

Murray City Municipal Council Chambers Murray City, Utah

The Municipal Council of Murray City, Utah, met on Tuesday, the 29th day of October, 2013 at 6:30 p.m., for a meeting held in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Roll Call consisted of the following:

Dave Nicponski,	Council Chair
Jim Brass,	Council Member
Darren Stam,	Council Member
Jared Shaver,	Council Member
Brett Hales,	Council Member – Conducted

Others who attended:

Daniel Snarr,	Mayor
Jan Wells,	Chief of Staff
Jennifer Kennedy,	City Recorder
Frank Nakamura,	City Attorney
Craig Burnett,	Deputy Police Chief
Gil Rodriguez,	Fire Chief
Justin Zollinger,	Finance Director
Briant Farnsworth,	Senior City Attorney
Charles Crutcher,	Power Department
Blaine Haacke,	Power Department
Greg Bellon,	Power Department
Bruce Turner,	Power Department
Natalie Gochnour,	Power Advisory Board
Dallas DiFrancesco,	Power Advisory Board
Jan Evans,	Power Advisory Board
Steve Meyer,	Power Advisory Board
Scouts	
Citizens	

5. OPENING CEREMONIES

5.1 Pledge of Allegiance – Craig Burnett, Deputy Police Chief

Mr. Hales asked the scouts in attendance to introduce themselves, state their troop number and the merit badge or badges they are working on.

5.2 Approval of Minutes

5.2.1 August 27, 2013.

5.2.2 September 3, 2013

Mr. Hales asked that both sets of minutes be taken together, no objections were made.

Mr. Shaver made a motion to approve the minutes.

Mr. Stam seconded the motion.

Voice vote taken, all “ayes.”

5.3 Special Recognition:

5.3.1 None scheduled.

6. CITIZEN COMMENTS (Comments are limited to 3 minutes unless otherwise approved by the Council.)

Don Snarr 634 Germania Avenue, Murray, UT 84123

Mr. Snarr stated that he was related to Mayor Snarr, they are cousins. Mr. Snarr stated that he would like to talk about the situation where the Council is considering dissolving the Power Advisory Board. Mr. Snarr gave a little bit of history regarding his position. He has been a lifelong resident of Murray and has been involved in, not only civic, but school and church affairs all of his life. Regarding power, when Murray City first got into the power business it was quite simple. In fact, the General Manager of the Power Department was the best lineman the department had. The Power Department only had to maintain the lines and the little generating plant. Since that time it has become highly complicated.

When the Mayor of Murray City at the time decided that they needed expert help, they created what they referred to as a Power Advisory Board. Mr. Snarr was one of the first members on the Board along with Jack Anderson and Glade Peterson. They were all power oriented. Mr. Snarr feels that they Mayor and Council at that time chose them on purpose. He doesn't think you would want a plumber operating on your heart and the Mayor and Council back then felt the same way.

Since they were involved, many important issues came to light. Mr. Snarr was in the electrical contracting business and did a lot of work for Utah Power and Light. When you buy power, for

example, from Utah Power and Light, you have to make all the requirements to meet their safety measures and all of their supervisory equipment and things like that. He would not advise the Power Advisory Board be dissolved because they are all competent people and they have Murray City's interest at heart.

Citizen comment closed

7. CONSENT AGENDA

7.1 None scheduled.

8. PUBLIC HEARINGS

8.1 None scheduled.

9. UNFINISHED BUSINESS

9.1 None scheduled.

10. NEW BUSINESS

10.1 Consider proposed resolutions and contracts related to the amendments and renewal of Intermountain Power Agency (IPA).

Staff presentation: Blaine Haacke, Power Department General Manager

Mr. Haacke stated that we are here not because of a decision of our own. We are here because we are being backed into a decision. The Californians have come to the table and they have been our partners in the IPA plant since its conception. Because they cannot bring coal-fired power plant energy into their state lines, they have approached the City and we have to do something different with that plant down by Delta. It is the Californians that are pushing us to this decision. Mr. Haacke hates to bring this decision before the Council because he doesn't like to be cornered either. We have had these discussions for the past year because we have had the understanding that we have to do something to keep that plant going.

Mr. Haacke thanked the Attorneys office for getting them to this point. This is a very complicated situation with four contracts that are pretty thick and complex. The Attorneys have given a risk analysis to the Mayor, Council and staff. They have been by his side the whole time. This has been years in the coming.

Mr. Haacke thanked Mayor Snarr for being involved. Mayor Snarr has been involved every step of the way as far as the Power Board discussions. There have also been some one-on-ones with Jan Wells, Chief of Staff and the Mayor. The Council has been involved by having several work sessions. Mr. Haacke feels that the Council knows the issues. He will give the highlights of the decision that is being made tonight by passing these Resolutions.

