



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 September 5, 2017 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Council Members in Attendance:

Diane Turner, Chair, Acting Mayor	District #4
Dave Nicponski, Vice-Chair	District #1
Blair Camp	District #2
Brett Hales	District #5

Excused:

Jim Brass	District #3
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Others in Attendance:

Janet Towers	Deputy Mayor	Jan Lopez	Council Administrator
G. L. Critchfield	Deputy City Attorney	Jennifer Kennedy	City Recorder
Pattie Johnson	Council Office	Tim Tingey	ADS Director
Darrell Pehrson	Resident	Craig Burnett	Police Chief
Doug Hill	Public Services Director	Stan Hoffman	Dakota Pacific Real Estate
Blaine Haacke	General Manager Power	Jim McNulty	Development Services Manager
Donald Adams	Granite School District	Ben Horsley	Granite School District
Kathleen Stanford	Resident	Sally Hoffelmeyer Katz	Resident
Janice Strobell	Resident	George Katz	Resident

Ms. Turner called the Committee of the Whole meeting to order at 5:03 p.m. and welcomed those in attendance.

1. Approval of Minutes

Ms. Turner asked for action on the minutes from July 11, 2017. Mr. Camp moved approval as written. Mr. Hales seconded the motion. All were in favor.

2. Discussion Items

2.1 Granite School District Bond Initiative – Ben Horsley and Don Adams

The Granite School District (GSD) previously visited the Murray City Council in the spring of 2017 to discuss capital finance strategies the board was considering at the time. After surveys were conducted, and public meetings were held, the board concluded a bond was necessary, which would be considered on the 2017 November ballot.

A video was shown to explain how the decision made by the Granite District Board of Education would affect the future of community schools. Detailed information was noted, a project list was shared, and questions were addressed in the video about why bonding was necessary. (Attachment #1)

Open house meetings were held earlier in the year regarding the current condition of school buildings, in every community throughout the GSD. All residents were invited. Meetings detailed that schools were not keeping pace with 21st century learning and outside engineering experts say, schools should have a life span of 70 years at most.

Surveys determined how the community felt about future planning efforts. Feedback showed the most support for a hybrid model of financing capital needs, which included an initial 10 year, \$238 million dollar bond - after which, the district would maintain tax revenue for the years ahead.

The Board of Education moved forward with a bond initiative to be placed on the November 2017 ballot for a finance model with the least amount of impact to taxpayers. For more information visit gsdfuture.org.

The project list depicted Phase One on a timeline from 2018 to 2028, as to whether a school should be remodeled, or rebuilt based on worst condition, first in line. (See attachment for details) He explained traditional buildings, made with cinder block walls are avoided, and more modern adaptable facilities are best for today's youth - not just for the sake of technology, education and innovation, but prove more cost effective for tax payers.

Mr. Nicponski wondered how high schools are reconstructed on site during the school year. Mr. Adams explained rebuilds begin at the back of any property, so students can attend class in the old facility during construction. Once the new school opens, the old structure is demolished.

Mr. Adams said Murray was important partner to the GSD, and explained part of Murray would see financial impact. Therefore, it was important for the council to have knowledge, details and contact information, in order to address questions and concerns Murray's residents might have.

In summary, within ten years 30 projects would be addressed, including 13 rebuilds, and 17 remodels; then, providing the tax increase is approved, projects would be paid for as they happen. Mr. Adams noted the GSD has a total of 92 schools, therefore, the bond would allow the district to catch up, with the pay as you go model financing.

Ms. Turner wondered about the direct impact to Murray because she did not see any Murray schools on the project list.

Mr. Adams explained Murray schools within GSD would fall under Phase Two of the plan, which would begin in 11 to 16 years; for example, Woodstock Elementary, which was constructed in 2010.

Mr. Horsley stated Cottonwood High School would see a full scale remodel in 2027, to last the 70 year life cycle. Mr. Adams said Cottonwood High School was 45 years old.

