

CITY COUNCIL MINUTES
BUDGET WORK SESSION MEETING
JUNE 26, 2017 AT 6:00 PM

1. CALL TO ORDER

Mayor Bradley called the meeting to order at 6:01 pm.

2. ROLL CALL & CERTIFICATION OF A QUORUM

City Secretary, Susie Quinn, certified a quorum with the following Councilmembers present:

Mayor Scott Bradley
Deputy Mayor Pro Tem Sarah Fincanon
Councilmember Owais Siddiqui
Councilmember Chris George
Councilmember Betty Nichols Spraggins
Councilmember Don Reilly

Absent: Mayor Pro Tem Jennifer Berthiaume

3. INDIVIDUAL CONSIDERATION

A. Review and discussion of water and sewer rate recommendations. – *Chris Ekrut, NewGen Solutions*

NewGen Solutions Chris Ekrut explained that the City had engaged NewGen Strategies and Solution to review water and wastewater rates. NewGen completed the first comprehensive water and wastewater rate review in 2014 and last year discussed with Council the pass-through of the North Texas Water Municipal District increases and the importance of those increases. Chris introduced his colleagues Kim Bostik and Michael Sommerdorf.

Agenda for this evening:

- Review of policy directives (policy directives from City staff and from the budget - policy guides numbers)
- Projected financial performance (NewGen's recommendation at this time for rate adjustments going into 2018)
- Initial rate adjustment recommendations (discuss a series of numbers, not the final numbers)
- Discussion / further policy direction

Policy Directives:

- Budgetary Financial Policies
 - Rates based on cost of service study
 - Impact fees used where legally possible to fund growth
 - Revenue projections based on "normal" weather
- Reserve Fund Balance Policies
 - 15% of total expenditures target
 - Using 25% per city staff adjusted to remove North Texas Municipal Water District (NTMWD) contingency (NTMWD current contingency is about 30% on the water side)

Projected Financial Performance Key Assumptions:

- Test year costs based on FY 2018 budget

- Wholesale cost (water and sewer) based on latest NTMWD projections and included as a Pass-Through (a city component and NTMWD component)
 - Difference between the take or pay amount from NTMWD and the city's actual consumption is considered a City cost (contract contains "a take or pay clause" meaning that the city must pay for more water than you take from NTWMD right now, the demand always goes up never going back down)
 - Similar adjustment made to wastewater to reflect cost of infiltration & inflow
1. Explanation of water loss - water loss can happen through a pipe breaking, stealing of water, broken water meter or apparent loss can happen through record keeping. The average amount of water loss for the last three years is moderately significant, staff is constantly working to find leaks and repair the leaks. Staff has identified the geographic areas where leaks are occurring and reoccurring. Several areas have leaks, not just in the older part of city, but also areas near the Ranch and the Glenridge subdivision.
 2. Impact fees are mainly growth, not maintenance and it is in conjunction with the capital improvement plan.
 3. The "take or pay" amount from NTMWD and the city's actual consumption was explained and it is considered a city cost. In 2014, NewGen split the cost between the NTMWD pass-through and the city component of the cost. At that time, Council determined that they wanted the pass-through to be equivalent to the published NTWMD rate, the problem that the city has is that you pay for more water from NTWMD than you deliver to customers. Rates are a fraction, dollars divided by units. Dollars are the same but are billing for less units that makes the effective rate higher. The pass-through rate should be higher than the published rate but since it is not, there is a dollar amount that you have to recover that is not being charged through the pass-through (put on the City side, NTWMD cost but considered a cost to the city).
 4. Next was the explanation of city cost. The current NTWMD is 1.4 billion gallons, projected billed consumption going into 2018 is 927 million gallons. Metered consumption is about 960 million gallons that we are projecting, the difference (33 million gallons) is city use and water losses as the city itself does not pay for water. Multiple 927 million gallons by the published NTWMD rate for next year which is \$2.83 for the pass-through component rate calculates to generate \$2.6 million. "Take or pay" amount is 1.4 billion gallons multiplied by \$2.83 calculates to generate \$3.975 million. The difference between \$3.975 million and \$2.625 million is \$1.350 million.

Projected Financial Performance:

- Beginning Fund Balance - \$2.6 million
- Transfer to General Fund - \$875,000
- Projected Debt Scenarios
 - Series 2018 CO (\$5.355 million Principal)
 - \$4.005 million – Water
 - \$1.350 million – Wastewater
 - Scenario A – no series 2018 payment
 - Scenario B – series 2018 payment

Historical NTMWD Demand Comparison:

In a PowerPoint slide, one Chart stated "Demand (billion gallons)" for Take or Pay from NTWMD for historical years 2006 through 2017. Murphy sold less water than what Murphy takes from NTWMD. The graph highlighted the demand as an unrecoverable fixed costs but the cost has to be passed-through the rate somehow, as it must be paid.

Historical Billed Consumption:

On the next PowerPoint slide, the Chart stated historical “consumption (“000” gallons)” for FY 12 through FY 18 (projected). A decline in consumption due to water conservation and wetter summers occurred from FY 2014 to 2018.

- FY 2015 usage of 901,770 gallons (from October to May generated 45.24% of the total 901,770).
- FY 2016 usage of 1,000,566 gallons (October to May generated about 54.29% of consumption).
- FY 2017 usage of 524,890 gallons (from October to May),
- For FY2018 projecting 967,000 gallons.

Divide 524,890 by 45.24% for consumption would be 1,158,000 million gallons, therefore “water used” information for the last twelve (12) months was used to reflect the 960,766 projection for FY 2018 (a very conservative number). The next two months usage will be determined by the weather as to whether they will be dry or wet months. At the end of the day, the City still has to pay for 1.4 billion gallons of water from NTWMD whether the water is used or not used.

Historical Residential Water Rates:

Following that PowerPoint slide, the Chart reflected historical volumetric rates for the City, NTWMD and Totals for FY14 through FY17. City costs increased in 2014 but the amount has remained constant in 2015, 2016, and 2017.

