

**MURRAY CITY MUNICIPAL COUNCIL
COMMITTEE OF THE WHOLE**

Work Session Minutes of Tuesday, February 18, 2025
Murray City Hall, 10 East 4800 South, Poplar Meeting Room, Murray, Utah 84107

Attendance:

Council Members:

Paul Pickett	District #1
Pam Cotter	District #2 – Council Chair
Scott Goodman	District #3
Diane Turner	District #4
Adam Hock	District #5 – Council Vice-Chair

Others:

Brett Hales	Mayor	Jennifer Kennedy	City Council Executive Director
G.L. Critchfield	City Attorney	Pattie Johnson	Council Administration
Brenda Moore	Finance Director	Hal Luke	Murray Senior Center
Chad Wilkinson	CED Director	Cory Plant	Director Murray Senior Center
Craig Burnett	Police Chief	Russ Kakala	Public Works Director
Joey Mittelman	Fire Chief	Elvon Farrell	Economic Development Specialist
Flip Nielsen	Parks Department	Brooke Smith	City Recorder
Aron Frisk	Water Superintendent	Andrew McKinnon	Bowen Collins & Associates
Susie Becker	Zions Public Finance	Kim Sorensen	Parks and Recreation Director
Citizens & Guests		Isaac Zenger	IT

Conducting: Council Chair Cotter called the meeting to order at 2:45 p.m.

Approval of Minutes: Committee of the Whole, January 21, 2025. Mr. Hock moved to approve, and Mr. Pickett seconded the motion. All in favor 5-0.

Discussion Items:

- **Murray Senior Recreation Center Report.** Murray Senior Center Board Member Hal Luke gave a presentation to share about holiday activities and events held at the center so far this year, and the resources available to all seniors.
- **Water Master Plan, IFFP, IFA, and Water Rate Study Review.** Professional Engineer Andrew McKinnon from Bowen Collins & Associates presented the Water Master Plan and discussed historical water use data and indoor and outdoor water use projections through 2065. Mr. McKinnon said the City's eight natural springs and 19 wells can meet projected water demands beyond 10 years, assuming all sources operate efficiently. All wells in the Murray water system are in good condition due to ongoing maintenance and mitigation efforts. He reviewed the water distribution system and outlined recommended pipe replacement projects with estimated costs, saying that the greatest cost increase is for pipe replacement projects.

Mr. McKinnon displayed a list of all operational improvements noting that the fluoride improvement program may be cancelled due to proposed 2025 state legislation. Other operational improvements include the development of two new wells and the restoration of one existing well. A map was displayed to view the water distribution system and existing water sources. Estimated budget recommendations were outlined for Operational Improvements, Annual Water System projects, Asset Replacement projects and One-time Water System Improvement projects within specific timelines.

Mr. McKinnon discussed the IFFP (Impact Fee Facilities Plan) explaining that it provides a basis for assessing updated impact fees throughout the City and addresses needs for future infrastructure

regarding land use planning, including existing and future capital projects. He said future growth must be established to develop an impact fee and to form ERU (Equivalent Residential Units) projections over the next 40 years. The impact fee will now be based on peak day water demands of ERUs, for both indoor and outdoor irrigation and on peak day demands of IRUs (Indoor Residential Units), which measures indoor water use only. He pointed out that the City is expected to grow by 950 ERUs in the next 10 years and outlined the required water system improvements.

Susie Becker from Zions Public Finance discussed the Impact Fee Analysis (IFA) Plan focusing on funding for improvement projects related to water service levels, water service areas, excess capacity, and new construction. She clarified that new developments would pay a one-time fee for the capital costs associated with them and noted that impact fees cannot be charged to raise service levels or deficiencies in existing developments. She explained changes in the City's approach to addressing new construction and existing excess water capacity like moving from meter-size-based fee to a system using ERUs or IRUs.

Ms. Becker reviewed the Water Rate Study to explain how the proposed rate increases would affect the base rate and usage fees for a single family home connection. She said a revenue sufficiency model is used to identify the sufficient amount of revenue needed to cover all water projects. Water sales revenue also pays for things like operating expenses, capital costs, debt and any other cost related to operating the water system. The sufficient amount of revenue should also provide at least 180 days cash on hand in the Water Fund.

She said a 2018 Rate Model used over the last five years did not account for significant inflation in the cost of maintaining and operating the existing water system. This meant that revenue accumulated over the last five years, consistently fell year after year below what was projected, resulting in a \$2 million shortfall in revenue. The negativity was also created by an unforeseen drop in water sales revenue due to water conservation.

Ms. Becker explained if all water projects move forward as planned, the City will have negative cash on hand by fiscal year 2026 and would fall well below its required debt service coverage ratio by fiscal year 2027. If no rate increases are made and no additional bonds are issued, the City would have to defer capital projects.

Ms. Becker discussed three options for addressing the matter. Each option suggested implementing water rate increases over time, along with issuing bonds to pay for projects and replenish cash on hand. The third option was highlighted as the best path forward, which recommended a rate increase of 20% on April 1, 2025, a rate increase of 20% on April 1, 2026, a rate increase of 10% on April 1, 2027, a rate increase of 5% on April 1, 2028, and a 2% rate increase on April 1, 2029 and thereafter. Option Three also included bonding for \$6 million in 2026 to maintain cash on hand.

Mr. Hock voiced concern about the ongoing decline in water sales revenue due to continued water conservation efforts. He felt a higher increase would be requested again in two years. Mr. Frisk said rate increases in 2018 to 2022 were 5%, 3% and 2%, so the City has never implemented enormous rate increases like this proposal. Finance Director Brenda Moore shared that growth rate estimations in the 2018 rate model did not happen, so this also contributed to the negativity in water sales revenue.