Ms. Turner asked what the financial impact would be to Murray residents, related to property tax increases. Mr. Adams replied, a Murray resident living in the GSD, with an average home worth \$250,000 would see a monthly increase of approximately \$15, or \$185 per year.

Mr. Horsley said lower home values would see less impact. He explained the GSD is very unique and very diverse in economics; therefore, the bulk of tax payers have homes well below the average of \$250,000, however, a significant portion of taxpayers are well above the average.

Mr. Adams explained the new bond would place them equal with most Wasatch Front school districts.

Mr. Horsley stated the GSD is unique in another way - there have been no tax increases since the year 2000. The cost for building an elementary school since 2000, is nearly five times greater, at approximately \$16 to \$17 million depending on the project.

Mr. Adams believed the cost for Hillcrest Junior High School was \$40 million.

2.2 Amending the Expiration of Business Licenses – Tim Tingey

Mr. Tingey reminded the council about the city's transition to Munis - a new software program for the entire city. The new program proved effective, however, a challenge was noted within the business licensing department. The hope is to have the issue resolved by late October or early November 2017.

Mr. Tingey explained the ordinance currently states that a business license issued by the city, expires 12 months from the date of issuance. However, this information is not conducive to how the new software program operates. As a result, a simple change was required within the ordinance, requiring that the 'issuance date', effectively changed to, 'the date of application'. Therefore, a business license would expire 12 months from the application date – not the date of issuance, the change would line up with new software programming.

The council would consider the amendment during the council meeting following the Committee of the Whole.

Mr. Camp asked what the timeframe was between the application date, and the issuance date. Mr. Tingey explained the time depended on how much work was needed on a specific building or facility, however, typically the timeframe was within a few weeks' time, due to inspections.

Mr. Camp asked if the current ordinance provided the city, the ability to extend an automatic grace period to the end of the month. He didn't want to think city's ordinances were driven by a software program engineer. If the program did not operate the way the city wanted it to, was it necessary to change the ordinance.

Mr. Tingey replied there was no way to modify the program, which was the challenge within the new software. However, there are solutions built in to the software to help applicants, by notifying them through the program as to when applications are due.

2.3 Power Department Quarterly Report – Blaine Haacke

Mr. Haacke said his report would include the Intermountain Power Agency, (IPA) in Delta Utah, an update on the city's summer load and how the system operated, and effects of the recent eclipse.

IPA

Dairy Cow Trial – Mr. Haacke said the stray voltage case was closed. A brief history was given about the trial related to 18 dairy cow farms that sued IPA, and the Los Angeles Department of Water and Power, (LADWP). Farmers claimed stray voltage was coming from the IPA plant and cows were experiencing high infant mortality rates, and producing less milk because of it.

The original \$200 million lawsuit began in 2002, and since IPA believed there were no issues related to stray voltage, they opted to fight the claims. The case, held in Nephi, finally went to court two years ago. After six weeks' time, and several tests, the physics of such accusations proved wrong; however, a mistrial was announced during the fifth week, due a jury decision. The court was prepared to begin a second trial, however, the evening before the trial, IPA and LADWP were approached for an out of court settlement – which was agreed to by all parties and was far less than \$200 million, however, final agreements were confidential.

Negotiations were finalized and all 18 farms and parties involved signed off on the agreement, with the agreement that no future lawsuits could ever be filed again regarding stray voltage. The final cost of the trial to IPA, the LADWP, and its insurers was \$12 million and the case was closed two weeks ago after 15 years.

Mr. Hales noted a reason was never given, as to why the judge would not utilize an alternative juror. Mr. Haacke confirmed, it was the judge's prerogative, although, the plaintiff wanted to move the trial to another city, and utilize another judge because it was felt the judge had been somewhat prejudiced. Mr. Haacke reiterated – he was glad the case was over and closed.

Legislative issues – Mr. Haacke reported California, as of two years ago, adopted very strict resource portfolio standards, which was the reason for rebuilding the IPA plant - California cannot bring fuel from a coal fired plant into the state. Recent contract agreements with California allow IPA to continue operations until 2027; however, last month, California state legislators again focused on IPA, and reported back with another mandate - all utilities in the state must be 100% renewable by 2045.

