MURPHY CITY COUNCIL AGENDA
SPECIAL CITY COUNCIL WORK SESSION AND MEETING
NOVEMBER 15, 2013 AT 3:00 P.M.
NOVEMBER 16, 2013 AT 9:00 AM
206 NORTH MURPHY ROAD
COMMUNITY ROOM
MURPHY, TEXAS 75094

CITY OF MURPHY
LIFE LIVED AT YOUR PACE

Eric Barna
Mayor

Owais Siddiqui
Mayor Pro Tem

Ben St. Clair
Deputy Mayor Pro Tem

Scott Bradley
Councilmember

Betty Spraggins
Councilmember

Bernard Grant
Councilmember

Rob Thomas
Councilmember

James Fisher
City Manager

NOTICE is hereby given of a meeting of the City Council of the City of Murphy, Collin County, State of Texas, to be held on November 15, 2013 and November 16, 2013 at Murphy City Hall Community Room for the purpose of considering the following items. The City Council of the City of Murphy, Texas, reserves the right to meet in closed session on any of the items listed below should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551, of the Texas Government Code.

1. CALL TO ORDER at 3:00 pm on Friday, November 15, 2013

2. ROLL CALL & CERTIFICATION OF A QUORUM

3. WORK SESSION

- Discussion regarding the City of Murphy 2012-2015 Strategic Direction policy that was adopted by the City Council on May 15, 2012 and consider any amendments, deletions and/or additions.

- Discussion on the City of Murphy Utility Funds, including water and wastewater operations, utility rates, drought management and capital projects.

- Discussion on compensation plan items, including the benchmark city list; the structure of the general government pay plan; and market strategy options.

- Discussion regarding capital projects.

4. INDIVIDUAL CONSIDERATION

A. Consideration of items discussed in Item 3.

5. RECESS THE MEETING to reconvene on Saturday, November 16, 2013

6. RECONVENE at 9:00 am on Saturday, November 16, 2013

7. ROLL CALL & CERTIFICATION OF A QUORUM

8. WORK SESSION

A. Continue discussions from Item 3 held on Friday, November 15, 2013.

9. INDIVIDUAL CONSIDERATION

A. Consideration of items discussed in Item 3.

10. ADJOURNMENT

I certify that this is a true and correct copy of the Murphy City Council Meeting Agenda and that this notice was posted on the designated bulletin board at Murphy City Hall, 206 North Murphy Road, Murphy, Texas 75094; a place convenient and readily accessible to the public at all times, and said notice was posted on November 12, 2013 by 3:00 p.m. and will remain posted continuously for 72 hours prior to the scheduled meeting pursuant to Chapter 551 of the Texas Government Code.

Kristi Gilbert, TRMC, CMC, CPM
City Secretary

In compliance with the American with Disabilities Act, the City of Murphy will provide for reasonable accommodations for persons attending public meetings at City Hall. Requests for accommodations or interpretive services must be received at least 48 hours prior to the meeting. Please contact the City Secretary at 972.468.4011 or kgilbert@murphytx.org.

Agenda Item
Discussion regarding the City of Murphy 2012-2015 Strategic Direction policy that was adopted by the City Council on May 15, 2012 and consider any amendments, deletions and/or additions.

Issue
The Murphy City Council adopted the Strategic Direction Policy after a lengthy retreat to develop a roadmap for the City. The Policy includes the City's Vision and Mission statement; expectations of City Council, Boards and Commissions; and Staff. The Policy also outlines six Focus Areas that include Community Character, Mobility, Finances, Employee Development, Public Safety, and Infrastructure. There has been a lot of progress made in all of these areas and there is still a lot to be done. Also, this Policy was drafted and adopted by a different City Council. The current City Council may want to amend, delete or develop a new Policy that staff will use as a guide in the direction of the city.

Murphy is an outstanding community and in order to keep it that way we must continue to move forward. The challenges are great and the philosophies to meet those challenges are varied among the community. However, decisions must be made to allow the City Council and the staff the opportunity to work together to meet the expectations of the community. Some of the initial challenges are (in no particular order):

- What is the strategy to accomplish the directives outlined in the 2012-2015 Strategic Direction policy?
- What are the "pillars" that we are going to build upon?
- What kind of community do our citizens want?
- What can we afford?
- What are our citizens willing to pay for to meet their expectations?
- What is the impact of those initiatives in terms of financial, operational, civic and human resource costs?
- What role does the City Council have in meeting these initiatives, expectations and challenges?
- What role do the Boards and Commissions have in meeting these initiatives, expectations and challenges?
- What role does the City Manager (and staff) have in meeting these initiatives, expectations and challenges?
- What role does the Community have in meeting these initiatives, expectations and challenges?
- How do we keep the community engaged in the City and foster an open two-way communication link?
- How do we know we have accomplished what we set out to do?
  It is important to know where we are going, but it is equally important to know that we took the right path to get there.

Attachments
City of Murphy 2012-2015 Strategic Direction Policy

Submitted By
James Fisher, City Manager

"I have been impressed with the urgency of doing. Knowing is not enough; we must apply. Being willing is not enough; we must do." – Leonardo da Vinci

2020

SEEING THE FOREST AND THE TREES

Home

CITY OF MURPHY

STRATEGIC DIRECTION

2012-2015

MURPHY

LIFE LIVED AT YOUR PACE

MURPHY

LIFE LIVED AT YOUR PACE

2012 CITY COUNCIL

Mayor Bret Baldwin
Mayor Pro Tem John Daugherty
Deputy Mayor Pro Tem Colleen Halbert
Council Member Dennis Richmond
Council Member Scott Bradley
Council Member Bernard Grant
Council Member Dave Brandon

MURPHY

LIFE LIVED AT YOUR PACE

VISION

Life Lived at Your Pace

Murphy will remain a vibrant, family-oriented, distinctive city that fosters a strong sense of community and connection between its local government and citizens.

