budget is completed.

Operations - The operations budget includes about \$460,000 that has been requested.

Employees - Ms. Wells said she would run through some of the ideas for the employees. She asked for Council thoughts on these items. The salary increases and merit adjustments were mentioned by Mr. Terry earlier. Mr. Terry worked hard on the retirement system and health insurance increases, which were successfully negotiated from 11% to an 8.5% raise in premium.

Discounts - City employees have asked for some things at different times, one being discounts at the Park Center, outdoor pool and golf course. Mr. Hill worked up a proposal that offers about a 30% reduction for employees if they are interested in taking advantage of these things. Each is a little different: the golf course would give a senior fee with 15% off merchandise. The Park Center would give 30% off the resident rate and 50% off the daily admission. This is for entrance only. The outdoor pool would give a 50% discount. We don't feel it would cost a lot of money but maybe something that could be offered as a morale benefit. An ordinance would need to be approved to have that happen.

Tuition Reimbursement - Ms. Wells explained that there have been some requests to reinstate the tuition reimbursement, car pool payments and car allowances. Mr. Terry said that tuition reimbursement was formerly \$2,500, which was cut to \$1,200 a few years ago. Last year there were 16 employees taking advantage of that benefit for a total of \$17,600. Nine employees used the entire \$1,200 and seven did not utilize the full amount. If nine employees used the entire \$2,500 it would be an additional cost of \$11,000, assuming that these factors remain the same.

Mayor Snarr asked if those employees utilizing the tuition reimbursement must stay with the City for a certain period of time. Mr. Terry said that if you leave within one year of your last class, then the money must be repaid to the City. Mr. Stam said that if we raised the benefit, then the time should be raised to two years.

Alternative Transportation - In the mid 1990s the Department of Air Quality required governmental agencies to come up with an alternative transportation plan to try to get 20% of

employees to carpool, ride the bus, bicycles, or motorcycles to work. The City created an Alternative Transportation Rebate Plan that was eliminated with the economic crisis. Anyone that would use these alternative plans three times a week for a three month period would receive \$50 at the end of the quarter. The greatest benefit anyone could claim would be \$200 per year. The last time it was done was fiscal year 2010 with 39 people participating for a cost of \$5,600. The goal was to get vehicles off the road by using transportation other than driving yourself to work. The Department of Air Quality rescinded that requirement five years later. Mr. Terry suggested that if it is brought back then that amount should be increased as the \$50 per quarter would not even buy a bus pass.

There was a question regarding car allowances. Mr. Terry said they do not come through the HR office, but he was aware that allowances were decreased. That affected mostly department heads.

Safety Awards - The City formerly had a safety awards program for a calendar year that was discontinued in 2009, Mr. Terry related. If there were no at-fault vehicle accidents, no loss time injuries and no positive drug screens then an employee would earn a year-end safety award. The last annual payout was a \$15,400 cost to the City. Employees would receive a gift card to either Costco or Sportsman's Warehouse.

Dental Policy – Mr. Terry reviewed that PEHP increased health insurance by 8.5%; however, on dental coverage three options were offered.

Murray's current plan on the most common procedures is covered at 80% and the employee pays 20%. You always have a co-pay amount. This is the lowest covered benefit.

The second plan charges a \$25 deductible, which once that is met treatments are covered at 100%.

The final and best plan has no deductible and coverage is at 100%. These plans do not cover procedures like root canals where the employee will pay 50%, as is charged now. Our current plan has a waiting period of five years for major work, such as a tooth replacement. For other dental work the waiting period is six months.

The offer was a rate reduction of 8.4% for continuing the plan we are currently on, which nets a savings of \$23,000 to the City. The second option amounted to a \$15,000 to \$20,000 savings and the best plan would have cost the City an extra \$9,100. In a department head meeting it was decided to keep the current plan and take advantage of the \$23,000 savings. It was a split vote.

In conclusion, Mr. Terry reported that medical coverage increased 8.5% and dental went down 8.4%.