As a result, this escalates the timing and pressure by utility companies to adhere to the need to be 100% renewable, which caused major consternation in Los Angeles, because they are supportive of the natural gas plant at IPA. He explained the current agreement already reduces production at IPA from 1800 megawatts (MW) of coal fire, to 1200MW of natural gas - in addition, the plant must shut down coal completely after 2025. Therefore, new pressure is on related to the 1200 MW they are committed to receive.

Mr. Haacke said pressure was not coming from LADPW staff, who support recent decisions agreed to, but pressure was coming from California politicians, pushing the mandate to a level of great uncertainty. He does not believe California would walk away from the plant or the agreement, because California already has renewable access in Milford, Utah, from large solar farms. Somehow a way must be found to get renewable energy to the Adelanto substation, or, California's renewable portfolio standards won't survive.

Mr. Haacke explained in order to get fuel to California, a plant other than coal of some kind would need to operate 24 hours per day. He stressed a plant must exist in the area, to act as a pressure booster and if a natural gas plant wasn't built, some other alternative fuel must be realized by 2045.

Although he was confident a new plant would be constructed, the size was now in question. He noted every time IPA downsized, Murray's portion and entitlement decreased as well. Currently, the city owns 72 MW, with anticipation of downsizing to 48 MW, when IPA is reduced to a 1200 MW natural gas plant. Depending on the extent of future reductions, which could go as low as 800 MW, Murray's secure resource would continue to decrease along with it.

Mr. Haacke said the plant is dwindling down with more renewable resources to be constructed in the future, such as, the hope of a solar field in the Delta area. His concern was not knowing what direction the plant will go, although he stressed there is still value in the plant and a market for the plant in the future. He would continue to monitor the situation. Unless the decision is made for the city to call back power, Murray has very little to say about the future of the plant.

System Update

Hot temperatures this summer affected the duration of air conditioner use citywide, although, a new peak record was not seen. High peak this summer was 102.5 MW and the city has not come close in quite some time to its 107 MW all-time record in 2007. Mr. Haacke believed the difference in ten years, was due to economic downturn in the past. In addition, conservation efforts on behalf of citizens who use L.E.D. lighting alternatives, and high efficiency air conditioners have proven helpful in order to save on power bills. Larger customers such as, the Intermountain Medical Center (IMC), who is the city's best power customer, had lower than expected loads.

Due to wild animals, such as, raccoons and squirrels, unusual power outages occurred more this summer than past summers. The most troublesome area, located in District 5, experienced ten nuisance outages, six occurring in the past two weeks. Up to 15 homes in the area were involved and relay settings were upgraded in order to prevent other lines from being affected.

Resources

During the last three weeks of summer, peak pricing on market purchasing reached \$180 per megawatt hour (MWh), which was noted as the highest price in numerous years. Mr. Haacke believed the increase was due to the recent hurricane damage in Houston, closing the market on natural gases. In the past, energy purchased on the market during summer peak hours, (noon to 6:00 p.m.) were always considered high at \$80 MWh. The city has reliable alternatives for such cases and gas turbines were utilized instead - for a cost of \$38-\$45 per MWh. Mr. Haacke said the resource is

considered a great benefit, and he commended the decisions made by council members in the past, to attain gas turbines for the city.

Mr. Camp asked if gas turbines were running well. Mr. Haacke reported some trouble with turbine #2, due to computer problems, which would be corrected. Other turbines, #1 and #3, are working well and could be started remotely. Turbines are not utilized 10 months out of the year, therefore, once started up problems are commonly discovered.

So far, all of Murray's resources were effective in covering the summer load, with the exception of the Cottonwood hydro plant, due to a raccoon issue affecting the transformer. Water flow slowed to 20% two weeks ago, and the plant was due to shut down for the season. Therefore, loss of production was not considered significant and pending repairs, the plant would be up and ready by January 2018. A lead-time transformer unit was ordered and repair costs are estimated at \$72,000. Mr. Haacke said there was no need for a budget opening because money was budgeted for anticipated repairs.