MISSION

We are dedicated to ensuring that the City remains a highly desirable place in which to live and raise a family. Our leaders strive to support a proactive city that:

- is safe and secure
- keeps its citizens informed
- encourages civic involvement and community activities
- upholds quality building and community standards
- provides access to inviting parks and trails
- maintains solid relationships with neighboring communities
- strengthens business and economic vitality

MURPHY
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COUNCIL EXPECTATIONS FRAMEWORK

- Council to Council Expectations
- Council Expectations of Boards
- Council Expectations of Staff
- Staff Expectations of Council

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COUNCIL TO COUNCIL EXPECTATIONS

- Council owns decision
- Hear and respect the arguments of others
- Don't demean by making personal statements
- Be passionate, but professional- not emotional
- Prepare early for Council and give Staff an opportunity to respond
- Council agreement on agenda information/ communication
- Control the tangents
- Determine the roles and responsibilities for the boards
- Give equal time to positives
- Trust each other

COUNCIL EXPECTATIONS OF BOARDS

- Remember that all boards are advisory
- Council is responsible for how the money is spent
- Board decisions should support scope presented by Council
- Board President/Chair will provide status presentations twice a year
- Attend expected meetings
- Abide by responsibilities as set by the Council

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COUNCIL EXPECTATIONS OF STAFF

- Be prepared
- Depth of knowledge
- Appropriate distribution of work
- Provide recommendation along with other options to be considered
- Information provided to all if provided for one
- City Manager to send weekly Council update email
- Provide Minutes from Board agenda
- Include Board discussion summary on agenda items
- Provide more detailed Minutes
- Abide by the responsibilities as set by the Council for the Boards
- Facts not hopes (example: funding)
- Respond in a timely manner to agenda questions
- Recognize and acknowledge successes and positives

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STAFF EXPECTATIONS OF COUNCIL

- Ask questions ahead of time; allow time for answers
- Provide written Roadmap/Council strategies
- Don’t blindside-if you change your direction, let us know
- Realize that things change
- Make decisions
- Be mindful of off-line comments
- Respond when asked for something
- Be respectful and professional at meetings
- Tell us if you want something different
- Give us feedback on processes
- Focus on the Big Picture (Stay out of the weeds)

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FOCUS AREA: COMMUNITY CHARACTER

Goal: Protect the City's open spaces and natural amenities.

Staff direction:

- Develop Land Inventory to include inventory of open space, natural amenities, land availability and options, as well as tools available for protecting the identified land
- Review non-residential development standards and uses and determine if they are appropriate
- Consider funding update of Comprehensive Plan in the FY 2013 budget

Goal: Preserve the integrity of neighborhoods and commercial development.

Staff direction:

- Continue code compliance
- Review development and redevelopment standards
- Guard against over-development

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FOCUS AREA: COMMUNITY CHARACTER, CONT'D

Goal: Hold successful Community Events.

Staff direction:

- Formalize funding in budget
- Add an event that will focus on cultural diversity

Goal: Utilize Public Relations to define our story and foster community pride.

Staff direction:

- Develop Murphy "App" that defines, delivers, and manages a consistent and standardized Murphy message
- Consider funding a Public Information Officer in the FY 2013 Budget

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FOCUS AREA: MOBILITY

Goal: Develop connected trails throughout our City with connections to neighboring city trails.

Staff direction:

- Identify and prioritize trail gaps
- Review funding opportunities and options
- Complete sidewalk inventory

Goal: Develop processes to manage traffic.

Staff direction:

- Establish partnerships to facilitate traffic management planning and resolutions
- Develop Southeast Collin County Traffic Management Coalition

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FOCUS AREA: FINANCES

Goal: Be proactive, involved, and aggressive in regards to Economic Development.

Staff direction:

- Attract and retain appropriate, sales tax generating businesses

Goal: Tax Rate (Will be decided through the budget process)

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FOCUS AREA: EMPLOYEE DEVELOPMENT

Goal: Focus on employees and their development as the greatest City resource.

Staff direction:

- Develop a succession plan
- Review pay/benefits plan
- Provide tools for training and development
- Determine acceptable level of service
- Define future operational needs

FOCUS AREA: PUBLIC SAFETY

Goal: Understand the level of public safety service expected by the community and related impact on resources required for service delivery.

Staff direction:

- Define current level of service and cost for the Police and Fire departments
- Determine what is needed to improve level of service if desired, including cost

FOCUS AREA: PUBLIC SAFETY, CONT'D

Goal: Conduct effective Public Safety programs.

Staff direction:

- Assess current level of programming and cost; determine if additional programming should be created and funded
    - Feasibility of Murphy Leadership Program (Not under Public Safety)

Goal: Ensure all public buildings are safe and efficient.

Staff direction:

- Assess public facilities and infrastructure

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FOCUS AREA: INFRASTRUCTURE

Goal: Properly maintain Infrastructure to ensure accessibility and public safety.

Staff direction:

- Develop a comprehensive road improvement plan
- Maintain/improve 20% of City roads each year

Goal: Ensure the investment in infrastructure is adequate for current and future use.

Staff direction:

- Create an inventory and maintenance schedule of City's water/wastewater system
- Review Animal Control Facility Needs Assessment
- Provide a plan on how to maintain City buildings and maximize their use
- Identify, define, and prioritize maintenance and repairs of City facilities
- Determine level of parks to include maintenance and expertise

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LEADERSHIP TEAM

James Fisher, City Manager
Mark Lee, Fire Chief
Stacy Buckley, HR Director
Aimee Nemer, City Secretary
Kristen Roberts, Community and Economic Development Director
Kim Lenoir, Public Works/Park Director
Linda Truitt, Finance Director
GM Cox, Police Chief

CITY OF MURPHY

STRATEGIC DIRECTION

MURPHY

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Process facilitated
and
document designed
by

THE MANAGEMENT CONNECTION, INC.
PROFESSIONAL FACILITATORS

PO Box 11691
College Station, Tx 77842

Issue

Discussion on the City of Murphy Utility Fund, including water and wastewater operations and utility rates, drought management and capital projects.

Staff Resource/Department

James Fisher, City Manager
Linda Truitt, Finance Director

Background

Staff presented the attached memo regarding the Utility Fund operating budget and the need to adjust water and wastewater rates at the July 1, 2013 budget workshop. The Utility Fund budget was presented to the City Council on September 17, 2013 for approval which included an increase to the water and wastewater rates. At the same meeting City Council approved an ordinance increasing the water and wastewater rates effective December 1, 2013.

Attached is a presentation that will be reviewed with City Council regarding the Utility Fund FY 2014 operating budget and the need to adjust the water and wastewater rates to meet the funds required to operate the Utility Fund.

Financial Considerations

N/A

Staff Recommendation

Attachments

1) Utility Fund Memo
2) Utility Fund Presentation

City of Murphy
Waste Water
FY 2014

The City of Murphy is under contract with North Texas Municipal Texas Municipal Water District (NTMWD) for the treatment of the sewage generated by the City. The sewage is transported to the Muddy Creek Waste Water Treatment Plant (WWTP) located in Wylie via the Muddy Creek Interceptor and the Maxwell Creek pipeline. The Muddy Creek WWTP is operated by NTMWD with all costs shared by the Cities of Murphy and Wylie. The City of Murphy pays approximately 40% of the operational and debt service costs of the Muddy Creek Interceptor and approximately 28% of the Muddy Creek WWTP. The cost of the WWTP is based on the flow of sewage which is metered at the entry point while Wylie pays the remaining balance.

