

MURRAY MUNICIPAL COUNCIL

COMMITTEE OF THE WHOLE

Meeting Minutes

Tuesday, April 4, 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 - Excused
Pam Cotter	District #2
Rosalba Dominguez	District #3
Garry Hrechkosy – Chair	District #5

Brett Hales	Mayor	Jennifer Kennedy	City Council Executive Director
Doug Hill	Chief Administrative Officer	Pattie Johnson	Council Administration
Tammy Kikuchi	Chief Communications Officer	Brooke Smith	City Recorder
G.L. Critchfield	City Attorney	Kim Sorensen	Parks and Recreation Director
Russ Kakala	Public Works Director	Danny Hansen	IT
Adam Hock	Resident	Matt Youngs	Power Department
Anthony Semore	NeighborWorks		

Conducting: Council Member Hrechkosy called the meeting to order at 4:30 pm.

Approval of Minutes: Committee of the Whole – March 7, 2023.

Mr. Markham moved to approve, and Ms. Cotter seconded the motion.

All in favor 4-0.

Discussion Items:

Courts Department Report:

Ms. Gallegos compared traffic violation data, traffic court case totals and criminal case data between 2019 and 2023. She discussed small claims to report that from May 4, 2022 through December 31, 2023, the highest amount for filing a small claim is \$15,000. With new legislation, from January 1, 2025 to December 31, 2029 the limit would increase to \$20,000; and on January 1, 2030 the limit will go up to \$25,000. A new audio system should be installed on April 17, 2023 and three new clerks were just hired. She described the new State program called Deferred Prosecution, that determines on-line whether citations are eligible for deferred prosecution or dismissed if no other citations are received within a year. She said justice court reform is underway with a new State task force. The task force would organize a global court system to oversee all justice courts. The program is three years out, involves House Bill 210 and is expected to be very costly once in place. To get all courts involved in justice court reform, another State program called Learning Management Systems was instituted which is a training program about court reform. All clerks are required to complete 10 hours of training per year before a court can be recertified. The Murray Court was recently recertified for another four years.

Donation to Granite School District for music education.

Ms. Kennedy said that during the last budget year, \$40,000 was allocated to MSD (Murray School District) for music education programs. At that time the Council also discussed whether GSD (Granite School District) would be interested in receiving money for music education as well. As a result, Mayor Hales and Mr. Hill reached out to GSD who requested a proposed amount totaling \$36,000. Ms. Kennedy said because MSD only requested \$21,577, there was a remaining amount of \$18,422 that could be given to GSD. She asked Council Members what amount they would like to donate to GSD.

Mr. Markham favored donating the remaining amount to GSD. Mr. Hrechkosy and Ms. Dominguez agreed. Ms. Cotter expressed concern about donation amounts to MSD and GSD being unequal. Mr. Markham noted the remaining amount of \$18,422 was enough to meet the request for Woodstock Elementary. Ms. Cotter questioned how money would be spent among all Murray schools. Mr. Hrechkosy pointed out how the City completely funded the request of MSD. Ms. Kennedy asked Mr. Markham if he proposed funding only the request for Woodstock Elementary which was \$16,500. Mr. Markham said yes, a donation this year would not include the amount requested for Cottonwood High School. He thought the City should evaluate how this donation was used before increasing the allocated budget. Ms. Kennedy said a spending report would be part of the contract.

After further discussion, there was consensus to donate \$15,000 to GSD for Woodstock Elementary. Ms. Cotter would continue to evaluate the matter. Mr. Hrechkosy stressed that the City donated to MSD for many years, and this was the first time the City would give a donation to GSD for schools located in Murray.

Non-profit donation application.

Ms. Kennedy discussed how the Council previously analyzed cash donations and whether an application process was needed for future cash donations if the practice continued. Since that discussion she and Mr. Critchfield worked to create specific applications. Council members analyzed the sample documents that included a smaller application for non-monetary assistance and fee waivers like waiving golf cart fees for charity events; and a larger application for both non-profit and for-profit entities. Ms. Kennedy asked for direction.