Eclipse

Mr. Haacke researched pre-eclipse information and noted catastrophic predictions related to solar, such as, utility companies loosing track of load numbers, due to fluctuation in sunlight. However, no major effects to the regional and national grid were reported. Although it was dark enough for street lights to turn on automatically, and 120 customers saw decreases in their solar production, the solar energy load utilized by the city power department was not affected at all.

The Sacramento Municipal Utility District (SMUD), and Duke Energy, in North Carolina, located in the swath of the eclipse, did report losses close to 170 MW - equivalent to powering 17 Murray Cities. Mr. Haacke said utility companies were prepared with backup alternative sources, such as, natural gas resources. Another reason the eclipse did not significantly affect utilities was because it took place in the morning - before high peak loads.

A diagram was used to explain what was experienced and how the solar eclipse effected energy production at SMUD and Duke Energy, as well as, for typical solar customers. Mr. Haacke explained morning production steadily increased at a normal pace – then suddenly power was lost at 10:30 a.m. At 11:30 a.m. zero production was noted, until full production was restored by 12:30 p.m. Although homeowners did not see any real significant issues, utility companies worked to fill the one hour void with some other resource during zero production. Mr. Haacke noted the routine actually occurred daily with cloud coverage and during night time hours.

Solar

Mr. Haacke said there are large scale solar farms in large acreage areas, holding hundreds of solar panels, and producing hundreds of megawatts of solar energy. A few small scale solar farms are located in Southern Utah, and it is proposed that more farms would be built in the future.

Recently, six solar farms, requested and paid IPA to include their resources on its substation for study purposes. Research would be conducted as to whether there was room on their transmission system to transmit solar energy to Southern California. Knowing the capabilities, prior to building a large scale solar farm would be essential - otherwise, there is no place for the energy to go.

In order to be proactive and bring solar into the city as a base load, Murray City Power Department is pursuing a long term power purchase agreement for solar, and is considering partnerships to access a large scale solar farm for its own resource.

Four vendors are being considered, who are interested in buying an entitlement of a 100 MW solar farm in Southern Utah, near Parowan – called the Freemont Project. Non-disclosure agreements have been signed with two of the four vendors, and negotiations would continue with the other two. The cost for the solar resource is estimated to be less than the cost of coal.

Heber, Bountiful, Lehi, Provo and St. George municipalities, who are not part of UAMPS, and want to add large scale solar to their portfolios, are looking to partner with Murray. Mr. Haacke said vendors desire a 100 MW commitment, before constructing the large scale solar farm. Pricing is very competitive and a large 100 MW solar farm could be approximately 10 to 12 acres, which could supply enough energy to a city the size of Murray. He explained, similar to the city's Trans Jordan Landfill resource, the city would only purchase power - not build the solar farm or oversee it.

Mr. Haacke said as a partnership group with other cities, the project was workable and worth pursuing, and there were many options for utilizing solar. For example, the city could take five or 10 MW and mix it with the department's other resources. He explained 5 MW was equal to 5% of the city's summer load, and 8% of the winter peak load. He felt utilizing anything more than 5 MW would create scheduling issues, when cloudy days persist, however, an increase was possible.

Mr. Nicponski asked how many total megawatts were required to power Murray City. Mr. Haacke replied 100 MW were required during summer, and 80 MW during winter months.

Mr. Camp wondered if UAMPS was involved in the project. Mr. Haacke replied no, and explained UAMPS turned down the opportunity 6 months ago, when the majority of its members declined to get involved. Therefore, five cities, and Murray decided to take advantage of the opportunity.

In addition, the city would like to provide an opportunity for its citizens to buy into solar - through the city, as well as, resell a portion to Murray's larger customers. Another option was noted, to initiate a project similar to Rocky Mountain Power's program, called Blue Sky, where blocks of 200 Kilowatt hours (KWh) could be sold to Murray citizens.

Ms. Turner felt many Murray resident's would appreciate having the option to buy solar energy from the city.

