

CITY COUNCIL MINUTES
APRIL 15, 2014 REGULAR CITY COUNCIL MEETING

1. CALL TO ORDER

Mayor Barna called the meeting to order at 6:00 p.m.

2. INVOCATION & PLEDGE OF ALLEGIANCE

Mayor Barna gave the invocation and led the Pledge of Allegiance to the flag of the United States of America.

3. ROLL CALL & CERTIFICATION OF A QUORUM

Interim City Secretary, Terri Johnson, certified a quorum with the following Councilmembers present:

Mayor Eric Barna
Mayor Pro Tem Owais Siddiqui
Deputy Mayor Pro Tem Ben St. Clair
Councilmember Scott Bradley
Councilmember Betty Nichols Spraggins
Councilmember Bernard Grant
Councilmember Rob Thomas

Councilmembers absent: None

4. PUBLIC COMMENTS - None

5. PRESENTATION ITEMS

A. Proclamation Recognizing Sexual Assault Awareness and Prevention Month.

Mayor Barna recognized Ms. Samantha Wyman, Community Education Coordinator for The Turning Point, the Rape Crisis Center of Collin County.

Ms. Wyman gave a brief explanation of the work performed by The Turning Point in the City of Murphy.

Mayor Barna read the Proclamation naming April as Sexual Assault Awareness and Prevention Month.

B. Proclamation Recognizing Child Abuse Prevention Month.

Mayor Barna recognized a group of individuals representing Murphy's Exchange Club. They included President Shelly Bottlinger, President Elect Marv Williams, Mike Hendrix and Ken Goodman.

President Bottlinger presented a ribbon to Mayor Barna representing the Exchange Club's Preventing Child Abuse program.

Mayor Barna read the Proclamation naming April as Child Abuse Prevention Month in the City of Murphy.

C. Presentation of financial report and investment report as of March 31, 2014.

Finance Director Linda Truitt presented the unaudited financial information for FY 2014. She reported that 99% of the property taxes had been received. Ms. Truitt stated sales tax and

revenue in the General Fund were on target. Ms. Truitt informed the City Council that building permits had dropped from last year.

Ms. Truitt gave projections for year-end and stated that most departments were at or under 50% of their budgets. She reported that Water & Sewer revenues may be short at year-end but the expenditures were on target.

Ms. Truitt also presented the quarterly investment report ending March 31, 2014 and explained that there was no change in the interest rate the City received. She noted that the bond payments were made in February.

6. CONSENT AGENDA

All consent agenda items are considered to be routine by the City Council and will be enacted by one motion. There will be no separate discussion of these items unless a Councilmember so requests, in which event the item will be removed from the Consent Agenda and voted on separately.

- A. Consider and/or act upon the March 31, 2014 special meeting minutes.
- B. Consider and/or act upon the April 1, 2014 regular meeting minutes.

Councilmember Rob Thomas requested that Item 6.B. be removed from consent agenda.

COUNCIL ACTION (6.A.):

APPROVED

Mayor Pro Tem Siddiqui moved to approve item 6.A. on the consent agenda, as presented. Deputy Mayor Pro Tem St. Clair seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

COUNCIL ACTION (6.B):

APPROVED

Councilmember Rob Thomas moved to approve the April 1, 2014 regular meeting with the following changes to page 4 of 9:

- Paragraph 5: change Councilmember Bernard Grant's name to Councilmember Thomas
- Paragraph 6: change Councilmember Thomas's name to Councilmember Bernard Grant
- Paragraph 10: change Councilmember Bernard Grant's name to Councilmember Thomas

Councilmember Bernard Grant seconded the motion. For: Unanimous. The motion carried by a vote of 7 to 0.

7. INDIVIDUAL CONSIDERATION

- A. Discussion on the City's Web Page.

City Manager James Fisher reported that this item was on the agenda at the request of Mayor Barna. In March, Council had asked that staff create a one-click link on the City's web page for financial information so that the CAFR and other financial documents could easily be accessed.