Mr. Haacke acknowledged the presence of the Power Board. They have spent numerous work sessions and agenda items on getting into the nitty-gritty, or details, of the contracts. The Board

knows it a little bit more in depth than some of the staff at the Power Department do and Mr. Haacke thanked them for being involved. This is an exciting decision. It is pretty important. This is a decision that will go out 50 years and is not to be held lightly.

On October 1, 2013, the Power Department approached the Council in a work session and they talked with IPA representatives about the evolution of the contracts. When the Power Department first approached the Council several years ago, they were not as comfortable in presenting those contracts for a vote. They were more comfortable last month because they have had them evolve through the year. This past year the Californians have come part way in negotiations. The Power staff recommends the Council passes all four Resolutions which would open the City into a new resource for 50 years, from 2027 to 2077.

Mr. Haacke noted that in the Council's packet there are three things he wanted to point out. One is a memo from him that talks about a review of the plant and the contract. The second thing is a letter from Frank Nakamura, City Attorney and Briant Farnsworth, Senior City Attorney about the risk analysis of each of the contracts. The third thing is the four Resolutions that the Power Department is asking the Council to pass.

This project has been successful. Back in the 1980's when they built it; it was a cooperative situation between the co-ops, like Dixie Escalante, Garkane, Moon Lake, twenty-three Utahans and six Californians. It's been an economic boom to that region; Delta, Oak City, and Fillmore. There are over 450 full-time jobs down there. It has been backed by the Governor's office back then and the current Governor still has a big role in the evolvement of industry down in that area. It has been a reliable resource. It has been one of the more clean resources as far as coal-fired plants in the western United States. It is always in the top ten percent as far as reliability meaning it is on; it is on ninety percent of the time. Lots of coal-fired plants when they get older, they break down and have trouble with the boilers. This has been a reliable plant. It's clean. It is over twenty-five years old; this is not a new resource anymore.

Mr. Haacke continued addressing the four contracts the Council has. The first contract is a Resolution that allows for changes to be made to the other three contracts. It is just a text type of thing. Small wording; it uses words to replace coal-fired with natural gas or some other thing. Mr. Haacke feels this contract is a no-brainer.

The second contract is a little stickier. It is an amendment to the existing contract that will go until 2027. It allows for a new plant to be built with a different type of fuel, perhaps natural gas. Right now it is natural gas but if there is a different fuel resource that comes in the next seven or eight years, we have the flexibility to move to a different fuel. Basically it will be two natural gas units at 600 megawatts a piece.

The second contract also deals with the decommissioning. As of right now if no contracts are signed and we reach the year 2027 and the coal-fired plant is no longer useable, unworkable or they want to get rid of it off of the market, who is going to pay for the decommissioning of the plant? Right now, that is up in the air. It was something they didn't put in the contract back in the 1980's as to who is going to pay for this when we are at the end of the line. This contract also allows for the decommissioning funds to be pulled aside in the next ten years so when the time comes for decommissioning, there will be money set aside. This is a big, big deal to the Power Department. Upwards of four hundred million dollars to half a billion dollars are needed to take these coal-fired plants totally down to a sage brush type of environment. There is one down in the four corners area, Mojave, where the stacks were just torn down and they are in the process of

decommissioning that right now. It is in the three hundred to four hundred million dollar range. That was a big albatross over Murray's neck and above everybody else's neck of who is going to pay for the decommissioning. The second contract allows money to be set aside for that.

The third contract is a renewal contract that goes from 2027 to 2077. This contract does not need to be signed right now. In fact, Mr. Haacke recommends we do not sign this contract, but pass the Resolution. Right now Murray has four percent of entitlement in the plant; whatever size that plant is, whether it is 1800 megawatts or 1200 megawatts. Through this process of people signing on to this contract, there might be some people in Utah that might not want to sign that contract and might want to walk away from the plant because they are tired of it. They would leave their entitlement shares on the table. The Power Department's hopes, with direction from the Council and the Mayor, would be to pick up some of those shares if we can. That way we can boost our portfolio. These shares are called "orphan shares".

Mr. Haacke said that if he was not mistaken, if we sign the third contract, it kind of binds our hands a little bit on whether we can pick up some of those orphan shares. He thinks it is best to wait a little bit, but pass the Resolution tonight so that when the timing is right, we can do that. So contract number three is basically a continuation of the contract from hence forth.

The fourth contract is the big contract that makes this all happen and that is the call-back. It is called the Excess Power Sales Agreement. This contract allows the City to hop in and out seasonally with the call-back. Without the Californians coming part way on contract number four, Mr. Haacke would not be presenting anything tonight because he would recommend that we walk away from the plant. However, the fourth contract allows us to come in and out. Contract number three by itself means we have to eat 72 megawatts or 48 megawatts depending on what size plant we are looking at. That would probably bankrupt Murray because we would be forced into buying a resource that was more expensive than or close to the market. It would be just too much capacity. Contract number four allows Californians to take our load; take our resource; and we will call it back as we need it. Contract number four is very, very important. Mr. Haacke states that it was the most important contract to him.