Mr. Haacke agreed and said the agreement would help residents be involved in a solar program for those who cannot access solar energy due to surrounding trees or apartment living. In addition, solar would give the city the Renewable Energy Certificates (REC), which was good for the city's portfolio.

With 5 MW of solar, combined with the city's large and small hydro resources, and Trans Jordan Landfill, it would be a nice public relations mix. He noted that he would not consider purchasing wind energy at this time because he believed it was an unreliable load.

Murray and other cities would work towards the 100 MW commitment, and the proposal for a power purchase agreement would be coming to the council towards the end of the year.

2.4 Murray Canal Trail Project – Doug Hill

Mr. Hill reminded the council about their last council meeting, when Ms. Steck presented the budget amendment to roll funds from last year's budget, to this year's budget; questions arose about whether funding for the canal trail project were properly allocated. Mr. Hill explained, although funds were available, they were not currently allocated to the canal trail account because the bid process was not complete. Therefore, in order to move forward, since the bidding process was now complete, a budget opening was required to roll funds over - which was scheduled for their consideration during the September 19, 2017 council meeting.

Mr. Hill explained, five bidders participated in the bid process last week. The low bid was \$593,000, offered by ACME Construction who does much of the city's concrete work. Mr. Hill is familiar with their work conduct and feels comfortable that a good job will result by using them.

Mr. Nicponski asked for a detailed outline of what bids included.

Mr. Hill replied with the following details:

- Grading the entire property
- Applying the base material of crushed rock
- Replacing fencing along the trail
- Improving road crossings, crosswalks, and signals
- Installation of gates at all entrances
- Make required improvements to the canal system
- Installation of a trash rack in the north end of the canal
- Safety improvements, installation of obstructions to prevent people from crawling or walking across pipes
- Relocating a number of utility boxes from irrigation ditches, and storm drains.

Mr. Hill said the rack will be cleaned and maintained by Murray City. Also to clarify, Mr. Hill stressed, bids did not include the cost of a HAWK beacon traffic control signal, to be installed at the crossing on 1300 East - which is approximately \$150,000. The signal, would be paid for with grant funds the city received from the State of Utah a couple of years ago, which were specifically intended for improving 1300 East.

Other costs not included in bids are related to ten property owners, who elected to remove and install their own fencing. The city agreed to reimburse the ten property owners for the amount the city would have spent - approximately \$40,000 and \$50,000. Other property owners along the trail were satisfied with the style of fencing the city chose to provide, pay for and install, which is chain link with privacy slats. Some residents along the canal did not desire to change existing fencing.

Mr. Camp noted the total bid of \$593,000, came in roughly \$40,000 less than the engineer's estimate of \$639,140.16. Mr. Hill agreed, and therefore explained, \$700,000 would need to be rolled into the canal trail project account. He noted construction project management costs, and

contingency costs, were anticipated, although, costs would not exceed the requested \$700,000 in the budget amendment.

Mr. Hill added, the city also has \$200,000 in grant money, specifically intended for trail use from UDOT; therefore, should the council decide to move forward, actual funds expended by the city would total approximately \$500,000.

Mr. Nicponski was concerned about the base material used for resurfacing the trail, asking if the material would prohibit rollerblading and skateboarding. Mr. Hill replied yes, although, strollers and bikes could access the trail because the material would be packed tightly to the surface.

Mr. Camp asked if the engineering survey was paid for, or would it increase the \$700,000 cost. Mr. Hill replied the city had already paid \$90,000 to get to this point in the project.

Mr. Camp concluded the cost was no surprise, and totals came in very close to what was expected. Mr. Hill agreed.

Ms. Turner noted it was actually slightly less. Mr. Hill agreed.

Mr. Hales felt the cost was much less than what was conceived during the last council meeting. Mr. Hill explained, totals shared previously by Ms. Steck, were misleading, because money intended for splash pads, were transferred to the canal budget temporarily knowing they would be transferred back out into reserves.

Mr. Hill explained, splash pads were highly favored by Mayor Eyre, but found to be higher than anticipated – future discussions were involving Ms. Steck, in order to fulfill the desire of Mayor Eyre.

