



MURRAY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

Meeting Minutes

**Tuesday, August 23, 2022
Murray City Center**

5025 South State Street, Council Chambers, Murray, Utah 84107

Attendance: Council Members and others:

Kat Martinez – Chair	District #1
Pam Cotter	District #2
Rosalba Dominguez	District #3
Garry Hrechkosy	District #5

Kim Sorensen	Mayor Pro Tem	Jennifer Kennedy	City Council Executive Director
Briant Farnsworth	City Attorney	Pattie Johnson	Council Administration
Tammy Kikuchi	Chief Communications Officer	Joey Mittelman	Fire Chief
Blaine Haacke	Power – General Manager	Loran Pasalich	Murray Chamber of Commerce
Brenda Moore	Finance Director	Brooke Smith	City Recorder

Excused: Diane Turner – Vice Chair/District #4

Conducting: Ms. Martinez called the meeting to order at 5:30 p.m.

Approval of Minutes: Property Tax Increase Town Hall Meeting – July 13, 2022 and Committee of the Whole – July 19, 2022. Mr. Hrechkosy moved to approve both sets of minutes. Ms. Dominguez seconded the motion. All in favor 4-0.

Discussion item:

- Resolution authorizing the Red Mesa Tapaha Solar Project amended and restated transaction schedule under the Power Supply Agreement with Utah Associated Municipal Power Systems; and related matters.** Mr. Haacke discussed why a new resolution was needed for the Red Mesa Tapaha Solar Project. He reviewed that the project is a large-scale solar farm built by the NTUA (Navajo Tribal Utility Authority) and is a UAMPS (Utah Associated Municipal Power Systems) resource located in southeast Utah near the town of Bluff. The project has a capacity to generate 66-megawatts of energy and Murray Power is earmarked to receive 5-megawatts of energy to supplement the City's portfolio of coal, hydro, gas turbines, landfill methane and market energy resources.

He reviewed that as a UAMPS member, Murray originally entered into a long-term contract agreement with NTUA in 2019. However, due to Covid-19, labor and transportation problems, supply chain issues, photovoltaic problems overseas and domestically, and construction cost increases, the entire project came to a halt. After months of rethinking project feasibility and determining several other playing

factors, the renegotiation process began again between NTUA and UAMPS to reopen the 2019 agreement. As a result, UAMPS Board of Directors approved the adoption of a new NTUA Tapaha Red Mesa agreement, requiring all UAMPS members to modify and amend transaction schedules and power supply agreements accordingly. Mr. Haacke confirmed that Murray's new cost for 5-megawatts would be \$37 MWh (per megawatt hour) for 25-years with no escalation.

Mr. Hrechkosy asked what percentage of Murray's energy needs would be met with a 5-megawatt subscription and how the price compared to other energy resources of the City. Mr. Haacke said the new solar resource would provide 4% of the City's energy needs, the \$37 MWh is a good price for a "green" resource and noted cost comparatives as:

- Hunter coal plant = \$40 MWh
- Colorado River Storage Project/Federal Hydro power plant = \$36 MWh
- Methane from Landfills = \$60 MWh
- Cottonwood Hydro power plant = \$25 MWh
- San Juan coal plant = \$60 MWh

He clarified that when all the City's resources including gas turbines, market purchases and the Intermountain Power Agency power plant are blended together in a mix of options, the average cost per megawatt is usually between \$45 and \$50. This is equal to five cents per kWh. For example, Murray citizen's power rates are calculated at nine- and a half cents per kWh; approximately half of that covers getting power to the home and the other half is for infrastructure costs and in-leu-of tax transfers to Murray City. When the original contract was signed in 2019, the initial cost for this resource was \$23.15 MWh, but it has now escalated. With a new proposed 25-year contract for 5-megawatts at \$37 MWH, the City would receive 15 million kilowatt hours from this resource.

Mr. Haacke explained briefly how wind, another green option was not a good resource for Murray because wind is not as dependable, and the cost is approximately \$50 MWh. With the solar resource, City power dispatchers would plan accordingly on days and days of cloud cover by closely monitoring other resources, displacing more costly options, and utilizing less expensive resources first because heat actually causes less energy to be generated and solar energy does not peak during the hottest time of the day.

In summary, the reason Council Members would need to consider a new resolution was due to the cost increase from \$23.15 MWh to \$37 MWh which is guaranteed for the entire 25-year contract life without escalation. Once the project is constructed power generation should begin in June of 2023 which includes a REC (renewable energy credit) tag that is important to the City's portfolio. Council Members would consider adopting the resolution in the council meeting.

Adjournment: 6:02 p.m.

Pattie Johnson
Council Office Administrator III