Mr. Haacke continued by going over some key issues. Murray will be set until the year 2077 if these Resolutions pass and the contracts get signed. For example, the City's load right now is about 100 megawatts. After 2027, if we sign this, our portion of the plant will be 50. Our entitlement to the plant would be 50; we have a 100 megawatt load, and we expect to have about a two percent growth every year. By doing simple math, 50 megawatts growth is about 25 years, or something like that. By signing this we actually have guaranteed Murray a resource. It might not be the best resource but at least it is a resource for at least 25 years past 2027. This is a 50 year commitment.

Mr. Haacke reiterated that our entitlement will go from 72 megawatts down to 48 megawatts. We have transmission enough to get our 48 megawatts to the hub; the IPA will be used as the hub. We have excess transmission surplus that we might be able to market to the Californians using renewables. We are going to have more than our needs for the transmission system. We had to give up a little of that to the Californians so they would come part way on the decommissioning.

Mr. Haacke added a few last items. The decommissioning of the old plant was a huge issue to us. We feel comfortable that it has been covered by the contracts that we will sign and it will not be worrisome to Murray and it will not be something that is going to bankrupt Murray.

The call-back is a little bit tighter than the one we have now where it is a six month season. The call-back as it will be in contract number four is that we have to give them one year notice and we have to have the resource for three years. We can determine how much of our 48 megawatts that is. So we give them one year's notice to get three years resource and then we can give it back to them in year four and five at fifty percent. It's a five year process, but it is better than having to call it back and eating it for the rest of the contract.

Mr. Haacke stated that to the Council that they can leave their mark as a councilmember tonight by passing these Resolutions. This is a big decision on the Council's part; 50 years is a long time. He reiterated that the Power Department and the Mayor are recommending the passage of these Resolutions.

Mr. Shaver stated that part of the thing that was talked about several years ago when the IPA group first came up was that coal is getting really hard looked at as far as emissions and what it does to a system. He remembers, at that time, Mr. Haacke saying that we need to make a decision because if they come in and say we have to clean this up, that would be as prohibitively expensive, but we would not have any kind of remuneration coming back to us that would help us cover the expense. It would just be an outlay of cost. He asked Mr. Haacke if he was remembering this correctly.

Mr. Haacke replied that he was.

Mr. Shaver continued saying that one of the reasons this is a good issue, other than the ones that Mr. Haacke has already enumerated, is that it gets us out of that particular plant without having to clean the emissions that would be coming out of it through government regulations.

Mr. Haacke said that Mr. Shaver is right. He thinks that California is approximately ten years ahead of the Utah time table. He feels that we would have been facing changing from coal ten years from now. Right now California is pushing us towards that. We are getting pressure. The plant is getting pressure and we might have to put SCR's (Selective Catalytic Reducers) or SNCR's (Selective Non-Catalytic Reducers) on it. These are devices that are put on the emission stack. The EPA is pushing us towards that already at that plant. The partners may have to put out hundreds of millions of dollars just to get us to the year 2020 or 2027. We are going to have to make that business decision in the next five years if the EPA gets their way. We are feeling pressure right now. We have other coal-fired plants. We have ownership in the Hunter plant and we have ownership in the San Juan plant. San Juan is going under issues right now where a lot of the Californians are walking away from their contracts at that plant and we are in the process of trying to decide, as far as a UAMPS group, whether we should pick up some of those "free" kilowatts that are out there on the table.

Mr. Haacke continued saying this is an issue that we are going to have to face one way or another. He is sorry that coal is such a bad word, but it is getting a bad rap.

Mr. Shaver stated that it is not in Emery County.

Mr. Haacke added that this is a clean plant; that is what is so sorrowful about it. This clean plant, one of the cleanest in the region, is being hit so hard. It is only a matter of time until we have to change to fuel or walk away.

Mr. Stam said that one of the big benefits is the decommissioning money that is going to be available for the coal. However, 2077 will come. Is there any additional resource being put aside in these agreements to worry about 2077?

Mr. Haacke replied that from 2027 to 2077 in the contract, there will be accruments set aside. They are not going to make that decision wrong. They made the wrong decision in the 1980's by not putting money aside; it will not happen a second time.

Mr. Haacke spoke about what is going to happen in 2027. There will be two plants that we will have built. Both will be 600 megawatt gas-fired. There will also be the existing 1800 megawatt coal-fired plant sitting right beside them. We will have access to that plant. It will basically be our plant because they are going to give the keys of ownership over to us; the Californians paid for our mortgage. As a UAMPS group, and as a Utah group, it is too big for us to market or use ourselves. We will still have access to half of that plant if the market turns around or we are able to market it out there.

We may not take one inch of the gas-fired plant after 2027; we may still operate that coal-fired plant if it is feasible.

Mr. Nicponski verified that the coal-fired plant is the plant that would need the SCR's.