Mr. Hales asked if this is a benefit to the employees. The City pays 85% and the employee pays 15% so there will be a savings.

Additional Floating Holiday - Ms. Wells noted that the previous year the administration did add one additional floating holiday making the total three floating holidays because nothing had been done for the employees in so long. That made a total of 24 hours and they were told that it was for the one year only and may not be ongoing. The Mayor would like to leave this on if only the COLA is given in salary adjustments. Mayor Snarr feels that the work will still get

done even with the additional holiday. Mr. Hales said the floating holidays at the bank were a major thing and management did not feel like it cost a thing.

Revenue – Ms. Wells expressed that the Mayor has always wanted to do a street light program and it has been an ongoing discussion. He would like to charge a monthly fee to the residents; we already pay for lighting some of the streets in the old City area. In the new Murray area we pay Rocky Mountain Power for lighting. In order to do this we would like to do a citywide effort. We would have to work with Rocky Mountain Power and have them collect that on the power bill. It would be a pay for itself service, billed through Rocky Mountain. The infrastructure would have to be built on the east side. The Mayor said a certain amount would cover the power and the remainder would pay for the enhancements. They would have to give Murray a list of what is being done every year.

Mr. Shaver asked if Murray could supply and own the lamp and fixture and Rocky Mountain just supply the power. Mayor Snarr said that they do not want us to do any work on their infrastructure. If anything goes wrong they would hold us liable. Mr. Haacke said that Murray does not stock the same fixtures and standards.

Ms. Wells continued that to do this we would have to institute a citywide street lighting plan (make sure everyone had lighting) and then build the infrastructure. The other thing we could do is to pay for street lighting in the General Fund; we have had it in power before and it has moved back and forth. Mr. Zollinger said that currently we pay \$200,000 out of the General Fund for street lights. If we built a street light fee program we could match the cost with the revenue. This would take a lot of work to get in place and Ms. Wells admitted that she is not sure how much revenue could be expected.

Increase Property Taxes – Ms. Wells said this is unpopular.

Reserves – This is the possibility of using one time reserves for specific operation line item costs. For example, if we wanted to cover some training then we could put that in and then evaluate it at the end of the year.

Fees for Non-Profit Organizations – Ms. Wells stated that this had been talked about and she feels it is an untapped source; however, she does not know how to get there. Mr. Shaver asked if this would be a business license cost. She said it would be a little different, such as a fee for service or asking for some kind of ILOT. It is Intermountain Medical Center Mr. Tingey remarked. Mr. Shaver said you need to do it based on acreage. There are a number of different ideas, Ms. Wells added.

Power Department – Ms. Wells insured the group that the goal is never to use Power as a cash cow. The goal is to try and figure out the best way to help fund the City. They are part of the City and should participate like the other enterprise funds do.

Mr. Zollinger informed the group that prior to the UAMPS (Utah Association of Municipal Power Systems) payment the power reserve was at \$9.8 million. The UAMPS expense was \$1.3 to \$1.4 million, bringing reserves down to \$8.5 million currently. Mr. Haacke has worked hard to bring this reserve amount up. If anyone wants to see a possible explanation of why things have occurred and the difficulty in building reserves, then Mr. Zollinger would be happy to walk through the scenario. He has gone through this with Mr. Haacke and Mr. Bellon to come to an understanding as to why reserves have not grown as much as they would have liked.

Mr. Shaver asked if the enterprise funds have a requirement about the reserve amount. Mr. Zollinger said that it is the same as the General Fund at 18%.