Mr. Nicponski asked Chair Turner if the topic could be considered in an upcoming meeting. Ms. Turner replied yes.

Mr. Camp wondered if the plan to construct splash pads was included in the new Parks Master Plan. Mr. Hill said confirmed, splash pads would be part of the study in determining project priorities.

Ms. Turner wondered if Mayor Eyre was hoping for funding from ZAP allocations. Mr. Hill replied originally when ZAP funds were reauthorized – the city submitted an application for matching funds for splash pads, however, the county did not select the project. Therefore, the project was shelved for the time being.

The council would consider the budget amendment for the canal trail project on September 19, 2017. If approved a notice to proceed would begin, the contractor would submit documents, including verification of insurance, and a permit from Salt Lake City would be attained. Construction would begin in October of 2017 and continue through the spring – weather permitting.

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

- Monday, September 11, 2017, Open House, located at the Heritage Center from 5:00 p.m. to 7:00 p.m.

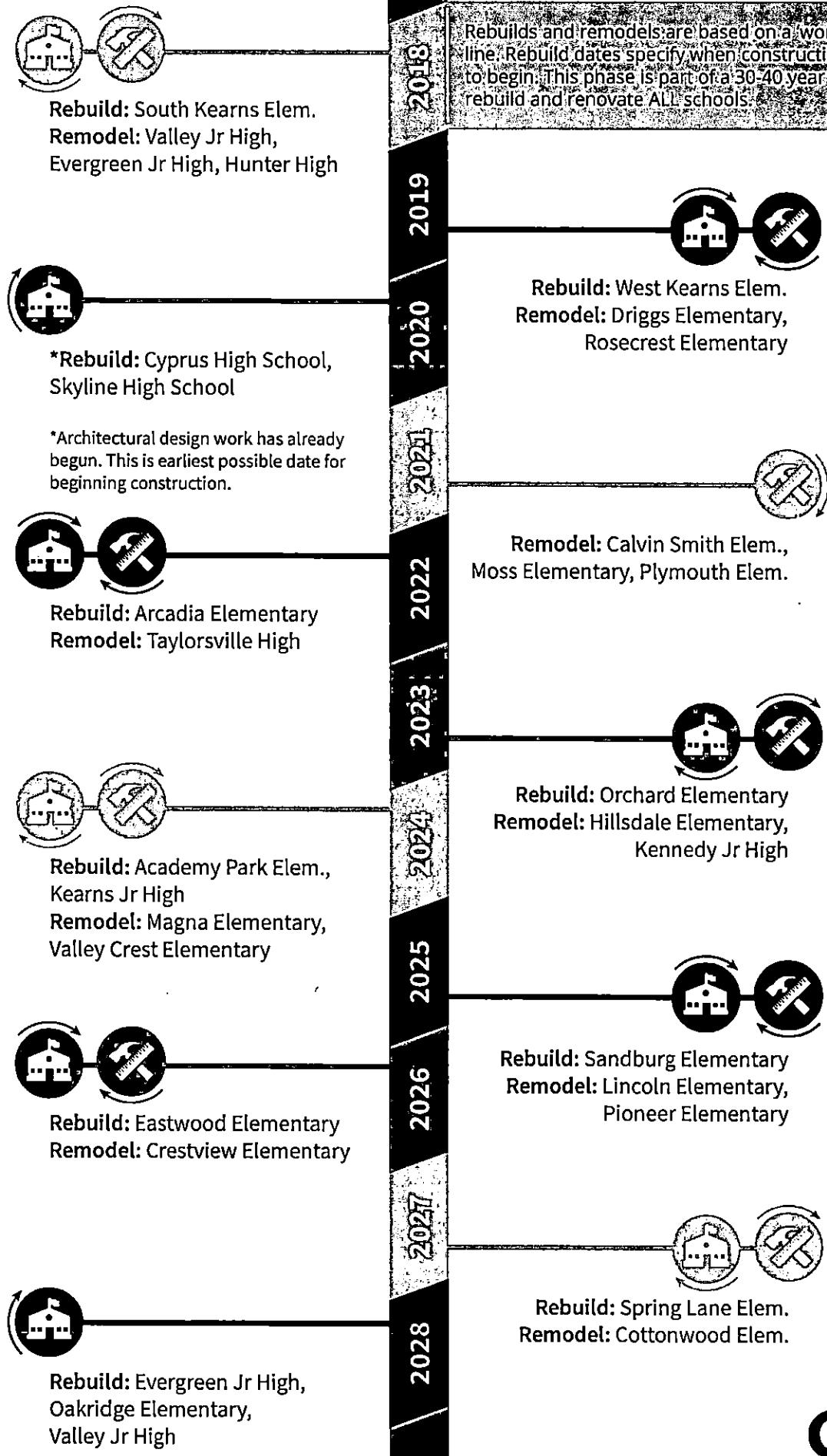
- Tuesday, September 12, 2017, UAMPS Workshop, from 11:00 a.m. to 4:00 p.m.
- Wednesday – Friday, September 13-15, 2017, ULCT Conference, at the Sheraton Hotel in Salt Lake City.
- The Utah League of Cities and Towns (ULCT) has named Cameron Diehl as the new Executive Director.