Mr. Haacke replied that it was and that was the analysis that would have to be made.

Mr. Nicponski asked if that was an administrated rule made by the EPA.

Mr. Haacke responded that it was. They tried to do it legislatively federally, but Congress would not pass it; they wouldn't get it through. So the present administration has gone through other ways to do mandates. It is so frustrating because they tried to do it legislatively but had to do it executively.

10.1.1 Consider a Resolution approving of the "Fourth Amendment to Intermountain Power Agency Organization Agreement", and authorizing the execution and deliverance thereof.

Mr. Brass made a motion to adopt the Resolution.

Mr. Shaver 2nd the motion

 A Mr. Nicponski

 A Mr. Stam

 A Mr. Brass

 A Mr. Shaver

 A Mr. Hales

Motion Passed 5-0.

Mr. Haacke said that number two is kind of the big one. One hundred percent of the participants have to sign this. Right now, out of the twenty-three Utahans, we are the fifteenth or sixteenth city that will have pass this. There are still seven or eight out there that have not passed it. There have been no co-ops and no

Californians. Los Angeles, the big guy, has already passed and signed this.

There are still some issues that L.A. will have to deal with in California as far as getting them to sign this second contract but they don't sense any problems. L.A. is the dog that wags its tail. Whatever L.A. wants is what they are going to get. Even if the other Californians walk away from this whole thing, L.A. is going to pick up the slack. They are going to pick the scraps off the table and say we need this resource we will continue to work with Utah. There may only be one California participant, but it is the big guy that we need.

Mr. Brass said that Eric Tharp said something along those lines in the December meeting. He said they were going to build a power plant regardless.

Mr. Shaver asked that because of contract number two, when you talk about that four percent, what is the timing of it when you say when the contracts have to be signed and we would actually know when that four percent would either grow or not grow.

Mr. Haacke responded that he did not know. He stated he had not heard anything in the discussions of when we will have to sign the third and fourth contract. The fact that we have the Resolution passed gives the Mayor the prerogative to sign it. He asked Mr. Farnsworth if he knew.

Mr. Shaver said it is actually the timing of the second contract, not the third one. The second contract will tell you who is on board which is going to effect the third contract. He asked if there was a timing issue for the second contract that he is aware of.

Mr. Haacke replied there was no deadline on the second contract. He added that we are on top dead center for quite a while on this. Utahans have said we are going to push this through and commit.

Frank Nakamura, City Attorney added that the problem with the second contract is that it requires one hundred percent participation so the waiting is a little different. If anything gets held up, it is going to be the second contract. He added that he doesn't know where the Power Department is at with one hundred percent participation.

Mr. Haacke shared what he has heard about the second contract. There are a couple of co-ops and co-ops are a little bit different than IOU's (Investor Owned Utilities). They are kind of like the City in that they are municipally owned. There is an issue with one of the substations out in Nevada where they need transmission out there through what is called the Gander Line. They are kind of holding out on signing this to see if they can get a little bit better deal from some of the Californians as far as getting energy out there. That is one of the reasons why they have not signed on; they are negotiating. They are posturing for that.

We are not in that mode because we could care less about that line. We feel like the deal we have here is comfortable for Murray and we are ready to go on it. There may be other selfish reasons for some of these people not signing it. Mr. Haacke added that they do not expect less than one hundred percent. If you sign the first and second contracts you are not really committing yourself past 2027, you are just letting everybody else play the game until 2027. Then you slowly walk off into the sunset.

- 10.1.2 Consider a Resolution approving an Interlocal Agreement for the Sale of Renewal Power from the Intermountain Power Project, and authorizing the execution and deliverance thereof.

Mr. Shaver made a motion to adopt the Resolution.
Mr. Stam 2nd the motion

 A Mr. Nicponski
 A Mr. Stam
 A Mr. Brass
 A Mr. Shaver
 A Mr. Hales

Motion Passed 5–0.

Mr. Haacke stated that other cities have passed the first two and signed the Resolutions and have passed the third and fourth but have not signed them yet.

Mr. Shaver said that it is the Council's option then. We are saying yes, go ahead with it. If something comes up either this current Mayor or the Mayor Elect, whomever that might be, might come back and say this changed; we need to really look at it. For right now, Mr. Shaver thinks this is something they should move forward with.

Mr. Haacke verified that if it doesn't change they would go ahead and sign it without going back to the Council.

Mr. Brass commented that he was nervous about dropping from 72 to 48 megawatts; just because. He feels that the City invested in that too. We took the risk for all those years. However, he is also not uncomfortable having less ownership of power. Forty-eight or fifty is a nice, comfortable number.

As far as the fourth contract, the Renewal of Excess Power, back in December the Los Angeles Department of Water and Power made the point that they never envisioned, back in 1988, that they would be shifting hundreds of megawatts of power back and forth all the time. They figured this would happen once in a rare while. They didn't know how to plan for that because they did not intend for that.

