



MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday July 18, 2017 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Council Members in Attendance:

Diane Turner, Chair	District #4
Dave Nicponski, Vice-Chair	District #1
Blair Camp	District #2
Jim Brass	District #3
Brett Hales	District #5

Others in Attendance:

Ted Eyre	Mayor	Jan Lopez	Council Administrator
Janet Towers	Chief Admin. Officer	Jennifer Kennedy	City Recorder
Pattie Johnson	Council Office	Gil Rodriguez	Fire Chief
Mike Dykman	Fire Marshall	Danny Astill	Water Superintendent
Shaun Pigott	S. Pigott & Associates	Frank Nakamura	City Police Chief Attorney
Doug Hill	Public Services Director	Craig Burnett	Police Chief
Jennifer Brass	Resident	Jim Nielson	Resident
Darrell Pehrsen	Resident		

Ms. Turner called the Committee of the Whole meeting to order at 5:30 p.m. and welcomed those in attendance.

1. Approval of Minutes - None Scheduled.

2. Discussion Items

2.1 Review of Fireworks Risk in the City – Frank Nakamura, Chief Rodriguez

Ms. Turner expressed concern about fireworks and whether the city did all it could to ensure safety over the July 24th holiday. Mr. Nakamura confirmed the city prohibited fireworks in certain at-risk areas, determined by the fire department; for instance, the Murray Parkway Trail and areas within 300 feet of the trail, all parks, and within 300 feet of them; Mick Riley Golf Course; Wheeler Farm, and within 300 feet of the farm. In addition, environmental conditions necessitate the prohibition in locations referred to as under

developed properties containing dry brush and trees. Therefore, the city will enforce negligent discharge of fireworks.

Mr. Nakamura reported Salt Lake City identified additional areas of risk also, because of under developed properties to the west and several foothill areas to the east. He confirmed Chief Rodriquez and Fire Marshall Dykman carefully evaluated the city to determine if additional areas of risk exist that require absolute prohibition of fireworks.

Chief Rodriquez confirmed the city was dry overall, however, most dry areas, specifically under power lines, and within 300 feet of the river on the Murray Parkway were cut low. He believed if such areas were to burn, spreading would not be significant. Other spotty dry areas were noted, although there was nothing concerning, or out of the ordinary. He said the fire department was fairly busy on the 4th of July but most emergency calls were benign.

Mr. Dykman described calls totaling 13, from 10:00 pm, on July 4th, to 1:00 am on July 5th. Five calls located in Murray, were not all fires, or were small fires extinguished before firefighters arrived. Eight calls were mutual aid, located as far as upper Millcreek and into other areas of the county. Overall, problems in Murray were nonexistent at nighttime, and major challenges were located in the county where large tracks of dry grass, wheat fields and stubble exist. If he removed mutual aid calls, the list would reflect a normal record day with 80% medical, and 20% fire related calls. He said the holiday in Murray was like any other day.

Chief Rodriquez recommended preventative measures in the future encouraging citizens to self-regulate, and educating them about the city's dry areas prior to the holiday. His biggest concern was always the Parkway where regulations are in place.

Mr. Nakamura explained most problems related to illegal fireworks, coming in from other states, which happens frequently and becomes an enforcement issue. Chief Rodriquez agreed.

Mr. Hales wondered if new laws in 2011 changed what type of fireworks were allowed. Chief Rodriquez confirmed aerial fireworks were allowed after 2011. He explained aeriels were very hard to regulate, because before police officials arrive to address complaints, aerial fireworks were already extinguished and it was hard to determine what was actually ignited.

Mr. Nakamura said, it was important as a city council to balance different interests of its citizens. Fireworks create risk and even though residents are allowed celebrations of this manner, careful analysis determined the areas of risk the city would prohibit.

Mr. Nicponski asked how many calls the police department received over the July 4th. Chief Burnett reported calls were constant over three days, and were generally nuisance calls related to noise, fireworks on cul-de-sacs, and fireworks set off well into early morning hours.

Ms. Turner wondered if the city had laws and statutes to cover criminal sanctions for negligence cases. Mr. Nakamura said not only civil remedies, and criminal sanctions, but also cost of recovery for fire services. As codes are updated, laws will be clearer to residents, but the act itself would always be after the fact, therefore, he reiterated, the council was in a difficult balancing position. He added, the city

always tried to narrowly focus on governmental regulations to accomplish interests of the city, which in the case of illegal fireworks, was to omit fires.