Historical Residential Wastewater Rates:

The next PowerPoint slide depicted the demand charge decreasing from \$20.00 (in 2014) to \$18.00 (in 2015, 2016 and 2017). The reason the demand charge decreased from \$25.00 to \$20.00 for water and \$20.00 to \$18.00 for wastewater was driven by Council’s concern about affordability when the study was completed. A conscious effort to reduce that fixed portion of the water bill, shifted more revenue recovery to the volumetric side. In 2014, city volumetric rate projection was a negative number (\$-0.56) so it was increased to \$0.76 in 2015 and remained the same in 2016 and 2017. The NTWMD rate remained the same (\$2.26) increasing in 2017 to \$2.68 due to an increase difference in flow.

Cost of Water Operations: Total Cost of Water Operations budgeting \$3,975,513 was shown in the next PowerPoint slide.

Cost of Sewer Operations: In the next PowerPoint slide, budgeting \$1,750,045 for Muddy Creek Wastewater Treatment Plant (WWTP) and \$217,034 for Muddy Creek Interceptor which included a negative Impact Fee (\$-19,392) to offset the interest costs associated with the debt on the Muddy Creek Interceptor, this is a Capital Improvements Project (CIP), a legal use of the CIP funds. Total cost of NTWMD \$1,967,079 added to the Murphy WWTP of \$42,289 (a city cost that will need to be included next year). Total Cost of Sewer Operations \$2,009,368.

- Question: What is meant by stating Murphy WWTP is a city facility?
 - Answer: The South Maxwell Creek Parallel Trunk that the City is installing will belong to the City of Murphy. NTWMD had maintained the existing wastewater line but they will turn over maintenance to the City by end of this year, as it will no longer belong to them to maintain. There are some escrow funds (\$64,000) that the City will receive back from NTWMD.
- Question: Does any other city tap into that line?
 - Answer: No, only Murphy. The main sewer line that goes to the meter in Wylie off of Hensley Lane is where all of Murphy’s wastewater is directed. The Interceptor also goes to Wylie.
- Question: Why was NTWMD maintain the old line but will not maintain the new line?

- Answer: NTWMD constructed the original line by issuing debt to construct it and billed the City of Murphy directly. Currently, the City of Murphy is building our own line (South Maxwell Creek Parallel Trunk Sewer).
- Question: Is the old line staying in place?
 - Answer: Yes, the old line will remain active and will be maintained by Murphy, as both lines are necessary to handle the capacity. The Debt Service will be exhausted this year at NTWMD and the responsibility of maintaining the original line is passed on to the City.
- Question: Is the \$42,000 enough to maintain both lines?
 - Answer: No, probably not both lines. Staff will need to review and decide what the appropriate funds will need to be for next year.
- Question: What is the cost of maintenance charged to the City from NTWMD?
 - Answer: Staff is to provide the information to Council.
- Question: What is the approximate age of the old line?
 - Answer: Twenty years.

The following PowerPoint slides indicated the following:

Scenario A has no P&I payment increase. If rates only increase by the pass through amount, the water revenue budget totals \$5.9m and the expenditures budget totals \$6.6m with an **(Under) Recovery of (\$602,520) or (9.13%)**. Wastewater revenue budget would be \$3.2m and expenditures budget at \$3.7m with **(Under) recovery of (\$556,082) or (14.65%)**. The totals for both Water and Wastewater **(Under) recovery is (\$1,158,602) or (11.15%)**. The **parenthesis and red** indicate **negative numbers**.

NTMWD Increase - Scenario A: NTMWD volumetric rates for Water increase from current \$2.58 to \$2.83 for 2018 and for Wastewater from current 2.68 to 2.90 for 2018.

Increase in NTMWD Pass-Through

- Water increase: 9.69%
- Wastewater increase: 8.06%

Effective increase in total revenue

- Water increase: 4.02%
- Wastewater increase: 3.71%

City & NTMWD Increase - Scenario A: Example of an average customer who uses 10,000 gallons statement, the increase reflects a NTMWD component of \$4.66 and City component of \$10.58 or a total of \$15.24 monthly increase.

City Component Increase

- Water increase: 10.98%
- Wastewater increase: 25.49%

NTMWD Pass-Through Increase

- Water increase: 9.69%
- Wastewater increase: 8.06%

Total Effective Increase

- Water increase: 10.43%
- Wastewater increase: 17.47%

Graphs were presented for the Regional Bill Comparison with other customer cities for water and wastewater detailing 5,000, 10,000 and 15,000 gallons usage for a pass through only increase in rates data.

Scenario B will add new debt [Series 2018 P&I]. The (Under) recovery of new debt for water is (\$918,211) compared to previously (\$602,520). Wastewater (Under) recovery of (\$655,613) compared to previously (\$556,082).

City & NTMWD Increase – Scenario B: **Example of an average customer who uses 10,000 gallons statement, the increase reflects a NTMWD component of \$4.94 and City component of \$15.52 or a total of \$20.46 monthly increase.**

- Water increase: 20.33%
- Wastewater increase: 31.28%

NTMWD Pass-Through Increase

- Water increase: 9.69%
- Wastewater increase: 8.06%

Total Effective Increase

- Water increase: 15.90%
- Wastewater increase: 20.60%

Graphs were presented for Regional Bill Comparison with other customer cities for water and wastewater detailing 5,000, 10,000 and 15,000 gallons usage to include the rate increases. As a customer city you pay five (5) cents more than a member city pays.

Path Forward:

Council to provide direction on rates for FY 2018

Rate performance must be monitored on a monthly basis

- Required by the city's adopted budgetary policies
- If operational performance varies from assumptions, then immediate action should be contemplated, particularly if consumption is reduced

Direction from Council to Staff for the next scheduled budget meeting:

- Move the Utility CO's to FY 2019
- Projecting usage on rates
- Need a Multi-year projection on rates

B. Presentation and discussion of Interest & Sinking Fund (I&S) Levy for FY18. – *Jason Hughes, Financial Advisor*

Financial Advisor Jason Hughes provided a summary of planning assumptions for the I&S tax rate impact which was based on projected future maximum I&S tax rate as compared to the current I&S tax rate of \$0.1823 per \$100 property valuation. The city has the flexibility to decrease the I&S tax rate. If the city maintains that rate, the city will be able to generate roughly \$436,000 that is available for water and sewer. If it was pushed out a year, the city would be issuing less debt.