Cost of Sewer Operations:

Muddy Creek Interceptor at 40.00% of NTMWD budget	$ 15,600
Muddy Creek Wastewater Treatment Plant at 28% of NTMWD budget	738,900
Murphy Sewer Treatment Plant at 100% of budget*	1,000
Total Cost of Sewer Operations	$755,500

- Murphy Treatment Plant was decommissioned

These costs are fixed and are under the control of North Texas Municipal Water District.

Debt Service:

Principal	
Muddy Creek Interceptor – final payment 2024	$ 66,000
Muddy Creek WWTP – final payment 2026	343,000
Murphy Wastewater Treatment Plant – final payment 2014	60,000
Waterworks and Sewer System 2009 CO – final payment 2029	140,000
Interest	
Muddy Creek Interceptor – final payment 2024	41,900
Muddy Creek WWTP – final payment 2026	187,000
Murphy Wastewater Treatment Plant – final payment 2014	3,800
Waterworks and Sewer System 2009 CO – final payment 2029	117,000
Bond/Agent Fees	4,200
Total Debt Service	$962,900

Annual payment for debt service is approximately $900,000 to $914,000 for the next nine years. All of the debt listed above with the exception of the 2009 CO was issued by NTMWD and Murphy is responsible for its share based on the allocation of the operational costs. Additional debt of approximately $1.5 million will be required for the construction of the Maxwell Creek Sewer Trunk Parallel Line. The City has authorized phase 1 of this project using the current funds available. Phase II will start within the next year.

Total Debt and Cost of Sewer Treatment $1,718,400

The following is the Debt Service for the Wastewater Collection:

Year	Principal	Interest	Total	Bond/Agent Fees	Total Debt & Fees
2014	$609,000.00	$349,647.00	$958,647.00	$4,200.00	$962,847.00
2015	568,600.00	328,100.50	896,700.50	4,200.00	900,900.50
2016	585,200.00	311,360.00	896,560.00	4,200.00	900,760.00
2017	606,800.00	291,471.50	898,271.50	4,200.00	902,471.50
2018	632,600.00	267,859.50	900,459.50	4,200.00	904,659.50
2019	663,400.00	242,365.80	905,765.80	4,200.00	909,965.80
2020	690,600.00	215,215.30	905,815.30	4,200.00	910,015.30
2021	719,800.00	186,751.70	906,551.70	4,200.00	910,751.70
2022	753,400.00	156,805.20	910,205.20	4,200.00	914,405.20
2023	784,800.00	122,188.05	906,988.05	4,200.00	911,188.05
2024	485,800.00	85,695.50	571,495.50	4,200.00	575,695.50
2025	396,200.00	63,924.80	460,124.80	2,600.00	462,724.80
2026	414,600.00	46,324.50	460,924.50	2,600.00	463,524.50
2027	225,000.00	27,665.00	252,665.00	400.00	253,065.00
2028	240,000.00	17,082.50	257,082.50	400.00	257,482.50
2029	250,000.00	5,781.25	255,781.25	400.00	256,181.25
	$8,625,800.00	$2,718,238.13	$11,344,038.13	$52,600.00	$11,396,638.13

This department has one employee who takes care of the operations of the waste water for the City and below is the operational costs for the Wastewater Collection Department:

Operational Costs	
Personnel – includes salary and benefits	$ 63,100
Material and Supplies – includes minor sewer line repairs	143,600
Other Contractual – includes engineering & electricity	70,600
Total Operational Costs	$277,300

Capital Requests for FY 2014:

Capital	
¾ ton utility truck with crane & generator – replacement	$ 58,400
¾ ton utility truck	24,000
Total Capital	$ 82,400

Total Wastewater Collection Department Budget $2,078,100

Additional funding will be required for following items:

40% of the $850,000 transfer to General Fund $ 340,000

These funds are transferred to the General Fund to reduce the tax rate and to cover costs incurred by the General Fund for the Utility Fund.

25% of Customer Service Budget $ 116,100

Approximately 25% of the Customer Service Department is devoted to waste water customers.

Less amount paid by Impact Fees $ (409,000)

The city collects impact fees on new construction, these fees are used to pay the debt on the projects listed in the Impact Fee Study. Impact fees are projected on the construction of 100 single family residence and two commercial projects in 2014. During FY 2014, $409,000 of the sewer impact fees can be used to pay the debt on the WWTP and the interceptor line. These impact fees will be going away as the City nears build out.

Total funds required for FY 2014 budget $2,125,200

Revenues (based on the current rates and current usage) $1,488,500

Shortage of $ (636,650)

Revenues (based on recommended adjustments to rates) $2,502,900

Funds Available $ 377,700

These funds will be used to fund the additional debt payment on the $1,5M Certificates of Obligation to be issued for the construction of the Maxwell Creek Parallel line and for any unexpected sewer line repairs such as the ones that have occurred during FY 2013.

Staff recommends the following changes to the base rate and the volume rates in order to provide the revenues needed to support Wastewater Collections:

Base Rate	**Current**	**Proposed**		**Volume Rate**	**Current**	**Proposed**
Commercial	$30.00	$40.00		Commercial	$2.00	$3.00
HOA	$10.00	$20.00		HOA	$2.00	$2.50
Residential	$10.00	$20.00		Residential	$1.20	$1.70
Church	$10.00	$20.00		Church	$1.30	$1.70

The proposed rate increase will generate approximately $2,502,900 based on current usage. It is anticipated that the base rate will require an increase by $5 in FY2016 and another $5 in FY 2018 to maintain the funds necessary to fund operations, debt and capital requirements. The rates for sewer will be reviewed during each budget to ensure that the rates cover costs.

The City of Murphy prepared a Water & Wastewater Impact Fee Report in October 2006. The report covers the time period of 2006 – 2016 and a link to it is provided for your review.

The following table illustrates the projected costs of wastewater collection for the next seven years. Cost of waste water treatment is projected to increase by 3% annually, debt service is based on actual, and operational costs are projected to increase by 5% annually while no capital is included. However, capital will be needed as well as an increase in the repairs of sewer lines as the sewer system ages.

