

## MURRAY MUNICIPAL COUNCIL

### COMMITTEE OF THE WHOLE

#### Meeting Minutes

**Tuesday, February 7, 2023**

Murray City Center - 5025 South State Street, Conference Room, Murray, Utah 84107

#### **Attendance:**

##### Council Members and others:

Phil Markham – Vice Chair	District #1
Diane Turner	District #4
Pam Cotter	District #2
Rosalba Dominguez	District #3 – Arrived at 4:57 p.m.
Garry Hrechkosy – Chair	District #5

Brett Hales	Mayor	Jennifer Kennedy	City Council Executive Director
Doug Hill	Chief Administrative Officer	Pattie Johnson	Council Administration
G.L. Critchfield	City Attorney	Russ Kakala	Public Works Director
Blaine Haacke	Power Department Manager	Brooke Smith	City Recorder
Tammy Kikuchi	Chief Communications Officer	Greg Bellon	Power Department
Joey Mittelman	Fire Department	Lynn Potter	Public Works Department
Jared Hall	CED Director	Brenda Moore	Finance Director
Isaac Zenger	IT	Clark Bullen	Citizen
Members	Murray Chamber of Commerce		

**Conducting:** Council Chair Hrechkosy called the meeting to order at 4:45 p.m.

**Approval of Minutes:** Committee of the Whole – January 10, 2023. Council Member Cotter moved to approve, and Council Member Markham seconded the motion. All in favor 4-0.

#### **Discussion Items:**

##### Reports from Interlocal Boards and Committee Reports:

- **TJL (TransJordan Landfill)** – Mr. Kakala said the design phase for building the new Sandy Transfer Station was 100% complete. Sandy City would need to approve the design and issue a building permit prior to construction. The forecast to complete the facility is about 18 months with a grand opening planned in August of 2024. He reported that after construction bids came in, they realized the original bond of \$24 million came up short \$6 million. The TJL board unanimously voted to move forward with construction despite the increase because due to tipping fee increases over the years there is revenue to cover the difference. Mr. Markham asked if any design features could be modified or eliminated to reduce the cost. Mr. Kakala said the project was a design build so they would look for other ways to cut costs moving forward. Trash received at the new Sandy station would be hauled to TJL until it closes ten years from now, then trucks would haul garbage to a new landfill in Elberta, Utah where the tipping fee would be the lowest in the Nation. The future benefit to the City is that local garbage trucks would have a shorter haul to the Sandy Transfer Station compared to the current distance they travel to TJL. Mr. Markham asked that a simulation video be sent to the Council to better understand the simple operation. Mr. Kakala said he would email a video to the Council.
- **NW (NeighborWorks)** – Mr. Hall said down payment assistance loans in 2022 totaled \$649,000. Loans ranged from \$30,000 to \$35,000 and the total value for home purchases was over \$7 million.

He clarified the City did not give NW \$649,000 to spend because much funding comes from outside sources. Most recently the City appropriated \$200,000 to NW and so far, this year six loans are awaiting approval. Ms. Turner asked the interest rate on a down payment assistance loan. Mr. Hall said 0% interest for five years, and loans were forgivable. Those who make below 80% of the area median income qualify and applications are approved on an as-need basis. As more cities become involved in NW the pool of funding grows larger. Other opportunities offered by NW are home improvement loans for existing homes and free financial credit counseling to help improve credit scores. Rake Your Heart Out and Paint Your Heart Out programs were again successful last year.

- **AMC (Association of Municipal Councils)** – Ms. Turner had nothing to report.
- **WFWRD (Wasatch Front Waste and Recycling District)** – Ms. Turner reported that the annual budget for 2023 was approved at the last board meeting in 2022.

As the new 2023 WFWRD representative, Mr. Markham said a \$2 fee increase was scheduled for January 1, 2023 for all WFWRD customers. Even with the increase it was still a great value for all services provided and the WFWRD rate was less than what the traditional part of Murray currently pays for recycling. The seasonal rental program called SCRAP would undergo reorganizing again to find better ways of administering the service which was higher in demand than anticipated.

- **Murray Chamber of Commerce** – Ms. Cotter described social and business events, various board meetings and ribbon cutting ceremonies she attended. She shared about fundraising activities, business luncheons and her association with the Murray Youth City Council and her help in organizing the new Spartan Closet at Murray High School.

As the new 2023 chamber representative, Ms. Dominguez said strengthening the relationship between the City and the Chamber would be the focus this year. That would happen by focusing more on existing local businesses, evaluating the City's business portfolio, and considering new resources and programs that would encourage new businesses to come to Murray. She expressed interest in helping Murray's youth to better understand both chamber of commerce functions and responsibilities of a city council.

**Finance and Administration Department Report.** – Ms. Moore discussed all divisions of her department which are finance, customer service and city recorder. Photos of staff members were shared, and she outlined each position and described its responsibilities. She reviewed functions of utility billing where staff ensures accuracy regarding billing processes, collections, and inquiries. Various customer service statistics were shared. Duties and functions of the city recorder's office and purchasing agent were outlined, as well as statistics about record keeping, special events, GRAMA requests and the number of passports issued this year.

**Legislative Update** – Ms. Cotter directed Council Members to visit page 12 of the Murray Journal, February 2023 edition to understand what Bills were ready to be considered and brought forth opening day of the 2023 General Session. She revealed bills that were pending, supported, or opposed by the ULCT (Utah League of Cities and Towns) and mentioned bills regarding public safety retirements, a Kidney Health Task Force, housing affordability, land use revisions and amendments for short-term rentals, first responder mental health and the transportation tax. Ms. Cotter said the status of proposed legislation was always changing during the Session and she would report back again with another update.