That was back when they were not going to do this at all.

Mr. Brass was thinking, like Mr. Haacke was, that if they did not do this at all, we walk away. Then that comment was made and Mr. Brass thought that we would not want that either. We would not want to figure out if we were going to get 100 megawatts in six months or if we would lose it. For them to turn around and let us do it; it is a little stiffer term, but he feels this is still unprecedented. That is really good negotiating and it does not bother him.

Mr. Stam gave kudos to Mr. Haacke for negotiating that one.

Mr. Haacke noted that if they had not come up with the forth contract; it would have been a deal breaker. We would have walked away.

- 10.1.3 Consider a Resolution approving of the “Second Amendatory Power Sales Contract” with the Intermountain Power Agency.

Mr. Nicponski made a motion to adopt the Resolution.

Mr. Brass 2nd the motion

 A Mr. Nicponski

 A Mr. Stam

 A Mr. Brass

 A Mr. Shaver

 A Mr. Hales

Motion Passed 5–0.

Mr. Haacke verified that the Council would be okay if the Power Department decided not to sign the third contract.

Mr. Hales said that was fine.

Mr. Nakamura noted that it was also stated in the Resolution that when those orphan shares become available....however, he was assuming that when that happens Mr. Haacke would come before and advise the Council that he is going to make that decision.

Mr. Haacke said he was hearing from the Council that he was supposed to go after those orphan shares. If he doesn't want to stick to 48, he has latitude. He added that he was not sure if anything was going to be available. We are talking about small cities like Fillmore, Kanosh and Parowan that might put a couple hundred of kilowatts out there on the table. By the formula, the City would be able to snap some of that up.

Mr. Brass replied that he did not know about that personally. He noted that he and

Mr. Haacke had talked about this in the past. Mr. Brass' concern is that a great deal of our resource is very far away. In the event of a major natural disaster, if the transmission lines go down, we do not have local energy to hold the City through winter. Before we invest in something like that, Mr. Brass would like to consider it more. He would like to find something a little bit closer that could keep us a little bit safer. We need enough to carry us through winter time. You can deal with the heat in the summer but you have to be able to keep people warm in the winter.

- 10.1.4 Consider a Resolution approving an Interlocal Agreement for the Sale of Renewal Excess Power from the Intermountain Power Project, and authorizing the execution and deliverance thereof.

Mr. Shaver made a motion to adopt the Resolution.
Mr. Nicponski 2nd the motion

 A Mr. Nicponski
 A Mr. Stam
 A Mr. Brass
 A Mr. Shaver
 A Mr. Hales

Motion Passed 5-0.

- 10.2 Consider an Ordinance dissolving the Murray City Power Advisory Board.

Staff presentation: Jared Shaver, Council District 2

Mr. Shaver stated to the Council that they have reviewed this a couple of different ways and a couple of different times. One of the issues that came into his mind as he has served on the Council is the equality, or the equity, of the Boards and Commissions and how they serve the City and what they do for the City. One of the issues that Mr. Shaver dealt with is as he looked at each of the different Boards and Commissions and what they actually did; it seemed to him that there was an imbalance of credibility given from one to the other.

As an example, Mr. Shaver looked at each Commission and what powers they had and did not have, who had legislative power or who had the ability to say this is what it is and whether they go before the council or not. He looked at those that were just advisory only and reviewed those; as well as those that had State connection. For example, the City's Library Board has a State connection. We cannot really alter that one. It is set up through the State. They serve our local library, they are kind enough to come and talk with the Council, yet they are also an agency that can tax. They kind of set themselves apart.

Mr. Shaver looked at the City's Enterprise funds; the Power Department is an Enterprise fund. However, our Water and Sewer Department do not have a Board and they are Enterprise funds. Our Golf Course is an Enterprise fund but they also do not have a Board.

Mr. Shaver recommended to the Council that they dissolve the Power Advisory Board. He also recommended to the Mayor that follows, the Mayor Elect, that a Board be formed that would look

at all the Enterprise funds. Mr. Shaver reiterated that this is only a recommendation and it will not become part of the Ordinance. The Ordinance is completely different.

By doing this, it gives the discretion of the Mayor to say that this Enterprise Board could look at power one month, water the next month, sewer the next month, golf course the next month and so on. They could give a wider swath of public involvement in those particular agencies. The Ordinance dissolving the Power Advisory Board is what is on the table tonight. Mr. Shaver recommended approval of the Ordinance.

Mr. Hales stated this is one of the biggest things he has struggled with. After going through the ten months where he saw what the Power Advisory Board had done with the IPA, he feels that this Board is important and pertinent.

Mr. Hales was struggling with this the other day when his son had come home and noticed this was weighing heavily on his mind. His son asked him why he would go along with it if he does not agree with it. After Mr. Hales thought about it over a period of time he feels the Power Advisory Board is pertinent. It is a \$39 million budget, basically half of our budget for the City. He has really, really been thinking about this and has talked to some people. When he looked at the IPA agreement that is 170 pages he was overwhelmed. It is a checks and balance system. That is what he thinks the Power Advisory Board is right now.