BREAK at 7:21pm

RECONVENUE at 7:27pm

C. Review and discussion of the Murphy Municipal Development District (MMDD) Fund – *Mike Castro, City Manager*

City Manager Mike Castro presented the Murphy Municipal Development District (MMDD) budget

that was presented to the MMDD Board on June 12, 2017.

The board approved the same budget with a few exceptions. Discuss Revenues, FY 17, and FY 18, reviewed the supplementals.

The FY 17 budget and FY 17 projected numbers remain the basically the same, with only a difference of about \$750. This is due to forecasting a small increase to the projected interest income particularly in the second half of the year.

FY 18 budget is consistent with other pieces of the budget that is dependent on sales tax. Sales tax forecasts to be up to \$991,000. Next year begins the transfers back to MMDD from the general fund and MCDC, to reimburse for the food truck court (1st year the two funds are to reimburse back \$108,000 for each year FY 18, FY 19 and FY 20). Also included is \$8,800 for the incentive loan repayment for RJ Khan that begins in FY18 for the \$40,000 loan.

Council recommendation is to schedule time after budget to discuss MMDD and by then a new MMDD board will be seated in place. Discuss long term strategy and the forgiveness of the reimbursement to the fund for Food Truck Court.

FY 18 revenue is \$1,222,440 increase from FY 17 projected revenue.

FY 17 expenditures variances were outlined:

- Food Truck engineering costs \$6,500 should have been deducted from FY 16 (but instead engineering costs were added to FY17)
- Street/Sidewalk Repairs overages of \$15,000 from earlier in the year, so a budget amendment was submitted. Encouraged to implement a system to ensure that year-end amounts are captured appropriately.
- Debt Service Principal of \$20,000 increase, there is no history to tie where the payment for principal was made. The interest expense amount is correct. The \$20,000 amount was paid out of the fund, but no explanation as to why it was not budgeted. Going forward, every amortization schedule will be created and will be tracking for each fund.

Total variance budgeted to project for expenditures are \$6,491.

FY 18 proposed budget:

- Administrative Costs - MMDD pays the costs of the Economic Development program so it decreased by \$12,300.
- Incentives - net increase is \$85,000, provide \$100,000 in incentives decreasing overall incentives from \$30,000 to \$15,000.
- Promotional expense – decrease from \$15,000 to \$2,000 (\$13,000 reduction in the line item).
- Debt Service principal – increase \$25,000 (principal payment goes from \$120,000 to \$145,000).

Total variance between budgeted FY 17 to FY 18 is an unfavorable \$62,200

A total of four (4) supplementals:

- MMDD Fund 38 - \$25,000 to increase principal payment on 2014 tax notes to correspond with amortization schedule.
- MMDD Fund 38 - \$85,000 to increase to incentive line item to incorporate combination Loan / Grant in the amount of \$100,000 to RJ Mexican Cuisine.
- MMDD Fund 38 - \$4,500 projected increase for administrative costs line item. This line item covers the cost of running the City's Economic Development Department (will need to update

line item when updated health and dental numbers are available).

- MMDD Fund 38 - \$12,100 replacement of 2003 GMC Envoy with a similar smaller SUV. GMC no longer produces the Envoy, price shown was for a GMC Terrain.

The MMDD Board made the following recommended changes to the budget:

- Eliminate the Munch in Murphy program (printing cards \$1,200, tokens \$2,500 and funding \$12,000). Program to continue through end of fiscal year.
- Travel and Training item reduced by \$2,500.
- Business Card Exchange program reduced by \$1,100. The City sponsors weekly Thursday morning meeting for the Murphy Chamber of Commerce (MMDD would sponsor two (2) meetings per month and have someone else sponsor the remaining two (2) meetings). Council consensus is to leave \$1,100 funds in the line item until a conversation is set aside for the Chamber and the MMDD Board.
- Reduction in promotional expenses from \$5,000 to \$2,500.

The Budget was adopted on June 12, 2017 by the MMDD Board with these amendments included, if no further discussion is needed then these changes will be reflected in the final budget for MMDD.

D. Review and discussion regarding FY18 Supplementals. – *Mike Castro, City Manager*

City Manager Mike Castro presented General Fund FY 18 budget supplemental listing with City Manager ranking in ascending order. Department leadership was present to provide additional explanation if needed. The following information is verbatim from the justification portion of each departmental supplemental

1. **Finance - Bank Service Charges \$33,000**

Interest rates have increased and no longer offset the service charges. Projection based on \$4,400 per month for FY 18 = \$52,800. Increase of \$33,000 needed. Remainder can be absorbed in other line item savings.

2. **Police - Radio & Repair R&M \$3,800**

Due to the increase in software and maintenance agreement with Motorola. The total cost is \$12,402.06 with the Fire Department responsible for \$6,201.48. The total increase is \$3,800.

3. **IT – To cover all hardware and software maintenance renewals \$77,000**

Updated list to include all supported hardware and software platforms, and true up the actual maintenance renewal costs.

4. **Police - Special investigations \$2,700**

Due to an increased costs in SANE exams and the CLEAR contract. This is an increase of \$2,700 from the previous year.

5. **Police - Cell/Radios \$3,500**

Increase is from the change allotted per month per employee. This is an increase of \$3,500 from the previous year.

6. **IT - Additional equipment being added to the original lease \$20,760**

The original lease contained a specific number of servers, computers and a variety of other network equipment. Over FY 17, additional equipment was added to the lease

7. **Public Works - Anticipation of rate increase in Electricity \$4,100**

Increase of 2.5% in an effort to estimate a rate increase for the upcoming year.

8. **Public Works - Maintenance of Signal Systems \$29,000**

TxDOT is potentially transferring maintenance of the signals on N. Murphy Road.