Mr. Critchfield confirmed it was premature to think that all bills proposed would move forward. He said with 36 bills presently proposed, the cost to cities would be \$55 million if all were fully implemented. Because the ULCT understood this they would work hard over the coming weeks to see various mandates reduced, by opposing specific bills. He said Murray would definitely see an increase in the \$10,000 monthly contribution paid to the Homeless Fund. The fund currently supports five cities that host homeless shelters, but now the plan is to bring that total up to ten cities with homeless shelters causing the increase. The hope is to get State funding as well to address a \$22 million deficit that currently exists to support five cities with existing homeless shelters.

**Review of increasing electrical energy costs** – Mr. Haacke discussed soaring energy prices and the probability of raising power rates. He said they need to act fast because natural gas prices would continue to rise. He recapped how the 2022 October power bill was normal, then natural gas prices went up significantly in November that required a budget opening of \$800,000 to use Power Fund reserves to meet the payment. The following December the power bill jumped to \$4.5 million which was much more than the \$1.8 million amount expected. He noted the highest power bill they have seen was approximately \$5.5 million which was in August of 2002.

Mr. Markham believed the situation had been coming for a long time and should not be a shock. Mr. Haacke agreed they did not order extra gas for the coming winter, because they did not anticipate the price for natural gas to climb from \$6 per dekatherm to \$60 per dekatherm. Mr. Haacke went on to explain that coal mining supply issues have affected every coal fired plant in the western United States due to current presidential decisions to close coal mines, stop natural gas drilling and fracking, and maintain a low natural gas reserve heading into this winter. In addition, coal production delays, coal transportation issues by train and truck from the Hunter coal plant and the Intermountain Power Plant in Delta, Utah, to the west coast has been challenging.

He said normally gas is generated and stockpiled during the summer for the coming winter, but due to the low supply of natural gas last summer and astronomical costs, that was not possible. Heading into this winter there was no stored gas available which impacted the whole situation. The department saved millions by calling back power from the Intermountain Power Agency last summer and they would exercise that option again this year. A graph was shown depicting the sky rocketing costs from July of 2017 to December of 2022, however, since December, the price for natural gas has reduced.

Mr. Markham noted the trend that past prices always declined after each high-cost peak, which meant relief was coming. Mr. Haacke argued that UAMPS (Utah Associated Municipal Power Systems) pricing indicated that energy would remain higher than usual for the next six months. For this reason they already ordered extra gas for all of next year and preordered for high and low load hours from UAMPS, even though the resource was higher than usual due to coal plant closures.

Mr. Haacke reviewed the previous recommendation to exercise a SCA (Supply Cost Adjustment) and then work towards a rate increase. However, due to a policy set by the Murray City Finance Department, he would now advise against the SCA, due to a \$700,000 per year limit. Because resolving this matter involves millions of dollars, they would rather pursue a rate modification or use reserves again.

Mr. Markham asked how Power Fund reserves were built up, if there was goal amount to reach, and could funding not be touched unless it was an emergency. Ms. Moore explained Power Fund reserves were

intended to pay for the Advanced Metering Infrastructure system, and to rebuild two substation transformers if damaged by an earthquake, which could cost \$1.5 million or more per station. Mr. Markham asked if there was a required limit for power reserves. Mayor Hales noted the City requires General Fund reserves to be maintained at 25%. Ms. Moore said the Power Department was debt free and that current power reserves were approximately 45% of the budget, that was equivalent to one annual budget, and they had \$8 million worth of projects scheduled.

Mr. Markham stressed that \$30 million was a lot of money and had concerns with public perception about implementing a rate increase when so much was already saved. He thought \$8 million in projects would still provide a great surplus. Ms. Moore said the cost to rebuild power infrastructure was very costly. Mr. Markham noted the City would be facing many other issues related to earthquake damage like streets, water, and sewer repairs also. Ms. Moore thought if \$15 million was set aside for repairs, the surplus would go quickly if spent on power purchases. Mr. Hrechkosy thought increasing the SCA limit would be more helpful than raising rates if the inflation situation was short-term. Mr. Markham agreed there must be other options to consider.

Mr. Hrechkosy asked about switching the existing flat rate charge to a tiering system, so customers would pay a higher rate when more energy was used, that occurs for Rocky Mountain Power customers. Mr. Haacke agreed many cities implement a two-tier billing system. Murray's residential flat rate in winter was 8.6 cents per kilowatt hour and did increase with more use during the summer. He went on to review the City's electrical rate history since 2008 and shared how other cities would respond to the volatile market comparatively by raising power rates as well. Mayor Hales commented that in December of 2022 the heating bill for the Park Center's indoor pool jumped from \$25,000 to \$100,000.

Mr. Haacke said they could wait several months and see if prices come down before making a decision, or increase power rates to all customer classes soon, or increase rates conservatively and reevaluate the situation in July or August. He would not adjust rates this summer. He said a power rate study would be conducted and completed by the first part of March, so they would wait for those results furthering recommendations. In addition they could adjust the SCA threshold upward because he felt average resource costs would remain high for some time.

Ms. Turner thought the SCA was too risky to exercise at this time. She thought the tier rate would be more effective year-round, which would put more responsibility on citizens.

Ms. Dominguez asked about reviewing the City's contracts regarding landfill energy production and asked if the City could call back power normally sold to California. Mr. Haacke said the two landfills only provided 8% of the City's portfolio and was the most expensive resource we have. Ms. Dominguez said with a \$4.5 million power bill every month in the winter, renegotiating that amount might provide immediate energy to the City. Mr. Haacke agreed they could look at that. He would return to the Council after the rate study was complete for further discussion of a rate increase proposal.

**Adjournment:** 6:21 p.m.

**Pattie Johnson**  
**Council Office Administrator III**