Mr. Hales reiterated that he really feels strong that the Board not be dissolved right now.

Mayor Snarr shared his involvement with the Power Department. He feels he had a special interest in it because his mother was the personal secretary to Mr. Gadsby who greatly expanded Utah Power and Light from the late 1930's to the mid 1940's. His mother shared with him a lot of things that peaked his interest in the power business. His Uncle Lloyd was the superintendent of construction for Utah Power and Light. Fortunately, he was a good uncle and gave the Mayor employment to build substations in the summers.

Mayor Snarr felt that the Power Advisory Board has been his advocate to help him through some very challenging times as the Mayor. They have been there to explain to the citizenry what is going on because they are vested in spending the time to become educated. The best decisions and the most informed decisions are educated decisions.

When he was first elected, the Mayor had to select a new General Manager for the Power Department. They went through a process, but his main concern was the clearing of the overhead lines by eliminating the trees. He took his concern to the Council and the Council got on board, but he had citizens who were not happy. They felt he was wasting money on bringing on additional arborists to clear the trees so the lines would stay clear of any debris falling in the case of a significant storm event. It was well over \$500,000.00. They said there you go Mayor, you are spending money. He responded by saying that this was a good investment; this is protecting our infrastructure which is very expensive to replace. The Power Advisory Board supported the Mayor in that decision.

In 2003 there was a significant storm event. Our neighbors to the east, which were part of Murray at that time, were out of power for seven to eight days. Murray City's average outage was about two minutes, but in reality we had one little area that was out for about six hours because a lady did not like the way the arborists were trimming her trees. The Mayor guarantees that after that outage, all the neighbors told her to let the arborists do their job.

Mayor Snarr continued saying that he had to have support because he had some Council people sometimes who were giving him pushback. People tell the Mayor that he has spent a lot of money as the Mayor in the Power Department. His response to them is that we have invested a lot of money. The Mayor has had the support of those outside voices as citizens who are on the Power Advisory Board, who are not elected, but are chosen to represent what is in the best interest of the future success of Murray City Power.

Mayor Snarr has attended as many of the Board meetings as he could. He thinks he has the best attendance of any Mayor because he wants to know and understand what is going on. It is a very, very complicated industry. That is why we have a lobbying group at the APPA back in Washington D.C. to help us out. That is also why we have people attend those meetings and he knows that some of the Council has attended them. It is a complicated business.

Mayor Snarr continued by saying he was the one to say let's build the gas turbines. He realized with the grid there was the possibility it would go down. Ironically it did go down. They were able to turn those on. It went down when the riding substation had to be rebuilt by Utah Power and Light. When that power is wheeled off of that main transmission line it goes down the heart of Salt Lake County, down to those resources clear down to Glen Canyon Dam and other places. It is very expensive to build those. However, they are our ace in the hole. The Mayor had to get the support and have advocates go out and say this is a wise investment. Those advocates were the Power Advisory Board. They helped him through that challenging time; it was a major investment, close to thirty million dollars.

Mayor Snarr stated that the City decided to expand our SCADA (Security Control and Data Acquisition) system. That is the system that monitors in a real time, fractional second basis, what goes on with hundreds of millions of dollars' worth of equipment scattered throughout the City. It also monitors our lift stations and pumps for our water and wells. That was originally proposed by the Power Department; to take that forward and have it internal instead of contracting with someone else which most other cities have to do for their water and sewer.

The Mayor was able to get the Power Advisory to again say this is a great thing and we should do it. The Board even decided to take it to the school district and help them out. The other, somewhat controversial issue, that they had to do....they still have not solved the problem with Rocky Mountain Power up by the University of Utah. That is why the hospital is so excited to be here in Murray.

The Power Advisory Board again supported upgrading the system from 48 to 138 KV so we would have capacity to handle the expansion of the mall and other entities such as the hospital. The Mayor needed outside advocates to support him. Those were very expensive decisions. In a lot of ways, the Board took the heat off the Council, because they were out there saying no we have sat through literally hundreds of hours of meetings over the years addressing what we need to do in the long term to support the future success of Murray Power. The Board became the Mayor's outside advocates to explain to people that they are attending these meetings. The power industry is very complicated. It is not just a local issue, it is a national issue. It is an issue that has a lot of other members that are involved with the UAMPS group.