- North Murphy Road @ Betsy Lane,
- North Murphy Road @ Spring Ridge Drive,

- North Murphy Road @ Glen Ridge Drive
 - McCreary Road @ Betsy Lane
9. **IT – Telephone Expenses \$11,000**
This item was moved to IT from Facilities, and is a necessary expense to keep the city’s phone lines working.
10. **Admin – Projected increase in the City’s insurance costs \$13,300**
Supplemental funds needed to cover an anticipated ten (10) percent increase in the city’s general liability coverage. Historical annual increases average eight percent (8%) over a ten-year period. We expect a higher premium based up the hail storm last year.
11. **HR – Brinson Advisory Fees potential increase \$2,024**
Brinson provides patient advocacy services for the City’s employees, communications and branding, compliance, cost control, education and efficiency in plan administration. They perform the research and negotiation on behalf of the City for all healthcare benefits and provide solid recommendations to staff for the most cost effective rates possible that still meet the needs of the City’s employees. The Learning Management System provides over two hundred (200) on-demand classes on a variety of topics including, but not limited to, leadership, communication, time management and supervisory skills. This software is used for new hire training on harassment, ethics, diversity and local government 101 training. Additionally, departments are able to load their own training into the software for tracking and administration.
12. **City Secretary – To publish notices for the upcoming November Bond Election \$25,000**
In November, a Bond Election will be held, the notice must be published twice in the newspaper not more than thirty (30) days and not less than fourteen (14) days, so it will fall in the FY 18 budget. To follow the Election Code §4.003(a) (1) &(c) and Government Code §1251.003(d) (2) & (e) legal publication requirements.
13. **IT – Computer hardware – purchase/replacement of servers & other hardware \$22,700**
Replace the physical security system which is end of life February 2018. This is a new server and new gateway controllers for every door with a badge reader.
14. **Fire – Purchase of a five (5) gas detector \$5,500**
Requesting to purchase a five (5) gas detector to replace a four (4) gas detector that is nine (9) years old. Due to the age of the current gas detector it will be more difficult to repair because of changing technology making older detector obsolete. The new five (5) gas detector will be more reliable and has increased capabilities over the current detector. The additional gas this meter will detect is Hydrogen Sulfide, which is more prevalent in today’s home furnishings and finishes and dangerous to the resident and firefighters.
15. **General Fund – Gen Fund Reimbursement to MMDD for construction of Food Truck Court \$108,000**
Repayment of MMDD was not to begin until the 2011 Tax Note were fully repaid, which will happen in 2017. Payment to MMDD for the construction of the Food Truck Court at the Murphy Complex Park begins FY 18 over a period of 3 years. The Food Truck Court was financed by MMDD, with General Fund and MCDC reimbursing MMDD at 50% each for a total annual payment of \$216,000 for a total of 3 years. Repayment amount will be \$648,000.
16. **Fire – Increased cost of pre-employment medical screening \$6,000**
Due to the change in medical providers to provide employee annual physical evaluations and adding additional testing for cancer screenings to conform to NFPA 1500 and NFPA 1582, both outline National Standard pertaining to Fire Department Occupational Safety and Health Programs and Health Evaluations. This will also assist in off-setting the increasing costs of pre-employment medical screening for new hires.

17. **IT – Networking expenditures consciously postponed to FY 18 \$55,000**
Replace two (2) network switches and two (2) firewalls.
18. **Public Works – Storm Water Utility Study \$25,000**
A storm water utility study to modify methodology for storm water fees based on impervious surface area rather than a flat fee.
19. **Police – Police Patrol Vehicle \$185,175**
To keep in line with the Murphy Police Department vehicle replacement that was established in 2009. This ensures that vehicles do not exceed the five (5) year / 125,000 miles recommended life span and the vehicles are safe for daily patrol usage.
20. **General Fund – 5% Medical Coverage \$51,535**
Anticipated increase in rates for Medical Coverage.
21. **General Fund – 5% Dental Coverage \$3,651**
Anticipated increase in rates for Dental Coverage.
22. **General Fund – 1% COLA includes salaries and related benefits \$43,898**
23. **General Fund – 3% merit increase cost \$120,501**
24. **IT – Technical consulting services \$4,100**
Consulting hours for data center redesign effort, External System scanning for PCI compliance, updated aerial photography for ArcGIS maps, Laserfiche consulting for departmental workflow improvements.
25. **HR – Police and Fire Promotional Assessment Center \$9,000**
When there is a promotional opportunity within sworn police or fire, a consultant is hired to conduct a promotional assessment center. The assessment center varies depending on the position, but includes a written exam and structured process with external neutral assessors to score the candidates on oral communication, planning and organizing ability, interpersonal relational skills, initiative, problem analysis, judgement, leadership, creativity and department specific operations/supervisory knowledge.
26. **Facilities – Replace Garage Doors at Fire Department \$250,000**
The garage doors at the Fire Department need to be replaced. The doors originally installed in 2005 were not commercial grade. They are now at the point of increasing maintenance due to age (spring failures, cables breaking, rollers, track, openers). The new replacement doors open horizontally with full vision, and open within seven (7) seconds. They don't have springs, cables, rollers, tracks, and are designed to perform over a million cycles with yearly PM. These doors will also give Firefighters a better response time.
27. **Parks – Mustang Park Repairs \$7,847**
Requested increase is to provide \$8,000 for repairs of playground equipment at Mustang Park – these will include replacement of all “cable core” items and two (2) shade fabric replacements.
28. **Fire – Motor Vehicle Repairs \$3,300**
The Fire department's reserve engine is approximately nineteen (19) years old and has experienced numerous mechanical issues causing increased repair cost in this line item. We are attempting to keep this engine in service until it is replaced by purchasing a new Quint in FY 2019. This means the current reserve engine will need to last another one and half to two (1½ - 2) years due to approximately ten-twelve (10-12) months build time when a new Quint is ordered. Requesting an increase for Motor Vehicle Repairs in anticipation of future mechanical issues within the fleet.
29. **Facilities – Bathroom cleaning/Disinfecting machine \$4,500**
Purchasing this machine will allow facilities to do the cleaning in house and save \$1,500.27 the first year, and over \$70,000 for ten (10) years with no additional personnel.

30. Facilities – Replace boiler at City Hall \$60,000

The boiler at City Hall is twelve (12) years old. This model has been discontinued by the manufacturer, parts and support are no longer available. This unit had several break downs over the last year.

