



MURRAY
CITY COUNCIL

MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, October 21, 2014, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Members in Attendance:

Brett Hales	Council Member
D. Blair Camp	Council Member
Diane Turner	Council Member
Dave Nicponski	Council Member
Jim Brass	Council Member

Others in Attendance:

Frank Nakamura	Attorney	Blaine Haacke	Power General Manager
Janet M. Lopez	Council Administrator	Justin Zollinger	Finance Director
Jennifer Kennedy	Recorder	Bruce Turner	Power
Jan Wells	Chief Administrative Officer	Kellie Challburg	Council Office
Jenny Longhurst	American Cancer Society	Joelle Rasmussen	American Cancer Society
Ted Eyre	Mayor		

Chairman Hales called the Committee of the Whole meeting to order and welcomed those in attendance.

Approval of Minutes

There were no minutes scheduled.

Business Item #1

American Cancer Society Relay For Life 2015- Jim Brass

Mr. Brass stated that he was happy to speak on this subject and introduced Jenny Longhurst from the American Cancer Society.

Mr. Brass added that when he was on the Council many years ago, the Council ran a team for Relay for Life. Relay for Life is an annual event and is back at Murray Park next year. It is a great fundraiser for cancer and teams compete to raise money, he noted. It

is also a celebration for cancer survivors and remembering those that did not survive. It is a memorable evening, especially if you can stay all night, he added. He would like to get the Council and Administration involved again, and to see the departments participate and challenge each other.

Ms. Longhurst stated that typically, the survivor dinner begins at 5:00 and the relay begins at 6:00. Mr. Brass said it is a defined walking path that originally went through the arboretum. Mr. Nicponski asked if it was wheelchair accessible. Mr. Brass replied that it was, and he has pushed a wheelchair for miles on the path. He added that everyone has been touched by cancer, and it is a great, fun thing to do.

He said he and Ms. Lopez met with Ms. Longhurst and decided to discuss it in a Committee of the Whole and get feedback from the Council and Mayor. He handed out packets with more information and details. Ms. Turner commented that everyone has been impacted by cancer and believes it is a very worthwhile project. Chairman Hales added that he would support it also.

Mr. Nicponski asked what the next step would be. Mr. Brass replied that the event would be held next summer. Ms. Longhurst added that it is already scheduled in the park. Ms. Rasmussen passed out a flyer with a link to sign up teams or departments. Once the registration is completed, updates would be sent out to those signed up.

Mr. Brass volunteered to be the point person, or team captain. He added that the Council would commit to a certain amount of money to raise. Ms. Rasmussen noted that she works at a school and could possibly have some kind of competition with the City. Mr. Brass said the Council team raised \$2,500 in the past years, and it is a fun event. Mr. Camp stated that he was involved with this in the past, and supports it also. Mr. Brass noted that as it gets closer, he would like to do a resolution regarding Relay for Life. He stated that in the past, Murray City has done very well for Relay for Life, as far as fundraising goes. Mr. Nicponski commented that it would be fun to have the different departments challenge each other.

Business Item #2

**Power Department Quarterly
Update- Blaine Haacke**

Chairman Hales welcomed Mr. Haacke. Mr. Haacke thanked the Council for their interest in the Power Department, and said the quarterly updates help him remain organized also.

Mr. Haacke said he could speak about many different things, and thanked Mr. Camp for his recent journal article involving the Power Department. Mr. Nicponski commented that he liked the outline on the internet.

CRSP (Colorado River Storage Project) accounts for about 27% of the energy received. It comes from Federal dams, mainly Flaming Gorge and Lake Powell. Without those sources, Murray would be inclined to raise rates. The cost for this power is about three cents a kilowatt hour. The Federal Government runs the dams and allocates the power to different municipal cities, including Logan, Murray, and others. Back in the 1960's, Murray entered into this agreement and received a fairly large chunk of the pie. As time

has passed, more cities have wanted the energy, so the sliver of the pie has gotten smaller and smaller. Rates are raised about every four or five years with a Congressional mandate. The new rate is due in the fall of 2015. The process has begun with public comment but some think that the rate may not increase, which is good news, he noted. Mr. Nicponski asked what body oversees the rate increase. Mr. Haacke replied that it was the Western Area Power Administration, which is part of the Department of Interiors, and the positions are appointed.