Mr. Goodman asked if the rate increase was due to the huge spike in capital expenditures. Mr. Frisk confirmed. Mr. Goodman asked if all the proposed studies and projects needed to be completed by 2028 and other projects by 2026. Mr. McKinnon said the largest expense was the new well project

and projects are completed as needed but there is a schedule that provides an outline. Mr. Frisk stated they have applied for grant funding to help offset the cost, which could impact the water rate in a positive way. The initial rate increase of 20% in 2026 is expected to add approximately \$4 per month to the base rate for a single-family residence.

Mr. Frisk reviewed the proposed ordinances which would amend City Code related to new construction water meter and advanced metering infrastructure equipment schedules, the minimum size of water service pipes, metered water rates, and adoption of Murray Water System Impact Fees.

- **An ordinance amending Section 13.32.060 of the Murray City Municipal Code relating to monthly service charges for users of the city's sewer system.** Wastewater Superintendent Ben Ford said a \$12 fee was introduced in fiscal year 2023 to help fund treatment process upgrades at the CVWRF (Central Valley Water Reclamation Facility). At that time the construction cost estimate was approximately \$250 million, but the actual estimated cost is now over \$400 million. The \$12 fee was part of a five year rate structure that resulted in most households going from \$59 per month to \$65 per month for the wastewater treatment. As part of the rebuild project, one final bond was needed for \$87 million that was issued in November of 2024. The federal mandated project of the Division of Water Quality required that the project be completed by July of 2024 but an extension was granted due to the pandemic and other obstacles. The project must now be finished by July of 2026.

Mr. Ford said if the City does nothing, the current fee of \$11 will reduce to \$8 as planned, but cash on hand reserves will drop significantly. To address the CVWRF construction cost increase and the loss in cash, the proposal suggests going back to the \$12 fee in April 2025. In addition the proposal implements a 3% year over year increase to the flow rate beginning in FY 2026 that will be continuous to avoid future rate increase requests. He said the reasoning behind increases, is to effectively update rates with current data before a new Wastewater Master Plan is finalized in FY 2026. The \$12 fee incorporates the CVWRF upgrade fees with the City's base fee and the flow rate.

- **A resolution declaring the property located at approximately 48 East 4800 South, Murray City, Salt Lake County, State of Utah, as surplus; and approving the contribution and conveyance of said property for less than appraised value based on findings pursuant to Section 10-8-2 of the Utah Code.** Community Economic Development Director Chad Wilkinson said Block One consists of multiple parcels owned by the RDA (Redevelopment Agency) and one parcel owned by Murray City which is proposed to be part of Block One.

Mr. Wilkinson said State Law allows RDAs flexibility in transactions with developers, however, city-owned property must follow a stricter process under State Code Section 10-8-2, which addresses surplus property benefits. He outlined three key factors the City must consider when selling land: public benefit, purpose, and meeting with city goals. He noted that surplus land requires a public hearing and is sold below market value. He stated that a developer for Block One is requesting the City to donate the land as surplus and confirmed that Zions Public Finance conducted a study addressing these factors.

Ms. Cotter noted that the parcel which is the City Hall parking lot was appraised at \$1 million. Mr. Wilkinson confirmed. Mr. Farrell agreed most of the parking lot is surplus, and City Attorney Critchfield confirmed that only the right-of-way asphalt road, north of the Murray Mansion is not included in the parcel, meaning three-quarters of the parking lot is proposed as surplus.

Mr. Hock asked if the Zions Public Finance study was a separate study from a study conducted for Block One. Mr. Wilkinson said yes, the parking lot study had to be separate because City property is

required to be treated differently than the RDA property.

Mr. Pickett expressed concern about the loss of parking for City Hall employees if the property were given to developers. He suggested reconsidering the decision to keep two vacant homes and the Tea Rose building that are located on Block One and suggested offering those parcels to developers in order to keep the existing parking lot for employees. He felt if the City Hall Plaza was to be a gathering space, there would be a need for parking in the future. Ms. Turner shared the concern. Mr. Wilkinson said parking details related to the proposed project would be unveiled in the RDA meeting, which are surface and underground parking, saying that the project would provide public parking for employees.

Ms. Cotter noted the downtown area of Block One was always RDA property and asked how City owned property ended up in this RDA area. Finance Director Ms. Moore said a mistake was made in her department in either 2019, 2020, or 2021 and the subject parcel was purchased with the City funding instead of RDA money, therefore it was titled as City own property.

Ms. Cotter asked whether any of the 460 parking spaces in the development would be explicitly designated or reserved exclusively for Murray City employees, with a gate and a keypad available to them 24 hours a day, seven days a week. Mr. Wilkinson said parking details still needed to be resolved but there would be some kind of designation for Murray City Hall employees. Parking configurations would be included in a development agreement that had not been finalized yet by the RDA board.

- **OPMA (Open and Public Meetings Act) and Anti-Harassment Training.** City Attorney G.L. Critchfield noted the annual OPMA training was required by State Law. He explained public observation requirements, emphasizing that government meetings must be open for public transparency. He reviewed the purpose of public comments, the Council's decision-making process, and procedural guidelines for conducting meetings.

Mr. Critchfield led harassment training, reviewing the City's Anti-Harassment Policy, relevant laws, and reporting procedures. He clarified that harassment isn't limited to sexual misconduct and covered definitions, legal aspects, and corrective actions, including confidential investigations and the no-retaliation policy.

- **Legislative updates.** Ms. Cotter discussed various bills highlighting HB (House Bill) 465 regarding law enforcement, HB300 regarding elections and HB191 involving billboard signs. Ms. Cotter said so far there are a total of 800 bills in process and she would continue to follow those that the Utah League of Cities and Towns was tracking closely.

Adjournment: 4:55 p.m.

Pattie Johnson
Council Administrator III