31. Recreation – Contract Labor Costs \$5,000

Contract labor costs include payment for each contract instructor that teaches recreation programs. The City of Murphy retains 25% of total revenue for each class held at the Murphy Community Center. This line item is to include any contract labor costs for anything that contract labor may be used for in the recreation department. Increase of \$5,000 from FY 2017. Projections for FY 2017 – \$70,000. Contract labor expenses are directly related and proportional to the overall recreation revenue. Payment for all contract services is calculated as 75% of the total revenue for both the instructor and the City of Murphy. The City does not pay contract labor for classes that do not meet the minimum required enrollment. This line item will be covered by an increase in recreational revenue that is directly related to the increase in enrollment and subsequent instructor costs.

32. Facilities – Replace Fire Department Boiler \$110,000

The boiler at the Fire Department is twelve (12) years old. This model has been discontinued by the manufacturer, parts and support are no longer available. This unit had several break downs over the last year.

33. Police – Telephone Expense \$3,400

This increase is due to the additional of media for command staff to monitor current weather and current events. This is an increase of \$3,400 from the previous year.

34. Facilities - Replace Police Department Boiler \$50,000

The boiler at the Police Department is twelve (12) year old. This model has been discontinued by the manufacturer, parts and support are no longer available. This unit had several break downs over the last year.

35. Facilities – Public Works HVAC \$70,000

The two (2) HVAC units at the Public Works Facility is twelve (12) years old. These units were not part of the preventive maintenance program in the past. Due to the neglect of these units they are having compressor and fan motor failures. Control board issues, gas burner failures, and showing signs of metal and contaminates in the oil analysis.

36. Animal Control – Donation Expense \$6,500

37. Police – Donation Expense \$12,159

To allow access and flexibility for donated monies.

38. Community Development – Inspection fees Bureau Veritas \$15,000

There will be times when additional resources are necessary for large and/or special projects, weather related events, vacation time, and sick leave or if the Building Official position should become vacant again. The Bureau Veritas contract allows the City flexibility to negotiate various levels of the plan review and/or inspections based on project needs. This contract allows the city to maintain an acceptable level of customer service.

39. Public Works - 2 Tailgate Sand Spreaders \$3,500

Phase out the traditional sand spreader that is mounted on the dump truck. Converting to a more functional procedure increasing response times to address inclement weather during the winter. This will also free up the dump truck to address other issues during the same event. If the spreader is on the dump truck, Public Works is limited to a small dump trailer to address any leaks that may occur at the same time.

40. Facilities – UPS backup \$15,000

This building needs a UPS back up for the office computers, phone lines, the central station for cities irrigation network, and for the emergency siren PA system as one does not currently

- exist. This would reduce information loss, rebooting and programming.
41. **Municipal Court – Ticket Writer and Accessories \$6,370**
Each patrol (17) and school officers (2), and detective unit (1) would have assigned a ticket writer device, thereby creating accountability and integrity for the use and care of the devices. Animal Control is ordering one (1) device through the Animal Control budget. In FY16/17 sixteen (16) new devices were budgeted without consulting Municipal Court or Police, causing a shortage of devices purchased.
 42. **Police – Ticket Writer and Accessories \$6,370**
Each Patrol unit (17) and School Resource Officers (2), and Detective (1) would have assigned device creating accountability and integrity for the use and care of devices. Animal Control (1) is ordering device through Animal Control budget. In FY16/17 sixteen (16) new devices were budgeted without consulting Municipal Court or Police, causing a shortage of devices purchased.
 43. **Finance – Incode Training \$8,800**
Implementation of two (2) new Incode modules – Budget and Accounts Receivable. Currently, the city pays a license fee. Cost is based on quotes from Tyler Technologies, the support services company for the Incode software. The training class costs \$3,000 for each module (\$6,000 total), plus travel costs from Lubbock estimated at \$1,400 each (\$2,800 total), for a grand total of \$8,800.
 44. **Police – Medical Services / Pre-employment \$4,000**
The increase is due to additional necessary testing for employee’s fitness and well-being. This is an increase of \$4,000 from the previous year.
 45. **Facilities – Replacement of truck #111 with a half-ton regular cab pickup \$27,200**
This is a 2001 Ford F-150 with 60,324 miles. This vehicle was originally used by the Park department and transferred to Facilities. This truck has hail damage, interior damage, paint damage, and in need of some major repair work (rear main leaking, possible head leaking). Have already spent \$722 this year. Hail damage was written up to the value of the truck in order to let the truck remain in the fleet until it could be replaced.
 46. **Community Development – 50% Cost of Replacing 2003 GMC Envoy \$12,100**
Replacement of 2003 GMC Envoy with a similar small SUV. GMC no longer produces the Envoy, price show is for a GMC Terrain. The vehicle is fourteen (14) years old with over 78,000 miles and is near the end of its life cycle. Typical fleet management standards suggest vehicle replacement at ten (10) years old or 100,000 miles. Vehicle is currently used by Community & Economic Development staff for in-town site visits and other related trips. Because of its age, it’ is rarely used for out of town trips. Funding will be shared 50/50 with the MMDD.
 47. **Community Development – Legal Services \$10,000**
Funding is necessary to cover legal expenses related to planning and zoning cases as well as legal action on code compliance cases. Currently such legal expenses are covered under the City Council’s budget. Providing funding under this line item will allow related legal expenses to be properly tracked and allocated to this department.
 48. **Police – Overtime \$17,000**
This is due to adding Tunes, Tails and Ales and other overtime city sponsored events, and the increase of salaries in the step plan. This is an increase of \$17,000 from the previous year.
 49. **Fire – Overtime \$7,500**
Increase overtime (OT) budget from \$93,500 to \$101,000. The OT budget for FY 2017 had been reduced from FY 2016 budget while some salaries had increased. Fire continues to experience vacancies within the Fire Department due to the fact we are a small department in close proximately to larger departments. To ensure proper funding of OT for FY 2018, the request is to raise this line item by \$7,500.