Mr. Haacke added that the CRSP rate includes the basin fund, which is money set aside to account for drought years. Energy is purchased on the market to ensure the municipalities get their allocation. There is approximately \$50 million set aside in that fund.

Mr. Haacke noted that as part of the Colorado River compact, there is an agreement between the reservoirs to move the water back and forth, as needed. In 2013, there was a need to keep the water in Lake Powell so there wasn't a lot of flow going to Lake Mead. In 2014, the opposite problem occurred, and water was moved to Lake Mead. He added that Lake Powell is currently about 51% full, about 96 feet below spill. He said that Lake Powell has been about half full for years. In 2014, the expected amount of water coming into Lake Powell is about 94% of average. The following numbers are a percentage of the average amounts: 2006- 73%, 2007- 68%, 2008- 102%, 2009- 88%, 2010- 73%, 2011- 147%, 2012- 45%, and 2013- 47%. He stated that it is an interesting dynamic with water recreationalists that want the water to move around also.

The last few weeks there have been storms that moved sediment into the canyons, requiring a "flush" on November 11-15th. They will move massive amounts of water out, and try to rebuild the beaches and downstream channels. Much of this water will be bypassed, due to the generators capacity, and is a potential \$8 million loss to the energy production. Mr. Nicponski added that there is an ecological element involved also. Mr. Haacke replied that was correct. Mr. Brass added that much of the \$8 million loss would be replaced by coal, which results in an air impact.

The Hunter Project is a coal fired plant in Price. Murray receives about 39% of its energy from Hunter. Approximately 2/3 of Murray's energy comes from CRSP and Hunter combined. The positive thing about the Hunter project is that the debt has been paid off, he noted. Hunter is a 30 year old plant with a life expectancy until 2044. The EPA (Environmental Protection Agency) is coming down hard on all the coal fired plants, due to the emissions on the environment. The cost for this energy is 3.6 cents per kilowatt hour, or \$36, compared to the \$30 cost for CRSP.

The Hunter plant recently had upgrades and is running very well, with a 98% rate, without an outage. There will be additional upgrades on the emissions in 2016-2017. Money is being set aside through UAMPS (Utah Associate Municipal Power Systems) to help pay for the upgrades, and currently about \$7 million has been set aside. It is about a five year cycle to keep up with the EPA requirements. Murray has a third of the UAMPS-Hunter allocation and is responsible for a third of the \$7 million set aside to help pay for this rebuild. The money is receiving the State treasury interest rate, he added. UAMPS is taking approximately \$70,000 to \$100,000 every month from the power bill to save up for the rebuild costs.

IPA (Intermountain Power Agency) is another coal fired plant in Delta, Utah. Murray has 72 megawatts of entitlement to that plant. Murray has the option of laying it off to California if it isn't wanted. It is a great contract when you can own a plant, but do not have to use it if it isn't wanted. Every season, the cost of the IPA project is evaluated, currently it is about \$60 per megawatt hour. It is twice the cost of Hunter or CRSP because the debt is still being paid. If energy can be found for less than \$60, IPA will not be called back. IPA has not been called back for the last four or five years, and has gone to California for their use. The California entities pay the \$60, which is a pretty good price for them, considering it is air space in Utah. Every six months, it is re-evaluated, but Murray is not planning on calling any of that power back.

IPA is also under the cross hairs of the EPA because it is a coal fired plant. Due to a Legislative mandate, Californians cannot bring coal energy across state lines. The California entities have contracted until 2024 and cannot back out, but will not renew the contract for more coal. The IPA board is worried about the future of the plant after the California groups choose not to renew. It will be owned solely by the Utah groups and it may not be able to operate at some point in the future, due to the EPA restrictions.

The IPA board proposed several years ago to change from coal to natural gas to allow California to remain in the group. Signatures from all of the participants were needed to make that change. Of the 23 Utah cities, 22 of them have agreed to explore natural gas as a future fuel, without committing to the plant yet. Of the six California groups involved, two of them have signed, and the co-ops will sign also. A couple of the California cities will eventually sign and allow natural gas fuel to be the predominant fuel. There is a bit of a holdout with Los Angeles, and negotiations are taking place. Los Angeles dictates a lot of the transmission, including transmission to their wind farms. He believes there will be a signed agreement. One of the key contacts and helpful negotiators in Los Angeles, Eric, recently accepted another job to work in Colorado Springs, so that is a bit of a setback.