Mr. Fisher announced that this had been done and that when the updated web page comes online shortly this will occur with all departments. He reported that management of

information that provides easy access and the ability to ask questions of City services/operations is a key goal in the City's update of its web page.

Mayor Barna stated that he wanted Finance Reports to be a permanent page on the City's website. He went on to talk about transparency in government for the City of Murphy and explained that the State Comptroller awards political subdivisions for their financial transparency. He wanted the City of Murphy to qualify for the Gold medal from the State Comptroller that would recognize the City, Finance Director Truitt and City Staff for their transparent practices.

The Mayor informed Mr. Fisher that he would like to see a link to the City's check register to be placed on the City's web page in this budget year.

Councilmember Thomas discussed the current links on the left side of the home page of the City's website and hoped that the link to the Finance Department could be placed there.

COUNCIL ACTION (7.A.):

No action was taken on this item.

NON-ACTION ITEM

B. Discussion on the Collin County Transit Needs Assessment and Planning Study.

City Manager Fisher stated that this item was placed on the agenda in order for Council to have a discussion with representatives of the North Central Texas Council of Governments (NCTCOG) and Texoma Paratransit System (TAPS) about public transit needs and/or concerns in Murphy. The City was served by CCARTS for many years and some residents utilized this service to get to work, school, medical appointments or for other personal reasons. The trips went to cities within Collin County with most people traveling to Plano and Wylie.

Mr. Fisher reported that in September 2013, the NCTOG prepared a study called Collin County Transit Needs Assessment and Planning Study. This study identified transit patterns within the county and some of the challenges for the residents. NCTCOG and TAPS are working with cities in Collin County to address these challenges and to address the financial support that is needed to fund operational costs. Mr. Fisher explained that many of the capital costs are secured by federal funding.

Mayor Barna announced that this was not something new because Murphy residents were familiar and often used CCARTS.

Sarah Chadderdon, Senior Transportation Planner from NCTCOG, was present and explained that they were seeking federal funding for capital costs of the transit program. She reminded Council that the COG was here to support the City of Murphy.

Ms. Chadderdon introduced the TAPS representatives who were present to make a proposal to Council for public transportation in the City of Murphy.

Mr. Tim Patton, Chief Operating Officer, served as spokesman for TAPS Public Transit. He introduced Ms. Teresa Foster, CFO and Zak Kerfai, Director of Grants Administration & Planning.

Mr. Patton reported that representatives of TAPS had a meeting on April 4th concerning the transit needs for Collin County, including the City of Murphy.

He gave a brief history of their transit company which was established in 1986. TAPS started in the City of McKinney in Collin County on July 1, 2013. His presentation included:

- Demographics/Unmet Needs
- Service & Funding
- Capturing Demand
- Projecting Ridership Analytics
- Cost vs. Value
- Guiding Growth

Mr. Patton reported that currently there are 5 registered customers in the City of Murphy and talked about their projected growth for years 2 and 3.

Mayor Pro Tem Siddiqui, Deputy Mayor Pro Tem St. Clair and Councilmember Grant asked Mr. Patton about the number of customers, operating costs and projected revenue.

Mr. Patton thanked Council for their time and consideration.

COUNCIL ACTION (7.B.):

NON-ACTION ITEM

No action was taken on this item.

- C. Consider and take appropriate action, if any, on a Resolution declaring a Moratorium regarding the permitting, installation and removal of synthetic turf in the City of Murphy.

City Manager James Fisher explained that this Moratorium would put everything on hold and give City staff some time to get the report back to Council.

Deputy Mayor Pro Tem St. Clair asked for clarification of the time period and Mr. Fisher stated that it was ninety (90) days.