Chief Rodriguez said Murray was different from other cities of greater square footage and higher risk because of land that was not built out. Mr. Nakamura responded, risk could not be eliminated no matter what - there would always be enforcement issues like every year, and the city can say it did everything to ensure safety, while respecting the rights of its citizens.

Mr. Dykman reported the department would have a reserve engine and a second grass truck available for quicker response on July 24th because there was no city event.

Mr. Brass noted comments he read on the Murray City app after July 4th. He counted 32 responses about limiting fireworks and residents along the Jordan River Parkway wondered how fireworks could be prevented in their area. Mr. Brass responded to comments by informing citizens the city had a temporary ordinance in effect, banning fireworks from certain areas. He agreed with self-regulating and educating the public, however, he wondered how the city could inform citizens since they did not know about the ordinance and where fireworks were illegal.

Mr. Rodriguez agreed, citizens aren't aware of the ordinance, even though the subject was discussed during council meetings and mentioned in the Murray Journal; he felt some kind of media announcement for all cities would be helpful. Mr. Brass wonder if notices could be posted on sign boards.

Mr. Nakamura stated he dealt with citizens who would say the city had no prohibitions, when clearly the city does - in major parts of the city.

Mr. Brass felt there was a passion in the community to get rid of fireworks, however, there was also a lack of knowledge, as to what the city had in place to protect specific areas. He noted Salt Lake City did a great job to communicate prohibited areas to residents, by providing an updated boundary map in the Salk Lake Tribune and he suggested Murray provide something similar in the future.

Ms. Turner asked if fireworks information was on the city's website. It was confirmed fireworks information could be found there.

Mr. Camp said it was important to know Murray City could not prohibit fireworks citywide as other cities did, because those new prohibitions were not legal under state statute - unless justified that an entire city was considered a fire hazard.

Mr. Nakamura could not comment on what areas the Salt Lake City Fire Department determined to be at-risk, or whether their entire city was determined to be at-risk. He noted since Murray was built out, and was without significant undeveloped property, Murray could only evaluate its own situation under the law, which he felt the chief and fire marshal did well.

Mr. Nicponski wondered about enclosing helpful information in power bills and suggested placing notifications in future June statements. It was noted this was done in the past and was a good method, however, not all residents receive Murray power bills because of email statements. Mr. Rodriguez felt it was difficult to notify all residents by the same manner.

Mr. Dykman reviewed a list of at-risk areas:

1. I-15 South Frontage and I-215 Interchange – not residential, previous fire last year
2. Winchester Estates and the Midvale boarder
3. Homes on west side of 700 West
4. Rocky Mountain Power right-of-way, south end where new growth was observed
5. Bullion Street, the Parkway, the Pitchfork area, (Salt Lake County Fish and Game)
6. Bullion Street and telecommunication area
7. 5300 South west of I-15 freeway – frontage area needs attention
8. Northwest section of the city near Confluence, well maintained, not concerned about structures
9. Rails – both sets looked good throughout the city. Concerned rail areas were located near 4500 South to 4800 South where weeds and structures exist. Nonresidential areas lessen concerns.

Mr. Dykman mentioned other pockets of concern around the city, however, most homeowners cleared spaces and were prepared to prevent fires. He believed the city had done all that was appropriate and reasonable by addressing concerns in the month of June, however, adding additional signage along the Parkway and in parks would be helpful.

Mr. Nakamura noted the city was more compact than other cities and believed many dangers and risks existed besides fireworks. He informed the council they could further identify additional at-risk areas if they chose. He reiterated the negligent use of fireworks was troubling and citizens would be prosecuted.

All council members were comfortable with the measures and precautions taken for the city's safety.

2.2 Wastewater Rate Study Update – Doug Hill, Shaun Pigott

Findings and recommendations related to a rate study were shared in a draft summary and Mr. Pigott highlighted the following:

Sewer Utility at a Glance and Background

Mr. Pigott said Murray City utilities were in very good financial health and he was not used to reporting such a positive situation. In most cases, he would normally recommend a 15% rate increase immediately. This was not the case for Murray City utilities, because fiscally, Murray utilities were well managed over the years. He said this was obvious by noting reserve and fund balances, along with good management of the capital program. He hoped his report and discussion would verify the city's options.