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Cost of Waste Water Treatment (NTMWD)	755,500.00	778,165.00	801,509.95	825,555.25	850,321.91	875,831.56	902,106.51
Debt Service	962,900.00	900,900.50	900,760.00	902,471.50	904,659.50	909,965.80	910,015.30
Total Debt & NTMWD	1,718,400.00	1,679,065.50	1,702,269.95	1,728,026.75	1,754,981.41	1,785,797.36	1,812,121.81
Personnel	63,100.00	66,255.00	69,567.75	73,046.14	76,698.44	80,533.37	84,560.03
Materials & Supplies	143,600.00	150,780.00	158,319.00	166,234.95	174,546.70	183,274.03	192,437.73
Other Contractual	70,600.00	74,130.00	77,836.50	81,728.33	85,814.74	90,105.48	94,610.75
Capital	82,400.00						
Total Waste Water Budget	2,078,100.00	1,970,230.50	2,007,993.20	2,049,036.16	2,092,041.29	2,139,710.24	2,183,730.33
40% of $850,000 transfer to General Fund	340,000.00	340,000.00	340,000.00	340,000.00	340,000.00	340,000.00	340,000.00
25% of Customer Service Budget	116,100.00	121,905.00	128,000.25	134,400.26	141,120.28	148,176.29	155,585.10
Less Impact Fees	(409,000.00)						
Total Funds Required	2,125,200.00	2,432,135.50	2,475,993.45	2,523,436.42	2,573,161.56	2,627,886.53	2,679,315.44

Notes

Home

City of Murphy
Water Distribution
FY 2014

The City of Murphy is under contract with North Texas Municipal Water District to purchase water for the city. The current contract requires that the city purchase 1,384,066,000 gallons of water per year regardless how much water we actually use. This minimum was increased from 1,193,806,000 gallons in FY2012 as the result of the amount of water that was used in FY 2011.

Below are the costs associated with the Water Distribution budget and the required funding necessary to cover all of the expenses:

Cost of Water (NTMWD): $2,671,247

The projected rate per thousand gallons of water is $1.93 times 1,384,066,000 gallons of water

Below is the history of the rates and purchases from NTMWD

Year	Amount	Gallons	Dollars
2009	$1.23	1,193,806,000	$1,468,381.38
2010	$1.30	1,193,806,000	$1,551,947.80
2011	$1.42	1,193,806,000	$1,695,204.52
2012	$1.54	1,384,066,000	$2,131,461.64
2013	$1.75	1,384,066,000	$2,422,115.50
2014 projected	$1.93	1,384,066,000	$2,671,247.38

As shown in the table above, the rate per thousand gallons of water has continued to increase and will in the future. NTMWD is dealing the zebra mussel issue by building a water pipeline from Lake Texoma to the water treatment plant in Wylie.

Below are the latest projections for water rates from NTMWD:

Year	Rate
2015	2.11
2016	2.29
2017	2.47
2018	2.62
2019	2.75

NTMWD will be updating the rate projections after the current budget cycle is over and the rates could increase.

Debt Service: $335,000

Principal	
Waterworks and Sewer System 2009 CO – final payment 2029	$180,000
Interest	
Waterworks and Sewer System 2009 CO – final payment 2029	154,600
Bond/Agent Fees	400
Total Debt Service	$335,000

The debt was issued in 2009 for the construction of the one million gallon elevated storage tank in the Gables/Ranch, water line relocation on North Murphy Road and the water meter change out program.

Total Debt and Cost of Water $3,006,300

The following is the Debt Service for the Water Distribution:

Year	Principal	Interest	Total	Bond/Agent Fees	Total Debt & Fees
2014	180,000	154,551.26	334,551.26	400.00	334,951.26
2015	185,000	149,076.26	334,076.26	400.00	334,476.26
2016	195,000	143,376.26	338,376.26	400.00	338,776.26
2017	200,000	137,201.26	337,201.26	400.00	337,601.26
2018	210,000	130,276.26	340,276.26	400.00	340,676.26
2019	215,000	122,301.26	337,301.26	400.00	337,701.26
2020	225,000	113,501.26	338,501.26	400.00	338,901.26
2021	235,000	104,301.26	339,301.26	400.00	339,701.26
2022	240,000	94,681.26	334,681.26	400.00	335,081.26
2023	255,000	84,501.88	339,501.88	400.00	339,901.88
2024	265,000	73,611.25	338,611.25	400.00	339,011.25
2025	275,000	61,998.75	336,998.75	400.00	337,398.75
2026	285,000	49,747.50	334,747.50	400.00	335,147.50
2027	305,000	36,615.00	341,615.00	400.00	342,015.00
2028	315,000	22,507.50	337,507.50	400.00	337,907.50
2029	330,000	7,631.25	337,631.25	400.00	338,031.25
	$3,915,000.00	$1,485,879.47	$5,400,879.47	$6,400.00	$5,407,279.47

Water Distribution has nine maintenance workers and supervisor as well as a director and administrative assistant to maintain the water system and meters.

Operational Costs	
Personnel – includes salary and benefits	$647,300
Material and Supplies – includes water main repairs and water meters	312,200
Other Contractual – includes pump station repairs, cleaning of water storage	328,500

tanks and electricity	
Total Operational Costs	$1,288,000

Capital Requests for FY 2014:

Capital	
Computer equipment for the field	$16,200
GIS computer	5,000
WHECO upgrade of SCADA – phase II	20,000
Furniture and Computer hardware and software – new employee	3,500
Total Capital	$44,700

Total Water Distribution Budget $4,339,000

Additional funding will be required for the following:

60% of the $850,000 transfer to General Fund 510,000

These funds are transferred to the General Fund to reduce the tax rate and to cover costs incurred by the General Fund for the Utility Fund.

50% of Customer Service Budget 232,150

Approximately 50% of the Customer Service Department is devoted to water customers.

Less amount paid by Impact Fees (129,000)

The city collects water impact fees on all new construction and these fees are used to pay the debt on projects included in the Impact Fee Study. Impact fees are projected on the construction of 100 single family residence and two commercial projects in 2014. During FY 2014, $129,000 can be used to pay the debt on the elevated storage tank. Water impact fees will be going away as the City nears build out.