Councilmember Grant stated that from his reading of the ordinance it was clear that this is not an allowed product to be installed in yards in the City of Murphy as is currently stated in the ordinance. If it's not allowed, a permit wouldn't be issued because it's against the ordinance. Installation wouldn't be allowed at all and then removal would be an issue that would need to be handled through code. He stated that his present feeling is that the way the ordinance is currently constructed, there is framework in place on how to handle this situation. He thought that whenever we get something new, some sort of different thing that is not necessarily contemplated by ordinance, he was concerned that we might be setting a precedent that will come in later on something else and we have to run down this line. He stated that there is framework currently contemplated in the charter and the ordinances with regards to the zoning board of adjustments and a request for a variance if you so choose. He reported that he had mentioned this to the City Manager and the City Attorney in the past. Councilmember Grant stated that to him this really has nothing to do with the issue presently before Council, it was just his feeling that our laws or ordinances already address the situation and he felt the resolution was unnecessary in his opinion.

Councilmember Thomas questioned Mr. Fisher about the statement in the summary for the agenda item that says that the code was silent on the matter. He stated that when reading the ordinance it states that all nonpaved surfaces shall be completely covered with living plant material. He said that he didn't think the City ordinance was silent on it, unless he was missing something.

Mr. Fisher commented that Councilmember Thomas was not missing anything. It was silent in that it doesn't specifically address synthetic turf. He stated that he agrees that it is not a living material. If it's not living, it is synthetic, or its rocks or something else. That's where City staff is trying to get clarification on this. Basically what the proposed resolution does is put a hold on the City forcing or filing a citation in Municipal Court at this time in regards to the property owners putting in a synthetic turf lawn because it is in violation of the ordinance.

Councilmember Bradley stated that it will give staff 90 days to research the issue.

City Manager Fisher explained that it also gives Council the opportunity to get answers to some of the questions asked at the previous meeting.

Councilmember Grant stated that Council could instruct the City Manager not to enforce the ordinance for 90 days without doing a resolution. He felt that the resolution is a little bit unnecessary in his opinion.

Deputy Mayor Pro Tem St. Clair asked that if this happens on another issue, will this set a precedent for future violations of any ordinance. Will we have to declare a moratorium until we can look into it?

City Manager Fisher replied that he did not believe it would. Staff could have moved ahead and filed in Municipal Court but he knew there were some concerns regarding the use of synthetic turf and where does it fit. That was why City staff brought it to Council for discussion. Traditionally if someone were to come in on a code and ask if they can do something, staff would look up the ordinance and tell them if it was allowed. If the individual was denied the request they could appeal to ZBOA. Since the property owner had already installed the synthetic turf, they are in direct violation of the ordinance. Mr. Fisher explained that he felt everything was on a case-by-case basis and this isn't setting a precedent. This is an issue that a lot of communities are going to be addressing if the drought continues and cities look at water challenges. He felt that the City was doing the right thing in getting all of the information they could about this issue and then make a decision. From that decision, the City will tell the home owner where we are at. That doesn't necessarily mean that at the end of the decision, we say that synthetic turf is not allowed and that we are going to cite them in court. Council might say that the property owner has 90 days to remove it, otherwise then we would file in court. There is a lot of different ways the City can handle this.

Councilmember Grant explained that he was not opposed to the 90 days, but he felt Council could just direct staff and not have to pass a resolution.

City Manager Fisher explained that this resolution puts the backing of the Council in writing. If someone questioned the moratorium, staff could just give them the resolution and not have to look up the minutes.

Deputy Mayor Pro Tem St. Clair asked if this had ever been done before on any other issue.

Mr. Fisher stated that he was not aware of it being done before.

The Mayor explained that Council had not done it for grass, but had done it for banks.

Councilmember Bradley stated that the only value this brings us is that Council's decision to study this for 90 days doesn't change the HOA's position, whatever their position may be. If the HOA wants to take action, then they could put in some type of demand that the City enforce its ordinances. He felt that it was a risk to the City. The only reason that he could see the value of the resolution declaring a moratorium would be legal protection for the City from that conversation. Otherwise, he completely agreed with Councilmember Grant.