The biggest concern was the Central Valley Water Reclamation Facility (CVWRF) and capital costs which would be applied to members, and was in fact, the key driver to the rate requirements he discussed.

Current charges are broken into two parts, the base rate of \$7.62 - which covers the administration portion, and the flow rate of \$2.26. The flow rate measures per one hundred cubic feet (HCF) - which relates to the amount of waste water flowing to the treatment center through the collection system.

The average monthly rate for a single family home is \$30.22 and assumes 10 HCF. He noted CCF was another way to measure wastewater, where one CCF is equivalent to 748 gallons of water. He reported 10 CCF was the typical consumption in Murray City over the course of one year.

Ms. Turner asked if the average applied to all of Murray City. Mr. Pigott responded it was the average amount used by all single family homes in Murray, with the exception of Eastside Murray.

Mr. Pigott noted the city had not seen a rate increase since 2014, and \$30 per month was extremely competitive industry wide. He said Murray City utilities is doing something right because there was a significant fund balance without a rate increase.

Mr. Hales wondered what the fee increase was in 2014. Mr. Astill replied 1.5% to 1.7%.

Under current rates, Mr. Pigott reviewed the following information regarding annual wastewater revenue and expenses, as well as, existing bonds:

Revenues - Service Charges = \$4.5 million
 Connection Fees = \$2,000
 Impact fees = \$120,000
 Other income = \$21,000
 Interest income = \$20,000
 TOTAL = \$4,726,750

Expenses - Wastewater Operations = \$1,063,522
 CVWRF = \$1,250,730
 Wastewater Capital Outlays = \$133,000
 Wastewater Debt Service = \$396,946
 Wastewater Financial Functions = \$865,983
 TOTAL = \$3,710,181

He said, the difference was a large driver in the reserve balance and the ability to maintain that reserve level over time.

Existing Bond Status - 2012 Water and Sewer Refunding Bond
 Annual cost - \$227,000
 Retires in April 2024

2012 State of Utah Revolving Fund Loan
 Annual cost - \$168,000
 Retires in October 2032

2005 CVWRF Wastewater Treatment Revenue Bond
 Annual cost for debt member share - \$236,750
 The city has chosen to pay off its portion in fiscal year
 2018, through a one-time payment of \$1,719,308 from reserves in the
 wastewater operating fund.

Mr. Nicponski asked what the reserve balance would be after the CVWRF payoff. Mr. Astill said the balance would be approximately \$2.96 million.

CVWRF Capital Costs – Mr. Pigott noted three items.

- Over the next ten years, CVWRF will have a capital expenditure totaling \$250 million dollars related to repairs and replacements to the 30-year old plant. More significantly, is the required treatment process upgrades for phosphorous and nitrate removal.
- Murray City's share of the upgrade process is \$20,925,000 - over a ten year time frame.
- By fiscal year 2022, a five-year time frame, Murray City would be responsible for an additional \$850,000 in annual debt service related to the CVWRF bond issue the city would participate in.

Mr. Pigott noted part of the logic in retiring the 2005 debt, was to free up funds, which was good fiscal managing, recognizing the city would undertake additional debt services as a result of very expensive CVWRF requirements.

Budget & Capital Cost Assumptions

A five-year internal wastewater collection CIP list, totaling \$4.18 million was noted as:

- | | |
|-----------------------------------|-------------|
| • Walden Pump Station replacement | \$1,200,000 |
| • Infiltration and inflow control | 800,000 |
| • Line replacement | 1,550,000 |
| • Other pump replacements | 50,000 |
| • Vehicles | 447,000 |
| • Various equipment | 133,000 |

Mr. Pigott shared the following objectives and observations that resulted as the rate study continued:

- Reduce and manage existing debt (for example, early retirement of 2005 CVWRF bond).
- Commit to cash financing all collection system improvements.
- Commit to maintaining adequate reserve levels.
- Anticipate and plan for significant new CVWRF projects 10 years from now, by retaining financial flexibility.
- Reduce rate spikes through regular predictable increases, avoid double digit rate increases, and plan for mandated rate requirements.