Mayor Snarr continued saying he can see what Mr. Shaver is saying, to some degree. He doesn't say this in any demeaning way whatsoever, but he sat as the Chairman of Central Valley Water Reclamation Facility. He looked at that versus how complicated the power industry is. He worked

with Jordan Valley because they serve in our annexed area, but they also work with Murray City's Water Department and the wells we have at McGhee Springs. None of these is nearly as complicated as the Power Department. What makes Murray different than any other city in Salt Lake County; we are the only city that has our own Power Department. It is the extra set of citizen advocates that have helped him through very, very challenging times as the Mayor to make those difficult decisions where we were spending tens of millions of dollars over forty-five million dollars where they Mayor had pushback to not do it. However, he had allies who sat and became educated and went out and informed the citizenry as to why these expenses were absolutely critical to the future success of Murray City Power and the success of Murray City.

Mayor Snarr continued saying that it was noted as he was on the phone for quite a while today with the University of Utah Hospital system trying to solve a problem for them, they reiterated they are so excited about the clinics they are moving to Murray City because we have the most reliable source of power in all of Salt Lake County. This is where they need to be to grow their system.

As the Mayor heard this comment, he thought to himself why do we have that? We have it because he had allies. He had people that helped him get these things done or we would not be 138 KV. We would not have the back-up that they are looking for with that generation capacity in-house if the grid goes down. We would not have been able to get the lines cleared if the Mayor had not got the additional arborist on board.

Mayor Snarr said that he knows that some of the members of the Council have concerns about the trips and what not. He feels that they have tried to work through that and be fair with the way they can attend the trips. Again, it is all about education to him.

Mayor Snarr stated that if he was never on another Board and could be totally out of politics on a City basis, he would be. This has been a very challenging time for him. The decisions he has always tried to make are based on what is good for Murray's future, not what looked good for him. He would not have done a lot of things that he has tried to do if that was the case.

Mayor Snarr said he supports the Power Advisory Board. It is the extra line of defense that he has had to defend him against the critics that were going to tackle him and take out what was important for Murray City Power's future. The Board was there to stand up and say we will block for you Mayor. We have attended meetings, we are educated and we are invested in what is really going on in the power industry. We will go out and be your advocates.

Mr. Shaver made a motion to adopt the Ordinance.

Mr. Stam 2nd the motion

Mr. Stam added that he would like to make a revision to the motion. On Section 3 - the Effective Date, he would like to make the effective date as of December 31, 2013 instead of immediately.

No objections were made from any of the Councilmembers.

A Mr. Nicponski – Mr. Nicponski added that even though it might not be politically prudent, he thinks having the Power Department report directly to the City Council is the way to go. He is not going to be supportive of a “Super Board” that

oversees all the enterprise accounts. He will not go along with that either.

- A Mr. Stam
- A Mr. Brass
- A Mr. Shaver
- N Mr. Hales

Motion Passed 4-1

11. **MAYOR**

11.1 Mayor's Report

Mayor Snarr said they are finally getting ready to pave the area to the north of the brand new Hilton Hotel. This has been very controversial for over two months. The Mayor has heard from the people in the little strip mall on numerous occasions. He has been over there, sat with them, held their hand and tried to explain to them why it was necessary. We do not control Questar and when they are going to get their gas line in. We encourage them to get it in as quick as possible. They could not do it at the same time the City was pulling in the other infrastructure whether it was water, sewer or additional storm drain capacity.

Mayor Snarr was over at the property this morning and the owners of a couple of those businesses applauded what they see. Miller Paving, who does an excellent job, took out all the pavement. If you go over and look at it, they have graded it, they have got it compacted and they are ready to pave it. That will make those residents happy.

Mayor Snarr stated that there is an issue that he is trying to work through. He will be taking Tim Tingey, Administrative and Development Services Director, on site on Thursday to see if we can come up with a resolution to help the University of Utah with their expansion of their hospital system. They are facing some challenges with the ingress and egress for the Washington Mutual building. Mayor Snarr can see where they have some issues, but that property is owned by the University of Utah. They bought it when they bought the other property from Roderick. Washington Mutual is saying they have somewhat of a prescriptive easement.

Mr. Shaver asked what the issue is.

Mayor Snarr replied that the issue is they had designed and built their building and have all the architectural work done and all the necessary parking stalls. John Zone, with the University of Utah, is in charge of this project. This is going to be one of their biggest campuses in the valley. The issue is the architects came in and designed everything, they did the spacing, and they will have 75,000 to 80,000 people a year coming there. Knowing that many people would be going there made Mayor Snarr very happy knowing the mall was across the street.

Washington Mutual says they are taking away one of their accesses. If you go in, you will

see. You have to go in on the east side and drive around and come out of the drive-up teller windows now. If the teller windows are full of customers, it is tough to get through. You will also see they only have two lanes. One allows them to go through because there is not a teller there any longer.

What the Mayor would like to do is propose a way to get through. If you look further to the west, as he analyzed it today, there is a big ingress and egress back to that property that is not being utilized, it is owned and controlled by General Growth. They are trying to work with them on additional expansion resources.