Mayor Pro Tem Siddiqui said that at this point, he agreed that a resolution might be a bit too heavy-handed. If Council could direct staff for a moratorium without passing a resolution, he would be comfortable with that. He stated that he did think that the City was setting a precedent because if something wasn't accounted for in our ordinance that we would be willing to have a moratorium right away. That did concern him.

Councilmember Bradley stated that this had gone on the record.

Mayor Barna asked if everyone was okay to make a motion not to enforce the ordinance.

City Manager Fisher discouraged the Council to vote "not" to enforce an ordinance. He felt that would be more of a slippery slope than anything.

Mayor Barna said that an ordinance was on the books that may change or may not change. He didn't like Council as a whole, or individual Councilmembers telling the City staff to not enforce something that Council implemented in the manner of an ordinance. The Mayor felt that the proposed resolution said that the City could step back and look at this in a very similar way the City did with the banks. The City wasn't saying they didn't want another bank in Murphy, but the City was taking a break and would decide what Murphy's development would look like.

Councilmember Thomas asked if it would be okay to clarify that the Council's interpretation of City Code Section 28-155(a) would be that synthetic turf is a non-living material. It would make it less ambiguous for now.

Councilmember Grant stated that in his opinion it wasn't something the Council should do right now.

City Manager Fisher explained that the intent of this resolution was to put everything on hold for ninety (90) days for City staff to get a report back to Council so they could make a decision. Part of that decision would be to clarify this ordinance.

Deputy Mayor Pro Tem St. Clair stated that he didn't necessarily disagree with the resolution. He just wanted to be very cautious in doing so and only in very limited circumstances.

Councilmember Grant said he didn't see a difference in a resolution and a motion in Council establishing a moratorium on the installation and removal of synthetic turf in the City of Murphy.

Mayor Barna asked Councilmember Grant if he felt that just making a motion was equal to the resolution. Councilmember Grant stated that he did think so. He stated that it was essentially instructing staff to do the very same thing, it's just not a resolution.

City Manager Fisher stated that a resolution is a document of Council that says this is the wishes of the Council.

Mayor Barna stated that he was good either way. He felt that everybody on staff and on Council is in agreement with what the City was trying to accomplish here except for the method of how to accomplish it.

City Manager Fisher reminded Council that the agenda item read consider and take appropriate action, if any, on a Resolution. He explained that he didn't know if the resolution was not approved that the Council could approve a different item because this specifically stated a resolution.

Councilmember Grant stated that he believed the City Manager was correct. Because the way the agenda item was worded, it needed to wait until the next Council meeting or Council could vote on the resolution tonight.

Councilmember Bradley said he agreed with the Mayor. He could go either way. He didn't have a problem with the resolution but he also thought Councilmember Grant was right about the action of Council is a similar action. Bradley said he just didn't see the downside of the resolution.

Mayor Pro Tem Siddiqui asked if the Council were to wait until the next Council meeting, then what would the agenda item be. Would it be a resolution or would it be discussion and a motion for a moratorium? He felt that Council might be splitting hairs here as to the definition. He wasn't sure how structurally any action Council took would differ from a resolution if the end result was a moratorium.

Mayor Barna said he thought actions on Council were quasi-resolutions anyway. He stated that he might be totally wrong from a legal perspective.

COUNCIL ACTION (7.C.):

APPROVED

Deputy Mayor Pro Tem St. Clair moved to approve the resolution declaring the moratorium regarding the permitting, installation, removal of synthetic turf in the City of Murphy as presented.