Mr. Haacke takes ownership of the Power Department, even though everyone is in it together, as far as making the budget work; however, he needs to protect his interests. It would cost about \$500,000 to raise the ILOT amount to 8%. He would have to go back and look at the budget to make cuts. This is on top of the increase in ILOT last year; that was about \$350,000 to \$400,000. Mr. Zollinger said that in actuality it dropped last year based on the revenue. In the last two years he has had to come up with \$800,000, Mr. Haacke stated. He will have to go back and find ways in the budget to come up with that. Mr. Brass is right, it is based on revenue and that is frustrating when metered sales are down. July, August and September are his big months and if sales are down, he still has to pay the commitment to the General Fund. Mr. Haacke said he can come up with the money, 8% or 8.3%, however, it may mean some creative movement of backyard rebuilds put on hold or less money going into reserves. That is a big issue to him. When the last rate increase took place a few years prior there was a gentleman's agreement between power and the Council that \$500,000 would be put into reserve each year. He still feels that commitment. If it is okay with the Council that \$500,000 not go into reserves then it is okay with him.

Mr. Shaver noted the reduction of employees in power and he asked how much of a savings that produced. Mr. Haacke confirmed it was seven employees for about an \$800,000 savings. Mr. Shaver asked how things look based on that savings. Mr. Zollinger stated that he could provide that information. Mr. Haacke responded that he is planning \$1 million more in capital expenditures than the previous year. Mr. Zollinger said that it is all in the budget. His revenues are conservative and some good amounts are still going to reserves. With lower revenues, then lower expenses are budgeted. By operating that way all year long Mr. Haacke usually comes in below on expenses and this year power may come in above on revenue projections. Mr. Shaver commented that it is still a guess as to what it may be. You want to look at the numbers as best as possible.

Mr. Brass noted that last June was very cold and wet and power was not being sold for air conditioning which accounted for an impact in revenue. Now we are fortunate that natural gas costs are very low so overall power costs are very low. Years ago when California tried to game the system Murray power burnt through reserves very quickly paying \$100 to \$200 per MW and selling it for \$80, then money goes pretty quick and we cannot raise our rates to cover that. It is a balancing act. He does not want to see the City balance the budget and not keep up the infrastructure. The citizens will come apart if they don't have power or water or the ability to flush the toilet. We need to monitor that. For many years Murray's ILOT was pretty low and we are not asking more than other cities. This is every bit as important as roads.

Mr. Shaver added that the golf course needs a sprinkler system for a \$2 million investment. There is another possible bond. Mr. Shaver brought up the idea of the use of a grant writer as an opportunity to add revenue. Second, from a conversation with Mr. Stam and Mr. Wagstaff the City has services and expertise that can be sold to other cities. They hire someone to dig trenches and bury cable. If we have the manpower to do that, why doesn't Murray dig the trench and bury cable and get paid for it? Mr. Hill responded that we don't have enough resources to do it. Mr. Shaver suggested we create the resources, people or equipment, as an investment in the City, and also a revenue builder that can be utilized over and over. Midvale, Taylorsville and others are both building for UTOPIA and we could have a crew out daily making money for the City. Mayor Snarr said that for 14 years he has seen this battle go on at the Legislature every single year with allegations of crossing the line with private industry.

He loves the idea and believes there is money there. Mr. Shaver says that because UTOPIA is part of us and we are part of them, we are hiring us and the fact that we contract out to other organizations is only because we want to. UTOPIA is part of who we are. If we did that work for the City, UTOPIA has the money to pay us to do it.

Mr. Hill said that by state law we could only do up to \$180,000 for each project. Mr. Nicponski said that legislation dealing with that this year got stalled in the house but you don't know what it will trigger on Capitol Hill.

Mr. Zollinger made a last comment on the budget: he projected this year's sales tax to come in at \$11.85 million. Next year (FY 2012-2013) is the final year of the "hold harmless" agreement. Our budget is \$12.2 and we could cut \$200,000 but it would be a stretch and cause some grief. He wants everyone in the room to know that and when the "hold harmless" expires we are back at \$11.5 and Murray would be in a tough spot. Mr. Nicponski said that is another reason to tell the county that we will likely not be able to do anything.

Ms. Wells thanked everyone for their time and input. The meeting adjourned at 6:10 p.m.

Janet M. Lopez
Council Office Administrator