Rate Forecast

A double line graph was used to show *fund balance* and *total charges for services* over the next five years. The fund balance would drop in 2018, due to the bond retirement, then the fund balance would stabilize and begin to grow by 2027 with a target of \$3 million. Charges for services were shown to increase incrementally at a lesser amount of about 4% per year. (Attachment page 9)

A bar graph was used to show the rate increase profile. The increases at 5% would equal approximately \$1.50 per month with five annual increase to 2021. A customer paying \$30.22 per month in 2017 would be paying \$39.57 by 2021. Although not always favorable, increases remain warranted and competitive.

Comparative Rates

Mr. Pigott shared a chart listing rates of Murray City compared to other cities in the area. (See page 11). Murray was noted at mid-range comparably, for example, Murray's Base Charge for wastewater utilities was \$8, Mount Olympus was \$15 and Cottonwood Heights Base Charge was \$20. Mr. Pigott noted the correlation in being the lowest in rates, and needs assessment for the collection system – which was significant. He explained when it comes to wastewater collection systems, customers either pay now, or pay later.

Mr. Nicponski agreed Murray City's competitive wastewater base charge without utilizing a property tax increase was significant.

Mr. Camp noted the 5% increase and felt it was a consistent and an easy number to work with, however, he asked if collected revenue from the increase was determined to meet exact needs for CVWRF costs, and would reserves decrease significantly.

Mr. Pigott explained a 5% increase not only solved the revenue requirement of the utility, but in addition, met the reserve objectives identified by staff, ultimately reaching \$3 million. He believed \$3 million in reserves was appropriate and considered a luxury most cities did not have. He restated, because the city put the reserve policy in place, the city preserved the ability to exercise options with rates, which was not the case in most other cities.

Mr. Astill added, after the five-year period, expenses with CVWRF would remain, as costs for general maintenance and operations could increase more than currently anticipated. It was believed a 5% increase right now, provided the ability to build a cushion. The increase would be re-evaluated after five years when much of construction was completed. Overall, Mr. Astill believed the city would end up in a good position.

Mr. Brass agreed reserve funding was essential for unforeseen occurrences and was concerned that any great mishap would wipe out reserves easily.

Mr. Hill noted Mr. Camp's question and explained the 5% increase was carefully evaluated for several weeks knowing the fiscal reserve ordinance policy. The ordinance requires a 25% minimum of annual operating costs to be set aside – which meant 25% of \$4 million was just over \$1 million. To address Mr. Brass's concern, Mr. Hill said the question was considered at the staff level, whether \$1 million was enough to handle a catastrophic event in the sewer system, and staff agreed \$1 million was not sufficient.

Therefore, it was suggested by Mr. Pigott, that \$3 million was for such an event. A discussion with the council in order to set a prudent fiscal policy of more than 25% reserves might be considered. If policy required \$1 million to be kept in reserves, the fee increase could be reduced to just 2% or 3% instead of 5%. Mr. Hill said it was within the council's authority to determine whether a \$3 million reserve minimum was too much.

Mr. Hill said the proposed ordinance and rate increases would be presented to the council the end of August 2017. He affirmed adjustments could be made, should the council decide that a 5% increase for five years, which was ultimately a 25% rate increase, was something they wanted to see happen or not.

Mr. Pigott concurred and stated his concern in conducting the wastewater rate study was that utility rates are meant to be based on cost, to provide service. He agreed Mr. Camp's question was spot on, because while understanding operational costs, reserve requirements and calculations were uncertain. He said the reserve level should be driven by a specific fiscal policy established by the council. He reiterated the 25% increase provided approximately \$1.2 million in revenue.

3. Announcements: Ms. Lopez made the following announcements:

- Wednesday, July 26, 2017 - Retirement party for Diane Taylor located at the city power department from 12:30 to 2:30 pm
- Wednesday, July 26, 2017 – Ribbon cutting for Soy's Sushi Bar at 5:00 pm.
- Thursday, July 27, 2017 - Meet the Candidates, located at the Doty Education Center, 6:00 pm.

4. Adjournment: Ms. Turner adjourned the meeting at 6:22 p.m.

Pattie Johnson
Council Office Administrator II