The motion was seconded by Councilmember Bradley and passed with following 5 to 2 vote: AYES: Mayor Barna, Mayor Pro Tem Siddiqui, Deputy Mayor Pro Tem St. Clair, Councilmember

Bradley and Councilmember Thomas. NOES: Councilmember Spraggins and Councilmember Grant. (*Resolution 14-R-791*)

D. Discussion on the FY 15 Annual Budget.

City Manager Fisher this item was placed on the agenda to get some direction from Council. He suggested that Council might want to have the discussion with NewGen about the utility rate study first as it might have some bearing on the Council's budget discussion.

Mayor Barna wanted to go ahead with the budget discussion. Although the utility rate study would be a big part of the budget discussion, he felt it would not matter for tonight's general discussion.

City Manager Fisher stated that City staff wants to ensure that all of the City Council expectations are met. He went on to say that it was important for staff to know the wishes and overall goal(s) of Council and compile the support information that will help Council understand the draft requests.

Fisher also asked what type of meeting schedule the City Council would like this year so he could prepare a budget calendar for Council and staff to plan their summer vacations and other events.

Mayor Barna said that last year there were several new Councilmembers so a more in-depth departmental discussion was needed. But this year, he felt that Council could tackle a lot more because everyone was a lot more comfortable with the process and what the budget included. The Mayor suggested that possibly budget discussions could be held the off-weeks from regular City Council meetings, although he didn't necessarily like that from the standpoint of vacation time. He reported that he was still up-in-the-air on summer vacation.

Councilmember Thomas stated that while Council was talking frameworks, he would like to see a strategic conversation. The City was nearing the build-out phase and getting near a baseline maintenance-type budget. He went on say that the City has no idea what the property valuations will be and that was a huge chunk of the City's revenues, so he would like to push revenues aside as all best practices do and talk about our expenses. Let's look at it department-by-department now and what it might look like 2-3 years down the road. Let's put some sort of baseline in place for where these departments are in their budgets. Then the City can determine the expenses and Council could have a discussion about the revenues. Thomas said that is how he does it at home and how it's done in private business.

Mayor thanked Councilmember Thomas for his thoughts and told Mr. Fisher that gives City staff a general idea what he would like to see. As far as timing goes, nothing like last year's schedule was needed. He agreed that he would like to look at the expenses without revenue and look at what Council would really like the City to be.

City Manager Fisher stated that although budget discussions in the past started with revenues, he was hearing that this year the revenues would be pushed off to the side and Council would focus on the expenses and baselines of each department.

Mayor Barna discussed how his business prepared their budget but from the standpoint of the City, he wanted to look at where Council wanted Murphy to be a year from now and look at expenses first. He felt that looking at revenue first would cloud that. It might be that the revenue is not there to reach that vision and that would be the time to start paring down.

City Manager Fisher asked if the roadmaps that the department heads had laid out for the next five years was helpful or did it need to be fine-tuned.

Deputy Mayor Pro Tem St. Clair reported that his personal opinion was it was every department's wish list. Maybe it needed to be trimmed down to what the essential needs are. He felt that the wish list could be astronomical as far as the revenues needed.

Councilmember Bradley felt that a discussion was needed about what the City was doing right and what could be improved. If the City wanted to add a new program, the most important question to ask would be whether or not this new program would meet a need. He had sent the City Manager a list of things that are not done well in the City or things that cause issues in the City. Bradley thought a conversation with City staff was needed about where they think the problems are and what needed to be fixed. He stated that Council would have some of their own feelings about what may not be operationally working and where the City needs to look at the budget. It would be easy if you could say that the City runs perfectly and everything is right, then the budget is perfect for what we are doing. A conversation needs to be had about some places where we may be overly investing and some places where we are under-investing.

Councilmember Thomas stated that for the record, he thought there were a lot of things the City does right. He just felt that if you start with revenues, you will spend it. He wanted to start with expenses although he wasn't saying slash and burn, he just wanted to get a good idea of what the baseline needs were.

Mayor Barna said he agreed.