4. Adjournment: Ms. Turner adjourned the meeting at 6:10 p.m.

Pattie Johnson
Council Office Administrator II

ATTACHMENT #1

FIRST DECADE - PHASE ONE



FREQUENTLY ASKED QUESTIONS

Granite School District Bond

Why bond now?

In addition to the pressing need to address capital projects in the district, bonding now saves money in the long run. Interest rates remain at near historic lows, and construction costs are rising. Passing a bond this year means the district can take advantage of low bond rates and commence construction before costs inevitably go up. If we postpone the bond, or if it fails to pass, we can expect construction costs to rise every year by 10 percent. These factors take into account the time value of money. What costs \$184 million now will cost more than \$240 million in just a few years.

What's the impact on me?

If the bond passes, a home valued at \$250,000 will see an annual property tax increase of approximately \$184, or just over \$15 a month. Granite's property tax rate is below the state average despite being the third largest school district in the state.

Why can't we use the money we have or pull from another area, like administration?

By law, capital projects cannot be funded using money from other designated budget expenditures. The fact is we need a more sustainable cash flow for capital projects to meet the ongoing needs of our schools. Current building revenue (capital levy on your property tax notice) has not been increased since the 1999-2000 school year. This revenue can no longer sustain the needs of our school buildings and children.

Granite's administrative costs are among the lowest in the nation, taking up a mere 0.7% of the budget. Even in a hypothetical scenario where all administration costs were transferred to capital outlay, we would still be unable to fund capital needs.

Property values are rising. Doesn't that add to revenue?

Property tax revenue does not go up with rising property values. In order to maintain a steady cash flow, tax rates decline if property values increase. Taxing entities must adjust tax rates to account for inflation. As such, our capital revenue has not kept pace with rising inflation since the district started a 'pay-as-you go' model after retiring debt in 1996.

How much of the bond will be used for salaries and administration?

None. Bond money cannot be used for salaries.

Didn't the district recently raise property taxes?

Granite did increase the local property tax levy to pay for much needed teacher salary increases. The district's priority is to provide **EVERY** Granite student with a high quality teacher in every classroom. Prior to the salary increase, Granite had more than 300 teacher openings, and was losing veteran educators to other local schools districts that had significantly increased teacher pay. The increase ensured all openings were filled for this school year, and secured our teacher ranks.

When will my school be rebuilt?

Rebuilds and remodels are scheduled on a 'worst first' time line. This time line is part of a 30-40 strategic plan to rebuild and renovate **EVERY** school in the district. The first ten years (phase one) will include 13 rebuilds and 17 remodels in addition to revitalization projects for all schools (such as seismic upgrades, security enhancements, HVAC, flooring, lighting, playgrounds, pavement, parking, etc.). If the bond fails to pass, however, all planned capital projects will be put on hold.