Total funds required for FY 2014 budget $4,952,150

Revenues (based on current rates and usage from June 2012 – May 2013) $4,689,700

Shortage of $ (262,450)

Revenues (based on recommended adjustments to rates) $5,037,700

Funds Available $ 85,550

Staff recommends the following changes to the base rate and the volume rates in order to provide the revenues needed to support the Water Distribution:

Monthly Base Rate		Current	Proposed
¾ inch meter	R1, S1	$20.00	$25.00
1 inch meter	R2. S2	$37.40	$42.40
1 ½ inch meter	R3, S3	$74.80	$79.80
2 inch meter	R4, S4	$119.70	$124.70
3 inch meter	R5, S5	$239.40	$244.40
4 inch meter	R6, S6	$480.00	$485.00

Volumetric rate per 1,000 gallons

Residential	**Current**	**Proposed**
Gallons	**Rates**	**Rates**
0 - 15,000	$2.95	$2.95
15,001 – 30,000	3.10	3.10
30,001 – 45,000	3.30	3.60
45,000 +	3.55	
45,001 – 60,000		4.10
60,001 +		4.60
Sprinkler/Irrigation		
Gallons		
0 - 15,000	$3.95	$3.95
15,001 – 30,000	4.10	4.10
30,001 – 45,000	4.30	4.60
45,000 +	4.55	
45,001 – 60,000		5.00
60,001 +		5.60

These rate adjustments will generate approximately $5,037,700 based on water usage for the period of June, 2012 through May, 2013. If everything goes according to our projections, these new rates will generate just enough revenues to fund the operations, debt and capital requirements. Based on the projected water rate information provided by NTMWD, these rates will require adjustments each budget year.

Notes:

Home

Water and Wastewater Rates

CITY OF MURPHY

NTMWD Water History

- Created in 1954
- Provides water to over 1.5 million people
- Water sources
  - Lake Lovan
  - Lake Texoma
  - Lake Chapmon (Cooper Lake)
  - Murphy is a customer city (34)
  - 13 member cities

NTMWD Water Contracts

- 1st contract signed August 1, 1960
  - Between NTMWD and Murphy Water Supply Corp.
  - Maximum water 15,000 per day
  - Reviewed after five full calendar years
  - Term 40 years from date of first delivery (2000)
  - Amended contract January 1, 1970
    - Between NTMWD and Murphy Water Supply Corp.
    - Minimum adjusted annually based on water used prior year at a rate of 5 cents above member cities rates

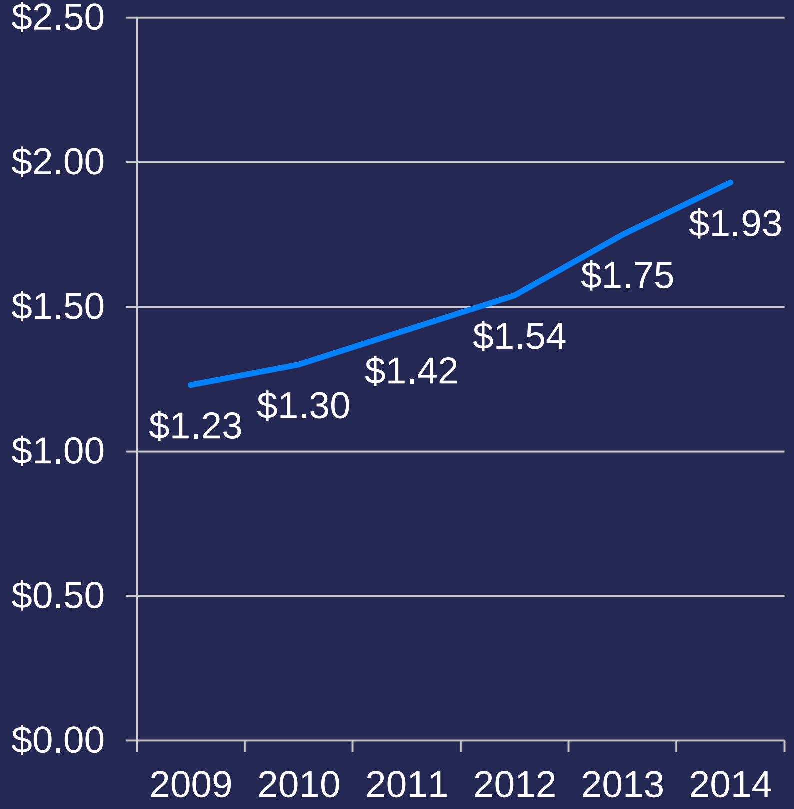
NTMWD Water Contracts

- Contract dated May 27, 1983
  - Between NTMWD and City of Murphy
  - Contract assigned to City of Murphy by Murphy Water Supply Corp.
  - Contract supersedes previous contracts
  - Term of forty years from date of contract (2023)
  - Contract amended December 18, 1986
  - Contract amended October 27, 2005 replaced prior contract
  - Contract for potable (drinking) water supply
  - Terms of thirty (30) years from date of contract (2035)

NTMWD MURPHY WATER USAGE & RATES

Year	Gallons	Rate/ Per Thousand	Annual Payment
2009	1,193,806,000	$1.23	$1,468,381.38
2010	1,193,806,000	1.30	1,551,947.80
2011	1,193,806,000	1.42	1,695,204.52
2012	1,384,066,000	1.54	2,131,461.64
2013	1,384,066,000	1.75	2,422,115.50
2014	1,384,066,000	1.92	2,657,406.72
2015	1,384,066,000	2.11*	2,920,379.26
2016	1,384,066,000	2.29*	3,169,511.14
2017	1,384,066,000	2.47*	3,418,643.02
	FY 2013 usage 1,260,452,000	**** Projected by NTMWD 1-2-13***	

NTMWD MURPHY WATER USAGE & RATES



NTMWD Rates Per Thousand

Paid to NTMWD

FY 2014 Murphy Water Budget

Cost of Water (NTMWD)	$2,671,300
Debt (2009 CO)	335,100
Total Cost of Water & Debt	$3,006,400
Personnel	597,300
Materials & Supplies	312,100
Other Contractual	319,000
Capital	157,600
Total Water Distribution	$4,392,400
60% of Transfer to General Fund	510,000
50% of Customer Service	251,400
Impact Fees for Debt	(169,000)
Total Funding Required for FY 2014	$4,984,800
Revenues – Proposed Rates	$5,037,700
Revenues less Expenditures	$ 52,900

Murphy Water Outstanding Debt

Year	Principal	Interest	Total	Fees	Total
2014	$180,000	$154,551.26	$334,551.26	$400.00	$334,951.26
2015	185,000	149,076.26	334,076.26	400.00	334,476.26
2016	195,000	143,376.26	338,376.26	400.00	338,776.26
2017	200,000	137,201.26	337,201.26	400.00	337,601.26
2018	210,000	130,276.26	340,276.26	400.00	340,676.26
2019	215,000	122,301.26	337,301.26	400.00	337,701.26
2020	225,000	113,501.26	338,501.26	400.00	338,901.26
2021	235,000	104,301.26	339,301.26	400.00	339,701.26
2022	240,000	94,681.26	334,681.26	400.00	335,081.26
2023	255,000	84,501.88	339,501.88	400.00	339,901.88
2024	265,000	73,611.25	338,611.25	400.00	339,011.25
2025	275,000	61,998.75	336,998.75	400.00	337,398.75
2026	285,000	49,747.50	334,747.50	400.00	335,147.50
2027	305,000	36,615.00	341,615.00	400.00	342,015.00
2028	315,000	22,507.50	337,507.50	400.00	337,901.50
2029	330,000	7,631.25	337,631.25	400.00	338,031.25
Totals	$3,915,000.00	$1,485,879.47	$5,400,879.47	$6,400.00	$5,407,279.47