Councilmember Grant said he would like Mrs. Fincanon (his opponent in the upcoming City election) to address this as well but his preference was to have one main all-day meeting on the budget with two or three follow ups to clarify any issues that weren't addressed in the all-day session. He agreed that going over expenses first was a good idea. Grant questioned the City Manager about the deadline the City had to approve the tax rate. He felt that any expenditure discussion would need to be done by late July if the tax rate had to be approved in August.

City Manager Fisher explained that the charter required that the budget be submitted to the Council by August 10th. The tax rate is adopted in September, although it has been determined what it will be in July or August. Fisher went on to say that one of the challenges this year is that that the charter states the budget must be submitted to Council by August 10th, which is a Sunday and the Council meeting before that is scheduled for August 5th. City staff will probably present the budget to Council on August 5th rather than try to squeeze in a special meeting.

Councilmember Grant suggested that the budget deadline might be put on the list for the Charter Review Committee in the future.

Deputy Mayor Pro Tem St. Clair asked about the community survey and when it might be done in relation to the budget time-line. Mayor Barna reported that he and Councilmember Thomas needed to get-together to get the survey underway. City Manager Fisher said hopefully it would be completed in the next few weeks.

Mayor Pro Tem Siddiqui questioned Councilmember Grant about the proposed all-day meeting. He asked if Grant intended that it would a department-by-department look at the expenses.

Councilmember Grant stated that in his experience it was better if you had the ability to meet for one day, then you could focus and see the larger picture. You could see all of it in totality as opposed to seeing it piece meal. Mayor Pro Tem Siddiqui said that sounded good to him.

Councilmember Grant stated that a side note was if Council met in an all-day meeting, the City would only have to pay the Councilmembers \$50 for the day instead of each time for the additional meetings.

Councilmember Bradley explained that the concerns he had were that staff would get quite a bit of guidance in that single meeting and follow up meetings would have to come after that. He stated that you would have to give staff all of this time to develop their budget with no sort of guidance from Council, then staff would present their first draft. The meeting would be held and Council would give staff a lot of feedback based on the discussions. A couple of follow-up meetings would be set up. Staff would only receive guidance after they submitted their draft. If there is a lot of disagreement, Council might run into a calendar issue.

Mayor Pro Tem Siddiqui suggested that perhaps the discussion on the budget expenses be held before the all-day budget session, so Council could determine priorities.

Councilmember Bradley said that Council needed a strategy conversation, look through the expenses and then come into a budget draft conversation. The budget draft conversation could possibly generate a lot of questions and recommendations that would come prior to the follow up meetings. He stated that it was similar to Councilmember Grant's recommendation of an all-day meeting, but Councilmember Bradley felt that some kind of conversation was needed ahead of time to give staff some guidance.

Councilmember Grant explained that he was afraid that Council would get too far into the line item sort of situation if they did what Councilmember Bradley proposed. He went on to say that staff to some degree base budgets off the previous year experience. He didn't disagree that giving staff strategic direction was valuable.

Councilmember Bradley stated that he had some very specific issues or recommendations that he would like to have conversations about.

Mayor Barna suggested that Council have a budget discussion in May as part of one of the regularly scheduled Council meetings, probably the second one. He told the Council that if anyone had any concerns to pass them on to City staff. Then after the initial discussion, an all-day session on expenditures could be scheduled. Then Council would look at revenues.

The City Manager announced that staff could pencil in the May 20th regularly scheduled meeting and not put anything on that agenda except the FY 15 budget discussion. At that same meeting, the all-day session could be set for some time in June.

Councilmember Grant reminded Mr. Fisher that Council would also have the swearing-in of the newly elected members of City Council at the May 20th meeting.

The Mayor and Council agreed to this.

City Manager Fisher stated that he would compile all of the suggestions and recommendations if Council would get them to him before May 1st if possible. He reported that City staff would be meeting in early May and could review this list. He asked the Council if they already knew of any dates set for vacation to please let him know so he could start compiling a budget calendar.