Murray owns 2% of the San Juan project, another coal fired plant in the four corners area. The cost for this resource is \$61. San Juan is under fire by the environmentalists because of the regional haze in the Grand Canyon area. One plant in Navajo has already been shut down and San Juan could be next on the list. This plant could shut down in 2017 when the contract with California ends. It won't have a huge impact on Murray if it closes because it isn't a big resource for the City. Every coal fired plant is being hit by six or seven things, with EPA guidelines changing every day. He believes it will be about ten years before the Hunter plant is hit hard by the EPA. Mr. Nicponski asked if it is foregone conclusion that San Juan would be shut down. Mr. Haacke replied that it isn't certain, but it is close. He stated that half of the plant would be shut down due to the California issues, and they are trying to find subscription with the remaining two units. Mr. Haacke explained that Congress couldn't make a decision on this issue, so the Presidential Administration took it on as an Executive Order.

The methane landfill accounts for about 7% of Murray's energy. Murray has a power purchase agreement with the Salt Lake County landfill and the TransJordan landfill. Landfill costs around \$60 and is a 95% reliable resource. He added that there is not a current market for REC's (Renewable Energy Certificates). In its prime, Murray received about \$5 per REC, but that is down to seventy five cents per REC.

Gas turbines account for about 2% of the total energy Murray receives. The natural gas price is about \$3.50 a dekatherm, and can generate in the high \$50 range.

Cottonwood Hydro has been a great resource this year and is still running even into the end of October. Some maintenance has been required, including cathodic protection and apply joint epoxy solution in the pipes. A firm has been hired to do the maintenance and repairs and the cost for that was \$148,000.

Approximately 20% of Murray's energy comes from the market, which is usually from UAMPS or wherever the energy can be purchased. Energy is looked at seasonally, monthly, daily and hourly. Coal, hydro, or natural gas are all types of energy that can be purchased. WAPA (Western Area Power Administration) has agreed to go and find energy on the market for Murray using some of the unused CRSP demand. Because the CRSP pie was reallocated, Murray is unable to get all of the kilowatts purchased, so those kilowatts left on the table are used to bring other types of energy in. At times, Murray has been able to beat the UAMPS price using this process.

Power employee, Eric Bracewell, that rode the pole to the ground is back at work. He is full-time with some limitations: including jaw, eye socket, hip and also psychological issues. He has been given approval to go back to work, but to stay on the ground, as he still suffers from headaches and dizziness. The Power Department is happy to have him back to work and will help him get caught up on his apprenticeship.

Another employee, Victor Meza, had a motorcycle accident on the way to work. He is back to work full duty now.

Eric Fonger is another lineman that has having some medical issues. About a year and a half ago, Eric was part of the crew sent up to Bountiful to help with the wind storms. Eric hurt his wrist at that time and has been trying to work through it, but recently underwent major surgery on his wrist. He is currently not working but plans to return to light duty soon. It is a workers compensation issue, he added.

There have been division reassessments in the arborist department. They have gotten behind on the street trees and park and parkway tree trimming. The arborist clears the lines for the Power Department for the liability and that is the number one priority. The City has inherited a lot of street trees in the annexed area and those fall under the City's maintenance responsibility.

Mr. Haacke reassigned Clint Nordin to be the crew chief in the non-line clearance area. Mr. Nordin has one other employee and they are responsible for maintaining those trees and keeping the residents happy. That leaves an opening for another arborist position and that job has been posted and hopefully will have a new hire soon. They receive many calls from residents asking for their trees to be trimmed.

Mr. Brass noted that it is an ordinance that the City maintains the street trees. Mr. Nicponski clarified that it was the City's responsibility and not a private sector company. Mr. Haacke and Mr. Brass replied and confirmed that. Mr. Brass commented that the City has done a great job and made his neighbors very happy. Mr. Haacke was pleased. The City will always be behind on tree maintenance, but the goal is to keep outages to a minimum and have a quick turnaround on requests.