FY 2012 Water Actuals

Cost of Water (NTMWD)	$2,068,191
Debt (2009 CO)	335,51
Total Cost of Water & Debt	$2,403,242
Personnel	553,268
Materials & Supplies	139,648
Other Contractual	241,352
Capital	11,304
Total Water Distribution	$3,348,814
60% of Transfer to General Fund	510,000
50% of Customer Service	196,658
Total Funding Required for FY 2014	$4,055,472
Revenues	$4,228,887
Revenues less Expenditures	$ 173,415

Current Water Rates

Gallons	Residential Rate per Thousand	Sprinkler/Irrigation Rate per Thousand
0-15,000	$2.95	$3.95
15,001 - 30,000	3.10	4.10
30,001 - 45,000	3.30	4.30
45,001 +	3.55	4.55

New Water Rates

Gallons	Residential Rate per Thousand	Sprinkler/Irrigation Rate per Thousand
0-15,000	$2.95	$3.95
15,001 - 30,000	3.10	4.10
30,001 - 45,000	3.60	4.60
45,001 - 60,000	4.10	5.00
60,001 +	4.60	5.60

Current Water Base Rates

Meter Size	Base Rate
¾ inch meter (residential standard)	$20.00
1 inch meter	37.40
1 ½ inch meter	74.80
2 inch meter	119.70
3 inch meter	239.40
4 inch meter	480.00

Large meters will be charged $15.00 times the living unit equivalent according to the Water and Wastewater Impact Fee Update:

New Water Base Rates

Meter Size	Base Rate
¾ inch meter (residential standard)	$25.00
1 inch meter	42.40
1 ½ inch meter	79.80
2 inch meter	124.70
3 inch meter	244.40
4 inch meter	485.00

Large meters will be charged $15.00 times the living unit equivalent according to the Water and Wastewater Impact Fee Update:

Water Rate Calculation

- Budgeted $5,037,700
  - Based on average of water used June 2012 – May 2013
- Added another water tier
- Increased base rate by $5 per meter size
- Used actual water usage from October 2012 – September 2013 - $5,168,805.59

- Questions?

NTMWD – WASTEWATER HISTORY

- Owns and operates four regional treatment facilities
- Operates 14 smaller treatment plants
- 12 Regional Wastewater members
- Three Regional Wastewater Customers
- Eight Sewer System participants – includes Murphy

Wastewater Facilities – Shared with Wylie

	Murphy	Wylie
Muddy Creek Wastewater Treatment Plant	27.185%	72.825%
Muddy Creek Interceptor	39.175%	60.825%
Murphy Wastewater Treatment Plant/Interceptor	100.000%	

Muddy Creek Wastewater Treatment Plant

- Muddy Creek Regional Wastewater System Contract - Shared with City of Wylie
  - Executed May 27, 1999
  - Term until all debt paid and throughout the useful life of system
  - Cost to Murphy – based on % of annual flow or minimum annual flow of 200,000 gallons per day

Muddy Creek Wastewater Interceptor

- Muddy Creek Wastewater interceptor contract shared with the City of Wylie
  - Executed – May 27, 2004
  - Term – contract shall remain in force from effective date until bonds are paid and useful life of system
  - Murphy responsible for 39.175% of costs

Waste Water Costs - NTMWD

Year	Amount	
2009	$639,000	
2010	479,455	Credit from NTMWD of $126,759
2011	648,456	
2012	526,213	
2013	646,680	

FY 2012 Murphy Wastewater Actuals

Cost of Wastewater Treatment & Collection (NTMWD)	$526,213
Debt (2009 CO & NTMWD debt)	326,175
Total Cost of Wastewater Treatment & Collection & Debt	$852,388
Personnel	57,267
Materials & Supplies	173,121
Other Contractual	25,900
Capital	0
Total Wastewater	$1,108,676
40% of Transfer to General Fund	340,000
25 % of Customer Service	98,329
Total Funding Required for FY 2012 Budget	$1,547,005
Revenues	$1,312,829
Revenues less Expenditures	($ 234,176)

FY 2014 Murphy Wastewater Budget

Cost of Wastewater Treatment & Collection (NTMWD)	$735,500
Debt (2009 CO & NTMWD debt)	962,900
Total Cost of Wastewater Treatment & Collection & Debt	$1,698,400
Personnel	63,100
Materials & Supplies	142,400
Other Contractual	70,800
Capital	82,400
Total Wastewater	$2,057,100
40% of Transfer to General Fund	340,000
25 % of Customer Service	125,700
Impact Fees for Debt	(295,100)
Total Funding Required for FY 2014	$2,227,700
Revenues – Proposed Rates	$2,502,980
Revenues less Expenditures	$ 275,280

Current Wastewater Volume Rate

Customer Class	Volume Rate/per thousand
Commercial	$2.00
City	1.20
HOA	2.00
Residential	1.20
Church	1.30

New Wastewater Volume Rate

Customer Class	Volume Rate/per thousand
Commercial	$3.00
City	1.70
HOA	2.50
Residential	1.70
Church	1.70

Current Wastewater Base Rates

Customer Class	Base Rate
Commercial	$30.00
City	10.00
HOA	10.00
Residential	10.00
Church	10.00

New Wastewater Base Rates

Customer Class	Base Rate
Commercial	$40.00
City	20.00
HOA	20.00
Residential	20.00
Church	20.00

Wastewater Rate Calculation

- Budgeted - $2,502,000
  - Based on June, 2013 actuals
- Used actual usage from October 2012 – September 2013 - $2,393,808.57
  - Winter averaging changes each April 1st