COUNCIL ACTION (7.D.):

NON-ACTION ITEM

No action was taken on this item.

- E. Consider and take action, if any, on the proposed contract agreement for concession facility located at Central Park between PSA and the City of Murphy.

Mayor Barna stated that there was one public comment on this item.

Mr. Yanni Garmiris, 170 E. FM 544 – He thanked the Council for the opportunity to talk to them. He wanted to submit an application for when the tribute to the Beatles comes next month and when Emerald City comes. He was informed that local vendors might not be allowed to sell food because of this proposed agreement with PSA. It was his opinion that it would be better to have local vendors because people from other areas will be coming for these events and they could see what Murphy has to offer besides the new amphitheater. Maybe they would come back and spend money. Mr. Garmiris told Council that the South Fork Ranch is also in the vending business and a lot of local mom and pop restaurants have a lot of experience in the vending business.

Councilmember Bradley asked Mr. Garmiris if he was looking to use the concession building itself or was he looking to have a booth or a tent. Mr. Garmiris reported it would just be a booth and that most vendors would not want to use that facility. They would bring in their own trailer or tent and their own equipment.

City Manager Fisher recommended that no action be taken on this item because he has had many conversations with PSA on how to make this work. He stated that the last thing the City wanted to do was get in the concession stand business. On the flip side, PSA is making an investment in this and they want the ability to be exclusive so that people will buy from them. What happens with that is exactly what the Council just heard. This agreement does not allow local vendors to participate. He would like to have a little more time to work on this agreement to let PSA run the concession stand where the City does not have anything to do with it. That would be a win-win for the City. But at the same time, we don't want to exclude our local businesses or any non-profit groups that want to help us.

Mayor Barna stated that this issue was going to be his big point of contention on this item tonight and he thanked Mr. Fisher for his recommendation that no action be taken. He couldn't approve the agreement as an exclusive arrangement because of the fact of the matter is that he wants Yanni's Café and South Fork at every one of Murphy's events. These local vendors have certainly made their investment in Murphy, just like the residents have made their investments in their homes. The City needs to support these businesses.

COUNCIL ACTION (7.E.):

No action was taken on this item.

NO ACTION

F. Update and discuss the utility rate study by NewGen Strategies & Solutions.

City Manager Fisher stated this item was on the agenda because there had been a lot of questions on this rate study and he had requested NewGen come in and give Council an update. City staff got the final pieces of information they were needing to them last week. Staff went back through capital projects and capital improvements that would be required over the next 5-7 years.

Mr. Chris Ekrut addressed the City Council on the rate study update. He stated they wanted to engage the Council tonight on discussion of the City's policy. They had made an initial review of the City's rate design and would give some of his observations on the current rate design. He reported that when the recommendations come back to Council they wanted to hit the Council's goals and objectives. They anticipate being back on May 6th with their draft recommendations for Council's consideration.

They are looking at revenue projections under the current utility rates.

Mr. Ekrut showed the Council a regional comparison of water and sewer rates on an average residential customer basis. The average used for water customers is 8,900 gallons and 6,600 gallons for sewer customers. Cities included in the regional comparison are all customers of the North Texas Municipal Water District as well as those that are similar demographically or geographically. He explained that this is not an apples-to-apples comparison. Every utility is different. It was determined that a good portion of the City of Murphy's water is going to irrigation.

Mr. Ekrut stated that NewGen had one meeting with Council and one meeting with City staff. He discussed the four points regarding policy that they had received:

- 1) Consider reduction in the General Fund transfer and in doing so potentially reflect payment by the General Fund of its water use.
- 2) Council would like to see the North Texas Municipal Water District charges as a separate charge within the rate design.
- 3) Review equity of current base rate levels.
- 4) Assure rates reflect sufficient funding of capital investments.

Mr. Ekrut asked Council if there was anything they had missed.