Mr. Haacke discussed the Gun Hill Dairy Cattle lawsuit. A third of the dairy cow farms in the IPA/Delta area are suing IPA for the stray voltage that they say is affecting milk production in their dairy cows. The trial began last summer and in August, a mistrial was declared, due to a jury tampering accusation. The case was thrown out when the trial was within four days of being handed to the jury, and IPA felt confident about an upcoming win. IPA spoke with jurors after the case was thrown out and they expressed their support for IPA. This lawsuit is a \$250 million lawsuit, but will not end up hurting Murray. IPA is responsible for the \$2 million deductible; already \$12 million has been spent.

The lawsuit will go to trial again next August. There have been two plaintiff motions that have come in since the mistrial, the first one was asking for a change of venue, which the Judge denied. The second motion was to reopen discovery and investigate the IPA meeting between IPA staff and employees that caused the mistrial. There was an employee meeting at the plant and something was said about the future of the plant if the plaintiffs won, which caused panic throughout the community. The judge ruled that the new discovery found would not be allowed in the next trial. Mr. Haacke said he is optimistic about the outcome and noted that the case will involve the same witnesses and information. He noted that a third of the dairy farms are involved in this lawsuit, and if they were to win, the other 6-10 dairy farms would likely sue also.

There were some issues with the gas compressor building. The pressurized gas is taken from Questar, pressurized to a different level, and sent to the turbine. The Fire Department was concerned about a buildup of gas, and wanted some safeguards installed in that building. They wanted some exterior alarms, doors and non-combustible fans that start up if gas is sensed. The request for grant money was denied and the cost was \$200,000. The work is currently being done.

It has been an uneventful year as far as the summer loads are concerned, noted Mr. Haacke. The peak load was on July 14, 2014 and was 103,000 kilowatts. The all-time peak was 107,000 kilowatts in 2007. The loads are increasing, after a decrease due to the economy. The infrastructure must be built to that load of 107,000.

There was a 6% increase in hydro from Cottonwood Hydro compared to the previous year, and the gas turbines were used 50% less. Due to an increase in hydro production, natural gas prices went up by about 15%. It was cheaper to purchase from UAMPS than other sources he added.

In review, Hunter was great, San Juan wasn't great this year. The landfill was steady and IPP was not called back.

Mr. Haacke showed a report of all the outages that occurred in the last twelve months. Over 17% of the outages were caused by the customers, possibly driving into poles, or lines dug up by a contractor. Lightning caused 2%, tree problems caused 6%, and equipment failure accounted for 12% of the outages. Mr. Hales asked if the outages have been higher this year. Mr. Haacke replied that there were issues on Winchester, but that seems to be resolved.

The average outage response time has been 17 minutes, including office and non-office hours. The average reliability rate is 99.98%. Mr. Hales asked how that compares to Rocky Mountain Power and other agencies. Mr. Haacke said he would try and get that

number. Mr. Turner replied that Rocky Mountain Power is so large, that number would be difficult to obtain.

Mr. Haacke said that he and the Mayor recently visited Idaho Falls. They visited the Idaho National Laboratory (INL) which tests batteries and evaluates mass transit efficiency. Battery companies pay for part of the battery testing.

One direction that UAMPS is headed is in small nuclear reactors and they would like to partner with INL and test the reactors.

They also visited Horse Butte, the wind farm of 50 megawatt propellers, which is about 9 miles east of Idaho Falls. The difficult thing with wind farms is that they might only generate about 30% of the time and not usually in the afternoons. UAMPS owns about 32 units, which cost about \$3 million each.

Mr. Haacke said the Department is doing well financially and putting money in the bank.

Ms. Turner asked about charging stations for electric cars. She asked about the plausibility of having a charging station and what it would cost. Mr. Haacke said that a company approached the City at the same time they were putting in a charging station at the Mini Cooper Dealership. The location discussed was at 4800 South and it was only a couple of blocks away from the Mini Cooper Dealership. The cost was in the tens of thousands, so they opted not to do it at that time, but he would get an exact price for Ms. Turner, he stated. Ms. Turner said that the Salt Lake Sustainability Department has had many requests for charging stations. Mr. Haacke noted that he has had one request. Mr. Brass said to look online and you can find many charging stations across the country. He added that it is a complex and fascinating technology.

Mr. Haacke thanked the Council. Chairman Hales adjourned the meeting.

Council Office Administrator II
Kellie Challburg