Murphy Wastewater Outstanding Debt

Year	Principal	Interest	Total	Fees	Total
2014	609,000.00	349,647.00	958,647.00	4,200.00	962,847.00
2015	568,600.00	328,100.50	896,700.50	4,200.00	900,900.50
2016	585,200.00	311,360.00	896,560.00	4,200.00	900,760.00
2017	606,800.00	291,471.50	898,271.50	4,200.00	902,471.50
2018	632,600.00	267,859.50	900,459.50	4,200.00	904,659.50
2019	663,400.00	242,365.80	905,765.80	4,200.00	909,965.80
2020	690,600.00	215,215.30	905,815.30	4,200.00	910,015.30
2021	719,800.00	186,751.70	906,551.70	4,200.00	910,751.70
2022	753,400.00	156,805.20	910,205.20	4,200.00	914,405.20
2023	784,800.00	122,188.05	906,988.05	4,200.00	911,188.05
2024	485,800.00	85,695.50	571,495.50	4,200.00	575,695.50
2025	396,200.00	63,924.80	460,124.80	2,600.00	462,724.80
2026	414,600.00	46,324.50	460,924.50	2,600.00	463,524.50
2027	225,000.00	27,665.00	252,665.00	400.00	253,065.00
2028	240,000.00	17,082.50	257,082.50	400.00	257,482.50
2029	250,000.00	5,781.25	255,781.25	400.00	256,181.25
Totals	$8,625,800.00	$2,718,238.10	$11,344,038.10	$52,600.00	$11,396,638.13

Wastewater Projects

- South Maxwell Creek Parallel line
  - 2/19/13 Phase 1 - $471,350 prelim design, survey, land acquisition &/or easements, final design phase & preparation of construction/bid documents
  - Estimated Project Cost - $2,491,300
  - Available $1,200,000

Proposed Certificates of Obligation

City of Murphy
Issuance of Certificates of Obligation

A	B	C	D	E	F	G
	CO Issuance to Fund $1.50 Million in Proceeds (1)			CO Issuance to Fund $2.00 Million in Proceeds (2)		
Fiscal Year End	Principal	Interest	Total P+I	Principal	Interest	Total P+I
2014	$ -	$ -	$ -	$ -	$ -	$ -
2015	35,000	80,017	115,017	50,000	105,833	155,833
2016	55,000	59,025	114,025	75,000	78,000	153,000
2017	60,000	57,875	117,875	80,000	76,450	156,450
2018	60,000	56,675	116,675	80,000	74,850	154,850
2019	60,000	55,175	115,175	80,000	72,850	152,850
2020	65,000	53,300	118,300	85,000	70,375	155,375
2021	65,000	51,350	116,350	85,000	67,825	152,825
2022	65,000	49,400	114,400	90,000	65,200	155,200
2023	70,000	47,200	117,200	95,000	62,188	157,188
2024	70,000	44,750	114,750	95,000	58,863	153,863
2025	75,000	42,025	117,025	100,000	55,200	155,200
2026	80,000	38,925	118,925	105,000	51,100	156,100
2027	80,000	35,725	115,725	110,000	46,800	156,800
2028	85,000	32,213	117,213	110,000	42,125	152,125
2029	90,000	28,275	118,275	120,000	36,950	156,950
2030	95,000	23,875	118,875	125,000	31,125	156,125
2031	100,000	19,000	119,000	130,000	24,750	154,750
2032	105,000	13,875	118,875	135,000	18,125	153,125
2033	110,000	8,500	118,500	145,000	11,125	156,125
2034	115,000	2,875	117,875	150,000	3,750	153,750
	$ 1,540,000	$ 800,054	$ 2,340,054	$ 2,045,000	$ 1,053,483	$ 3,098,483

(1) Provides $1.50 million in project proceeds. Includes all estimated issuance fees and expenses. Based on estimated rates as of 11.8.13 + 0.50%; preliminary, subject to change.
(2) Provides $2.00 million in project proceeds. Includes all estimated issuance fees and expenses. Based on estimated rates as of 11.8.13 + 0.50%; preliminary, subject to change.

FirstSouthwest

- Questions?

Issue
Discussion on compensation plan items, including the benchmark city list; the structure of the general government pay plan; and market strategy options.

Staff Resource/Department
James Fisher, City Manager
Stacy Buckley, Human Resources Manager

Issue
The City Charter provides for the adoption of personnel rules that include a compensation plan. Attached is a Pay Plan Briefing that provides a background and evaluation of the City's history and current status related to pay plans. In adopting a compensation plan, benchmarks/competencies will be identified that will give the employee ways to move through the plan. This is not designed to be a merit system. Specific, yet to be determined benchmarks, must be accomplished for employees to earn an increase.

Benchmark cities that Murphy uses as a comparison tool are as follows:
Allen
Garland
Highland Village
McKinney
Plano
Richardson
Rockwall
Rowlett
Sachse
Wylie

Considerations
Staff Next Steps
- Internal development of benchmarks/competencies
- Internal positional analysis based on goals of Council

Council Next Steps
- Implementation of compensation plan based on staff recommendations in accordance with the City Charter with an effective date of October 1, 2014.

Attachments
Pay plan memo
Draft General Government Pay Plan
2013-2014 Draft Pay Plan

MEMORANDUM

TO: CITY COUNCIL
LEADERSHIP TEAM

FROM: STACY BUCKLEY, HR MANAGER

SUBJECT: PAY PLAN BRIEFING

DATE: NOVEMBER 8, 2013

Our current city charter requires a compensation plan (pay plan) for all City employment positions. A formal pay plan is an important key ingredient that helps Murphy to recruit, hire and keep the best employees. A pay plan, like the City's policies and procedures, provides the framework for salary for all city positions by providing a salary range for each position as well as creating a salary administration policy that tries to ensure fairness throughout the organization. In April 2013, a formal compensation policy went into effect along with the full implementation/adoption of the Fire and Police pay plans. Per Chapter 141 of the Texas Government Code, each municipality over a population of 10,000 shall meet the following guidelines pertaining to the classification of positions for public safety positions. Here is the relevant section of code:

Sec. 141.033. CLASSIFICATION OF POSITIONS; SALARY SCHEDULE. (a) Each municipality affected by this subchapter shall classify all positions in its fire and police departments and shall specify the duties and prescribe the salary for each classification.

(b) A member of the fire or police department who is required to perform the duties of a particular classification is entitled to be paid the salary prescribed for that position during the time the member performs those duties.

The final step in this process is to formally adopt a General Government pay plan that will allow for inequities within positions to be corrected as well as allows Murphy to remain competitive with surrounding cities. This memo will outline the compensation history within Murphy as well as information, include methodology, regarding the latest salary survey data and recommended pay plan that was completed and presented to Mr. Fisher in mid-May.