Mayor Barna asked about the General Fund paying for actual water use. He stated that for the last several years, the City of Murphy has not hit the contract minimum owed to North Texas and he would like to know if the water that the City is using would be in that contract window. He didn't think it made sense to charge the City for water it was using that the City was already paying for.

Finance Director Truitt explained that if the City paid for water it used, the General Fund would be paying money into the Utility Fund.

Councilmember Grant asked if point #2 was the idea of making the rate structure to pass through whatever the increase would be from North Texas Municipal Water District so there wouldn't have to be an additional vote and the rates would automatically be raised.

Mr. Ekrut explained that the volumetric rate structure would be broken into two components – the City component and the North Texas component. The City Council could adopt a policy that stated the North Texas component would automatically pass through to the customer and would not take Council action.

Mayor Barna said that these two components should be very apparent but he wanted to vote on every water rate. He didn't want it to be an automatic pass through whenever North Texas increased their rates.

Mr. Ekrut explained that he would bring the two components to Council and how Council chose to manage the two components is a policy decision.

Mayor Barna said this was really no different than the M&O tax rate and the debt service tax rate. He explained that in the past when the City was receiving a lot of building fees and a lot of impact fees, it was easier for the City to absorb the increases from North Texas than it is now. He wanted there to always be a conversation about any increase in water rates.

Councilmember Grant said he thought that was a valid point but he wanted to make this the most transparent way possible for the citizens to understand the things the City can control and what the City cannot control.

Mayor Barna stated that when the City increased the fixed rate, he didn't even notice it; however, many people on a fixed income were extremely affected. Mr. Ekrut told Council that was an issue for lower volume customers who were almost always your fixed income customers. It was important to know who will be impacted by the rate design.

The current water rate was discussed and recommendations for changes were listed by Mr. Ekrut.

Standard demand for water meters was reviewed in detail. Everything was based on the current charge of a ¾" meter of \$25.00. He recommended that the City go back to industry standards and adjust the rates proportionally.

Mr. Ekrut estimated that currently 39% of the City's revenue comes from that fixed charge. He stated that the minimum revenue the City should recover through the base rate should at least

cover the City's debt. There is not an industry standard but a generally accepted metric of revenue recovery from the base rate is 30%. He reported that it looks like there might be some room to bring the base rate down and stay in a relatively stable revenue situation.

He reviewed the volumetric side of the residential utility rate and the percentage of change between the blocks.

Mr. Ekrut discussed wastewater costs. Wastewater is a service whereas water is a commodity. All wastewater in Murphy is domestic strength. He recommended the same rate structure apply to everyone across the board.

Councilmember Grant stated that he wanted to see that the customers impacting the system are the ones paying for the system.

Another policy of the City of Murphy that NewGen has reviewed is the Leak Adjustment Policy. Mr. Ekrut explained this policy to Council and compared other cities' policies. He recommended changes to this policy.

Councilmember Grant questioned City staff about the number of leak adjustment requests on an annual basis. Finance Director Truitt pointed out that it was an administrative headache.

Councilmember Grant requested NewGen's assistance in helping customer service compute the leak adjustment. Mr. Ekrut stated that a module could be built into the rate model.

City Manager Fisher reminded Council that a meter technician was included in the current budget and should come on board in the next month or so.

Mr. Ekrut thanked the Council for their time and discussion.

COUNCIL ACTION (7.F.):

No action was taken on this item.

NON-ACTION ITEM

8. CITY MANAGER/STAFF REPORTS

Mr. Fisher provided the Council with an update on the following items:

- City Holiday – April 18th
- Drug Take Back Day – April 26th
- Joint P&Z and Council meeting – April 21st
- Traffic Signal Construction at 544 & Maxwell Creek
- Medians on Heritage

9. ADJOURNMENT

With no further business, the meeting was adjourned at 8:29 p.m.

APPROVED BY:



Eric Barna, Mayor

ATTEST:


Kristi Gilbert, City Secretary