50. **Police – Building and Ground contract \$38,700**
The increase is to provide a safe zone for residents in any type of exchange that will be monitored and also to include improvements to locker rooms and training room. This would be an increase of \$38,700 from the previous year for a total cost of \$57,460.
51. **Recreation – Street Banner Installation \$2,500**
Increase the recreation signs and markers budget by \$2,500 in order to afford the installation and removal of various street banners to advertise City events and programs approximately seven (7) times per year.
52. **Facilities – Replacement of Truck #113 with a half-ton extended cab pickup \$29,000**
This is to replace a 2002 Ford F-150 with 53,556 miles. This vehicle was originally used by the Park Department and transferred to Facilities. This truck has hail damage, interior damage, paint damage and in need of some repair work (oil leak, water pump, tune up). Hail damage was written up to the value of the truck in order to let the truck remain in the fleet until it could be replaced.
53. **Parks – Rye Grass Seeding \$6,000**
Requested increase to the line item to allow for the seeding of rye grass on the Central Park and Timbers Fields. This will aid in the protection of the dormant turf over the winter while the fields are still being used for games and practices. This will provide a better and safer playing surface for the participants. Other items in the line items have been adjusted and reduced to allow for only a \$3,100 increase.
54. **Parks – Increased cost of Contract Mowing \$40,000**
Request is to provide \$40,000 to be added to current mowing contract costs in order to increase services provided on medians and ROW by moving contractor. These services would include: tree trimming on medians; mulching of media twice per year; and seasonal color changes at FM 544 / N. Murphy Road intersection, FM 544 entrance marker and Betsy Lane entrance marker. This would free Parks staff to spend more time in the parks maintaining the grounds and would improve the look of the medians on a yearly basis.
55. **Parks – Signs and Markers – Liberty Ridge Park \$10,000**
Requested increase is to provide \$10,000 for funding of entrance signage and rule sign design and installment at Liberty Ridge Park. Park was renovated in 2012 and signage has been discussed for four (4) years, but has not been pursued further. Park Board and citizens have asked for this to be included over the years.
56. **Recreation – Refinish Gym Floors \$7,000**
Gymnasium floors with as much use as ours have should be refinished at the very minimum one (1) time every two years, but preferably once per year. The last time the gymnasium floors were refinished was September 2014. It will be over three (3) years since the City refinished the floors if this item is approved in the FY 2018 budget. The ongoing maintenance of the gymnasium floors should be accounted for in the annual budget.
57. **Police – Additional Personnel – Police Officer \$73,960**
As the city has increased in population and traffic, the patrol staff has not increased. This will be the first year of three (3) to put five (5) officers on a shift to provide for the three (3) officer minimum staffing. This will allow for flexibility and help mitigate overtime.
58. **Police – Communications Officer \$51,519**
As the city has increased in population so has the call volume for the Communications Center. The center was recently remodeled and added a third position and additional equipment. With the addition of a person will allow for there to be a two (2) officer minimum standard and will allow for flexibility and help mitigating overtime.
59. **City Secretary – Additional Personnel – Records Analyst or Records Clerk \$52,730**
Create a new position. The primary savings and impact is the succession planning and training

hopefully from within the city. The primary savings and impact is the succession planning and training hopefully from within the City. Continuity is sustained when succession planning is followed. The records are not as readily available due to time allocations not being devoted to use Laserfiche to its full capacity. The job of City Secretary is fulltime and the fact that everyone is so busy does not allow for true records management. Laserfiche is a wonderful tool when working at its full potential but when one person does not have the time to devote proper training and maintaining, it can become more of a nuisance than a utilized tool. The Records Management Clerk would be over content (maintaining the straightness of scanned pages, monitoring the shading of scanned copies, reviewing the optical character scan feature for search ability, replacing temporary unsigned copies with permanent signed copies, etc.) with IT responsible for the back door of the system (indexing, templates, etc.). When document location is expedited, all departments benefit but with that also comes responsibility to maintain and properly dispose of records when the retention cycle is complete. Allowing Laserfiche to become a public tool on the city's website will save time and reduce the need for some open records. A Record's Management Clerk is beneficial to all departments. It will alleviate the need for other departments to update inventory of vehicles, contracts etc. as they would be handled in the City Secretary's office and available to all departments. More records training could be accomplished to the various departments as all departments create and store records. Over the past several months, we have utilized a full-time temp person to assist with the records and in doing so have found many discrepancies as well as the need for constant monitoring of City records (those of the past as well as new ones created).

60. Fire – Training with Lexipol \$7,500

In today's legal/liability risk atmosphere it is becoming a Public Safety standard to contract out the development of Standard Operating Procedures to ensure compliance with all laws, regulations, and national standards pertaining to the Fire Service. This includes Texas laws and regulations as well. This service will also provide daily training topics to each employee by email which will indicate they have been trained in our protocols and procedures. These Operating Procedures are listed as a "Best Practices" tool to ensure Fire Department, and its staff, are in compliance with today's laws and standards. Lexipol is the leader within this area of expertise and is used by numerous Texas Fire Departments. Its founder is a noted expert in Safety and Operating Procedures development. The annual cost for this service is \$7,500.

61. Fire – Reclassify 3 Firefighter positions to Driver positions \$42,508

Re-classify 3 Firefighter positions to Driver positions. Difference is \$11,887 each. As part of the Fire Department 5-year staffing plan adding 3 additional Driver classifications will provide cost effective upward mobility, and improve morale and motivation for self-improvement and personal challenge. This will assist in providing a trained/certified Driver to drive and operate the Quint instead of providing higher class pay to a firefighter to do so. These additional Drivers would be utilized to drive and operate the new Squad/Mini-Pumper which has a 1500 gpm pump to use on large fires, which requires Driver/Pump Operator training/certification to safely and efficiently operate.