In the fall of 2002, an informal salary survey was completed by the former HR Director and City Administrator. In December of 2002, salary changes were recommended and approved by council. These changes were made for various positions but a pay plan was never formally adopted. We have very little information about this project as no one who had been involved is currently employed. In the spring of 2005, HR conducted a formal salary survey using 13 benchmark cities that were chosen by the city manager. The same project was also done in the spring of 2006. In addition to the salary survey, a formal pay plan for all city positions was created and presented by HR to the city manager but was never presented to or adopted by the city council. Based on the new plan and survey data, the city manager gave up to 10% market adjustment increases for all positions that were not at the proposed pay plan's minimum. These adjustments were done in October 2005 and October 2006 and also included a 4% merit increase and a 3% merit increase respectively, for a total of up to 27% increases for some employees between those two fiscal years. The issue of pay inequity has become more of a problem due to the fact that a formal pay plan was never adopted and more than 30 employees (mostly fire personnel) were hired after the final market adjustment was given in October 2006. In October 2007, there was still no formal pay plan and no funding available for any type of market adjustments, especially for employees within public safety.

With a new manager in place in March, 2008, it was agreed upon to have a work session in April 2008 in order to discuss compensation, including briefing council on the projects done in the past, the importance of creating and adopting a pay plan each year and getting feedback from council. It was during that session in which council agreed upon 13 'benchmark cities' and HR moved forward with the salary survey project that was completed in June. The chosen benchmark cities include the following: Addison, Allen, Frisco, Garland, Highland Village, McKinney, Plano, Richardson, Rockwall, Rowlett, Sachse, University Park and Wylie. The previous city manager did not include Garland but had included Highland Park. These cities were chosen for the following reasons:

- All are within 30-45 miles of Murphy (typical Metroplex commuting distance);
- Direct competition with most of these cities for the same talent pool;
- Some larger, some smaller—population, staff, & budget;
- Some higher, some lower—per capita income;
- Used most of the same cities for the past several years—identify trends, compare consistent market data from year to year.

As a result of the work session, City Council asked staff to:

- Compare the city's salaries with those in other similar cities, using original data from each city;
- Create formal pay plans for general government and public safety positions;
- Allocate all jobs to appropriate pay levels and all employees to appropriate job classifications;
- Place each classification appropriately on a pay schedule, taking into consideration both internal equity and market factors;
- Make recommendations for any needed salary changes based on the presented pay plan.

From each benchmark city, HR requested a copy of the adopted pay plan as well as actual salary information for every position within the city. It was decided that the general government pay plan will be a range plan as opposed to the step plans typical for sworn fire and police personnel. This is the standard for most cities, especially the larger ones, to have separate plans for general government and sworn public safety employees. The general government plan begins at $8.39 per hour and progresses at consistent 5% intervals from pay grade to pay grade. The 5% interval is industry standard for government range plans. Range width is 40% from the minimum of the pay range to the maximum of the pay range. Some of the pay grades have no job titles assigned and instead of hiding each of these grades, they are all left exposed. During annual compensation reviews, it may be determined that particular jobs will need to be moved around from one pay grade to another; therefore, all pay grades are visible even if no jobs are listed for them. Also, both exempt and non-exempt positions are listed on the same pay schedule.

Prior to the most recent compensation project, we have been working to get all positions to the market minimum over the past two years. The fire and police step plans were fully implemented as of April 1, 2013. In February 2013, the salary survey process began again. The first step was to discuss and determine the legitimacy of our benchmark city list with Leadership Team. During that discussion, the decision was made to drop Frisco, Addison and University Park from our benchmark city list. HR then followed the same methodology as outlined above and requested current pay plans and actual salary info from each of our 10 benchmark cities. Since the last full survey of every city position was conducted in 2011 and included three additional cities that have now been removed, a new survey was necessary. Over the following 2.5 months, HR updated salary spreadsheets for each city position, along with adding data for proposed positions. HR also visited with a consultant, pro bono, for a couple of hours that ended up being a coaching session along with a review of our current practices and proposed general government pay plan. This discussion ensured that HR was on the right track before the project got underway. Each position required updating the spreadsheet data: population numbers, job titles, number of incumbents, actual minimum, average and maximum salary, pay plan minimum, midpoint and maximum and the reporting structure. In order to find the most comparable position match, HR reviewed org charts and job descriptions for many positions, especially the non-benchmark positions that not easily comparable to other city positions (positions in which titles and job duties may vary widely from city to city). Once the review was complete and each position had updated data, all general government positions were placed within a particular grade within the plan. For some non-benchmark positions in which outside comparable matches didn’t exist or there was a lack of matches, HR considered other similar internal positions in which the Knowledge, Skills and Abilities (KSAs) of each job description were more closely matched and placed positions accordingly in the plan.

Within the general government pay schedule, nine (9) out of 40 occupied positions (23%) are not in the pay plan, meaning the current actual salary for those incumbents is lower than the proposed minimum range of the pay grade. Most of these positions are at the supervisory/management and executive level. Many of the larger cities do not include executive level positions and/or contracted employee positions, such as City Manager and City Secretary positions, within their pay plans. This makes it very difficult to compare our proposed salary ranges for these positions because they do not have pay ranges. Also, when considering the size of some of our benchmark cities, management and executive level positions and job duties in the larger cities are quite different than ours. In addition to reviewing the compensation information for each city, HR reviewed the staffing ratio of budgeted full-time employees per 1,000 residents. Our benchmark cities have ratios anywhere from 5.84 to 9.38 with an average of 7.43 full-time employees per 1,000. Murphy's current average is 5.94, well below the average of the benchmark cities. In addition to considering compensation, our staffing levels should also be a point of discussion as the budget allows.

The results of not paying fairly, according to our compensation policy and the market, will cost us in the long-run with costly turnover. According to the Society for HR Management, employee turnover can cost anywhere from 50-200% of the position's annual salary, depending on the level of the vacant position. Our average turnover costs are approximately 25% of the position's annual salary. Within fire and police, our turnover costs are even higher due to the recruitment testing process and uniform costs-an average of $3,500 per police employee and an average of $3,800 per fire employee in uniform costs alone. The average time to fill a position is six to eight weeks, 12-16 weeks for public safety positions. During the recruiting process, we are paying overtime in order to cover vacancies. The average turnover rate for the city is 13.75% over the past four fiscal years.

In summary, I believe that we need to review and adopt the proposed general government pay plan and decide where we want to be within the market in order to determine how to financially implement the plan. With regards to where we want to be within the market, City Council will need to adopt a pay strategy in which we choose to match or lead the market. Following data review, we can then decide upon a strategy in which to get all affected positions to the minimum of each position's pay grade, whether that will take one increase effective next fiscal year or if it will need to be broken out over a six month timeframe, as has been done over the past couple of years. On an annual basis, HR will complete compensation reviews using 15-20 benchmark jobs and make recommendations to adjust pay schedules/structures with market adjustments. In conclusion, a formal pay plan and compensation policy should enhance the city's ability to attract and retain the best employees. Our citizens expect the best and our goals are to always to hire and retain the best employees.