The Mayor is going to meet with Mr. Tingey and John Zone. Mr. Zone wants the Mayor to call him back because otherwise this is going to go into litigation and screw up the project. The Mayor does not want to see that happen. The one building is down and by tomorrow everything will be gone. That is Praxair; they want to move over to the other building. They have a real tight schedule to get it constructed and Mayor Snarr is trying to mediate some kind of reasonable way to address their concerns without litigation. Litigation will cost a lot of money.

This may be a big issue because the State of Utah is in charge of the University of Utah Hospital. They have rights for condemnation, but it has to be for major infrastructure and right-of-ways. Mayor Snarr does not want to see this go there; he thinks there is a better solution.

They finished 245 East which was somewhat controversial. That is all paved, the circle is paved. Mayor Snarr has received a lot of great comments recently from people saying the Public Service Department has done an excellent job. They have done a lot of roads this year, probably more roads this year than in many years. They have pushed hard to get things done before the weather turns bad.

Mayor Snarr stated that we are doing some paving via a contract with Miller Paving. If you have any questions, the impact fees on that site were pretty substantial to cover all of these additional things that had to be done to make it possible for the Hilton Hotel to be built there. It is exciting to see that hotel.

Mayor Snarr said he has never seen a hotel go up faster than the new Holiday Inn Express. The footings are in.

Mr. Nicponski said that in speaking of roads, Mayor Snarr mentioned on the Conference of Mayors. He asked how things are progressing on the local option gas tax discussions.

Mayor Snarr replied that if you talk to the Utah League of Cities and Towns who are actively engaged in that, there is going to be a concerted effort by many entities to make this happen. They are coming up with a compromise for those more rural counties to get buy in from them. This tax is absolutely critical for us. This will allow us to continue to get Class C road money, which won't change. The distribution may change if this passes.

The tax helps the State. If we took what we are already taking out of the General Fund and if we continue to get the Class C Funds, plus we get this additional increment, in five years we could almost get to where we are on top of things. We would not have to waste money trying to rebuild a road, which is ten times more expensive than doing regular routine maintenance on it. Whether it is slurry seals, overlays, crack seals or whatever, we are much better off doing this. The Mayor's suggestion to the new administration and to the Council is to continue to spend the money to get us up to where we are just doing routine maintenance.

Mr. Nicponski stated that they have calculated the tax at either 3% or \$0.10 a gallon.

Mayor Snarr said they said 3% and he suggested doing a flat \$0.10 in case gas went down to \$1.50 a gallon and they all laughed.

Mr. Nicponski asked the Mayor if he had any idea of how much of that money the City would see.

Mayor Snarr replied it depends. They had to take diesel off of the table which made a difference. He believes it would be over \$600,000.00 a year for the City.

Mr. Shaver asked if that would be on top of the Class C Funds.

Mayor Snarr responded that was correct.

Mr. Shaver said even if this tax happens, it will not lower the amount we get from Class C Funds.

Mayor Snarr said the point is that it is going to give the money that is badly needed by the cities, because inflation is eating up any money from 1997 which was the last time they raised the fuel tax. They know cities are getting killed but it is a tough political decision. Mayor Snarr thinks they have the political will power to say this decision has to be made. Constituents are constantly calling his office and the Legislators because they know that this decision is in their hands and if they want their roads fixed they ought to get on board and pass it.

Mayor Snarr thinks they are going to roll it out to explain it. He thinks they may have already done it. If you go there, they have all the charts and graphs to show what a difference it would make and how much faster you can get on top of getting your roads in good condition. We have a lot of roads that are rated pretty poorly.

Mayor Snarr went back to the Washington Mutual – University of Utah problem saying he was going to try to get it resolved before it blows up in the press and there is litigation. The lawyers are coming down from the northwest to represent Washington Mutual in about two weeks. Mayor Snarr will get Mr. Zone and Mr. Tingey over there to see about options that could be looked at. He calculated a solution would cost approximately \$50,000.00. All General Growth would have to do is move the gates back to the north. He

encouraged the Council to go over there and take a look.

Mr. Brass noted that they only use that property from Thanksgiving through Christmas.

Mayor Snarr stated that the Council gets it. He thought what a simple solution. He doesn't know why they have not looked at it. Maybe they have. He would tell General Growth that 75,000 to 80,000 patients over there is good for their business. Let's not let this thing get hung up.

Mr. Shaver stated he has noticed that the new parking lot for the Jr. High is paved.

Mayor Snarr said that was brilliant because the constructions workers who are working on the hotel over there are using that lot for parking. The other thing is that the lot can support a lot of the additional materials that they are going to be bringing in there and stock piling them on the site, particularly for the interior construction. They were brilliant to get that parking lot done this year.

Mr. Shaver said that the Jr. High is going up pretty quick too.

Mayor Snarr said that the brick work on the Marriott Hotel is supposed to be done by the end of next week. They have got just the tower to build to the west and the one in the middle. The one to the east is done. They are going to keep stick framing it as fast as they can.

11.2 Questions of the Mayor

12. ADJOURNMENT

Jennifer Kennedy, City Recorder