Fire – Certification Pay \$28,500

Increase fire certifications pay for Intermediate, Advanced and Master. Currently, the city pays \$25 for each certification for a maximum of \$75 a month. Requesting the following

- increases: Intermediate \$75, Advanced \$125 and Master \$200 per month. Following the current certification pay eligibility rules the following is Fire's request: Intermediate – four (4) = \$300, Advanced – seven (7) = \$875, Master – six (6) = \$1,200 for total \$2,375 per month / \$28,500 annually. The increase in certification pay will improve motivation to learn, morale and professional development which will result in more knowledge and capable personnel.
- 62. Fire – Additional Personnel – 3 Firefighters \$231,409**
Add three (3) firefighters, one (1) per shift. Salary = \$52,688 each. Currently, the fire department is understaffed to serve a community of 19,000+. Seven (7) firefighters per shift, with a minimum staffing level of five (5) per shift. During a structure fire this is not enough personnel to safely and efficiently perform firefighting/rescue operations with a positive outcome. During life threatening medical emergencies all staff must respond. Current manning does not afford the City the capability to be self-reliant to serve the citizens properly, and limits the ability to respond to more than one emergency call at a time. We rely heavily on mutual aid, which could be delayed for numerous reasons. This request is the first step in a five (5) year plan to raise staffing levels to a safer level according to NFPA 1710 and meet fire protection standards for a community the size of Murphy. With these additional firefighters the minimum staffing would be raised to six (6).
- 63. Fire – Establish a field training Firefighter Program \$14,400**
Establish six (6) field training firefighter positions to train new firefighters, \$200 month. Establishing a Field Training Firefighter (FTF) Program to train new firefighters will ensure consistent and complete new hire training by assigning responsibility to a peer firefighter. The FTF must have certain certifications and training to be appointed as a FTF. For the additional qualifications and responsibility, Fire Chief Albright requested a \$200 a month FTF pay. This program will also provide firefighters the opportunity to increase his/her pay, increase motivation to learn and teach others, and morale. This program is an excellent tool to provide opportunities in a small fire department where opportunities for advancement is limited.
- 64. Fire – Purchase a 2017/2018 Chevy Tahoe \$61,000**
Purchase of a 2017/2018 Chevy Tahoe with all needed lights, graphics and consoles. This new staff/command vehicle will replace a 2014 F250 pick-up with shell that has been used as a command vehicle. The Chevrolet Tahoe will be equipped with extra radio and incident command cabinet and will be better suited for this purpose. The 2014 F250 will remain in the fleet as a service/utility/travel vehicle, as well as a reserve staff/command vehicle. The 2014 F250 would replace two (2) other older vehicles that are currently in the Fire department fleet, both of which are overdue to be replaced. These are a 2007 Ford Expedition, with 113,000 miles and a 2012 Chevrolet Suburban, with 52,000 miles. With this new vehicle Fire would be able to replace two (2) vehicles in the fleet. The 2007 Ford and the 2012 Chevrolet could be auctioned or repurposed in another department for general use, not for emergency response. The optimum vehicle replacement standard for Fire Service Staff/Command vehicles are seven (7) years total service time as a front line and reserve vehicle.
- 65. Public Works – Construction Inspector Position \$88,786**
New Position, this position would be assigned to the inspections, plan review, program implementation, record retention and mapping for commercial and capital project inspections, MS4 post-commercial site annual inspections, street/sidewalk programs and the SSO Initiative. The MS4 permitting and TCEQ SSO Initiative requirements has added to the responsibilities of the Public Works Division with new programs therefore increasing Public Work's responsibility for compliance of new programs without providing for additional staff.
- 66. Public Works – a Three-Quarter Ton Utility Bed Pickup (New) \$31,525**
New vehicle. With the addition of new staff (Maintenance Worker I and II in Public Works) a new ¾ ton utility bed pick-up would be required to enable staff to maintain the stormwater

- quality, streets, markings and signage programs
67. **Public Works – Maintenance Worker II position \$66,991**
This position would be assigned to address the field work associated with stormwater quality, markings, signage and roadways. Compliance with TCEQ through the MS4 permit requires staff to provide continuous best management practices (BMP's) to ensure protection of our stormwater. The MS4 permitting requirements has added to the responsibilities of the Public Works Division with additional focus on maintaining BMP's therefore increasing our responsibility for compliance of new programs without providing for additional staff.
68. **Public Works – Maintenance Worker I position \$47,814**
This position would be assigned to address the field work associated with stormwater quality, markings, signage and roadways. Compliance with TCEQ through the MS4 permit requires staff to provide continuous best management practices (BMP's) to ensure protection of our stormwater. The MS4 permitting requirements has added to the responsibilities of the Public Works Division with additional focus on maintaining BMP's therefore increasing our responsibility for compliance of new programs without providing for additional staff.
69. **Public Works – a Three-Quarter Ton Utility Bed Pickup (New) \$31,525**
New vehicle. With the addition of new staff (Maintenance Worker I and II in Public Works) a new ¾ ton utility bed pick-up would be required to enable staff to maintain the stormwater quality, streets, markings and signage programs.
70. **Facilities – Additional Maintenance Tech position \$51,683**
Facilities department is responsible for maintaining fourteen (14) buildings. With an additional maintenance tech position the response time would increase on facility requests and needed repairs. This would also allow for more in-house repairs and preventive/upkeep maintenance to be performed. This would give the superintendent time to research cost saving measures for the city, determine the long and short term needs for the buildings, negotiate and review contractual services and bids, and be proactive in the maintaining of the buildings.
71. **Police – training \$7,400**
This increase is to provide necessary specialized training for department members and also for the Chief to be involved in more training to stay current with trends in law enforcement, policy changes and legal updates.
72. **Police – Software Applications – Lexipol \$15,867**
Lexipol is a policy software that aids in policy writing and ensures up to date policy accountability and testing for all employees. FARO is a software that works with a total station mapping system to generate scale diagrams of crime scenes and crash scenes.
73. **Animal Control – Part Time Kennel Attendant (x2) \$31,219**
These two part-time positions (under 1,000 hours a year) will allow for more public access to the shelter for customers and more attentive care to the animals and the facility. These staff members will also be fully trained in animal control services and euthanasia. This will allow for more flexibility in the animal control schedule and duties.
74. **Recreation – Additional Part Time Staff \$14,812**
This would be to meet the increase in capacity issues that already exists in the recreation programs and will be completely offset by the expected increase in recreation revenue.
75. **Parks – Additional Personnel – Groundskeeper I \$47,912**
With the current set up of the Parks department; the need exists for an additional groundskeeper I to complete the mowing crews. Currently, two (2) mowing crews with each crew using two (2) mowers and two (2) laborers for weed eating, edging, blowing, pulling weeds, etc. At this point the second crew only has one (1) laborer. The addition of this position would allow for more efficient use of time and for better overall maintenance of the parks and facilities.

76. Parks – Increased costs for Contract Labor \$43,000

Request is to provide additional \$20,000 to be utilized in increasing contract labor for Tree Maintenance; the addition of a Pond Maintenance Contract; electrostatic painting of Murphy Central Park spray ground apparatus and railings around splash pad and pavilion. Tree trimming would be for Murphy City Hall/Central Park, Timbers Nature Preserve, and Maxwell Creek Trail Greenbelt. Electrostatic painting \$10,000 is similar to powder coating but can be done in the field. This type of painting will stand up better to the wet conditions than normal paint that we would use in-house. Pond Maintenance Contract \$13,000 would serve all four (4) ponds in the City and would help with vegetation control and quality of appearance.

77. Parks – a Three-Quarter Ton Pickup (New) \$30,700

Addition of new ¾ ton pickup to fleet would be utilized by Senior Groundskeeper. With the increase in the number of staff in the Parks department; it has become necessary to request the addition of a truck to the fleet. Crew has grown from seven (7) members to eleven (11) and the number of trucks has not increased. Currently, the Senior Groundskeeper does not have a vehicle available to him on a daily basis due to needs dictating the usage of all trucks for work being performed in the field. The Parks department currently has seven (7) trucks; one of which should be scheduled for auction. Two mowing crews requires the use of three to four (3-4) trucks on a daily basis. This is in addition to the spraying crew, irrigation crew, inspection/bed maintenance crew and the Superintendent. It would allow our department to operate more efficiently and allow for more diversification of the crew.

78. Parks – Replacement of 4 irrigation clocks on FM 544 \$50,000

Requested increase is to provide \$50,000 for replacement of four (4) irrigation clocks on FM 544 to be included in the Central Control System. This allows for the clocks on the roads to be managed from the Public Works building as well as remotely from home on the weekends. This decreases the likelihood for major leaks and watering during rainy and icy weather conditions. It will also decrease the need for staff to be called in on weekends and off hours for issues.

79. Fire – Increase Assistant Fire Chief pay plan \$9,108

Increase Assistant Fire Chief pay plan steps by 7%, \$100,901 to \$107,964 for Step 2. The Assistant Fire Chief position's responsibilities and supervision of others is second only to the Fire Chief. The position also has the responsibility to fulfill Fire Chief's duties during his absence. This position is an exempt position. The current salary plan has the Fire Marshal at the same salary steps, but it is non-exempt and earns overtime. The Fire Marshal in Murphy Fire-Rescue is classified as a Captain's position. A Fire Department comprehensive pay plan should have the Assistant Fire Chief as the second highest salary which correctly reflects the duties and responsibilities of the position.

80. Police – Miscellaneous Equipment \$5,500

This is a continual effort to promote health and fitness of employees. This is an increase of \$5,500 from the previous year.

81. Facilities – 40'-50' Bucket Truck \$200,440

This bucket truck would be used by facilities, public works and parks. This will help:

- a. Replacing/repairing lights in pedestrian, parking lot, and street lights. (Municipal Complex, MCC)
- b. Cleaning/maintenance of elevated water storage tanks.
- c. Hanging event banners on Murphy Road and Central Park.
- d. Trimming of trees in easements and right of ways, parks and municipal buildings.
- e. Repairing/replacing of shade structures, and power washing the pavilions and parks.

82. Public Works – Installation of street lights \$750,000

Installation of streetlights on major thoroughfares to ensure public safety.

Notations from regarding the various supplementals:

- Review and check CPAC list, add or remove items.
- Supplemental list, provide guidance on what remains or is removed from the ranking list.
- A staffing model for all new positions was requested.
- Broad discussion regarding reclassification of individuals listed in the supplementals.
- Insurance rates were received and would remain flat, so those items will be removed.
- For salary increases, the total dollar amount will be based on a pool of available funds. Allocation of funds will be determined on how employees are rated.
- MCDC funds were discussed as an alternated option for funding the gym floors and the signs and markers at Liberty Ridge Park.
- Fire was requested to supply motor vehicle repairs budget.
- Police was requested to supply the current staffing rotation of communication officer.
- Compare certification pay to the benchmark cities.
- Facilities to provide a repair and maintenance plan.

Tax rate to remain the same and Council consensus is a balanced budget. Staff Direction from Council - What is the delta if 2% and 1% COLA are implemented?

MCDC Items requested for funding but not discussed and rescheduled for the June 30, 2017 Work Session.

- **Parks – Replacement of Trailers #341 and #343 - \$8,000**
- **Parks – Playground equipment in Mustang Park \$8,804**
- **Parks – Addition of soccer goals for Central Park practice fields \$12,000**
- **Parks – Replacement of mowers – Kubota Units #305 and #307 - \$28,000**
- **Recreation – Replace MAC and MCC Podiums and portable public address system \$2,800**
- **Recreation – Replace audio visual equipment \$3,500**
- **Recreation – Replace volleyball net system \$3,500**
- **Parks – Replacement of Truck #117 with ½ Ton Regular Cab Pickup \$27,200**
- **Parks – Addition of pond fountain Central Park \$15,000**
- **Parks – Addition of bicycle repair stations on Timbers Trail \$2,500**

4. ADJOURNMENT

With no further business, a motion was entertained by the Mayor Bradley and the Council meeting adjourned at 9:49 pm.

APPROVED BY:

Scott Bradley, Mayor

ATTEST:

Susie Quinn, City Secretary

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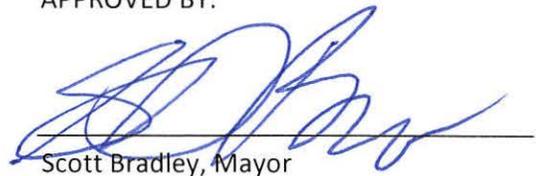
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