Mr. Markham wondered if the City received many requests from for-profit corporations. Mr. Hill said it was rare and the only way the City could give money like that was through the Redevelopment Agency. Mr. Markham did not favor for-profit agencies as a category for receiving cash donations. Ms. Cotter agreed. Mr. Critchfield explained the State statute regarding for-profit donations. He said it was originally intended for situations where a city would try to incentivize a retail business to stay in their city. He shared about a court case involving Orem City which resulted in State legislation establishing that a process must be followed if a city was going to give money to incentivize a business. He said in many states a city cannot give funds to a non-profit, however the Utah statute leaves that open to interpretation because it implies that anyone can ask for funding. The statute was not intended for just whoever, so this was why the City would have an application process for non-profit or for-profit businesses who request money, even though the application is not a guarantee that money would be granted.

After further discussion there was consensus to move forward with the application process for all donation requests. Ms. Kennedy said the new application process requirement would be updated in the Council Rules.

Roberts Rules Training.

Ms. Kennedy gave the training and noted that State law requires a city to pass a parliamentary procedure, so Roberts Rules was adopted as a set of rules for conducting orderly meetings. Ms. Kennedy said Roberts Rules indicates that where a majority rules the rights of everyone are protected. Training included all aspects of how council meetings should be conducted.

Future power rate study.

Mr. Bellon joined the meeting via telecom. He said that since the last discussion about the power rate

increase, there was concern that a 9% increase was not enough. As a result, he contacted consultant Dave Berg and they agreed to get a new rate study done quickly. The hope is to present study results to the Council in June 2023.

Mr. Hrechkosy asked if the SCA (Supply Cost Adjustment) remained in place since there was not an immediate rate increase. Mr. Youngs said the SCA was in place through March. Mayor Hales asked if the City's UAMPS (Utah Associated Municipal Power Systems) power bill for March would be another \$1.5 million. Mr. Bellon believed even though market prices had settled down, the SCA should run through the end of May. He said they would be okay financially and that reserves could be used if they need to get by until the proper rate increase was determined.

Mr. Berg joined the meeting via telecom and explained two important aspects of the new rate study. First would be to provide a 5-year projection of the operating results, under the assumption that the existing rates do not change. The reason for doing this is to measure the need for revenue, related to wholesale power costs because that is what caused the most recent financial difficulty. Five-year projections would be a best guess for what wholesale power costs will be moving forward. He said if costs continue to rise as expected, this will give an indication of the ability to cover operating expenses, including wholesale power and capital improvement costs. This could lead to decisions about whether to cash flow capital improvements, or to bond for them. In a couple of months, the balance of reserves would be most telling.

The second aspect is to conduct a COS (Cost-of-Service) study, which was done in 2016. The COS looks at different types of customers and estimates the cost to serve each type, or class of customer. By taking expenses and revenue requirements and dividing them up among the different classes of customers whether residential or industrial, the allocated cost to serve is compared with the amount of revenue received from customers. The COS would use expenses related to residential customers and determine what a cost-based customer charge might be.

Mr. Berg said the analysis would tell whether certain classes of customers are subsidizing another class. Both aspects of the study would determine components of a rate design and composed rates for each type of customer. Mr. Berg said because of the changes in wholesale market pricing, another critical thing to realize is that the stable market we have had is going away. There might be periods of stability, but with all the recent changes in the industry, there are too many moving parts to expect wholesale power costs to stabilize. What happens with the market and wholesale power costs is outside of the City's control, so a panic mode should be avoided in order to deal with elevated purchase-power expenses.

Mr. Markham said looking forward at the rate schedule, as far in advance as possible and considering the volatility of future rates, was there a possibility that reserves would drop below an acceptable level. He felt only a certain percentage of revenue could be recouped. He asked if there would be a certain level of high cost that would trigger the City into identifying when or if another rate increase would follow this one.

Mr. Berg said many utility companies have a policy in place for that, which prevents reserves from dropping to a certain low level, so setting a policy for a minimum balance in reserves would help. He suggested a functioning adjustment clause in the ordinance language so that utility bills would automatically adjust up or down depending on fluctuating wholesale power costs. This mechanism would change the revenue automatically on a continuous basis as needed. Mr. Hrechkosy asked if all tiers, and

a new two-tiered rate for winter; and charging customers more for using excess energy would be included in the new rate study. Mr. Berg said yes.

Mr. Hill clarified the policy details suggested by Mr. Berg. He explained once the rate study was completed, Council Members would need to decide whether or not to allow an adjustable rate for wholesale power. This meant the Council would allow customer utility bills to fluctuate up and down without any further Council approval. Adjustments would happen automatically according to what wholesale rate costs are at the time. He said the option would be built into the ordinance, so the Council should be sure this is what they want. Ms. Moore said utility bills would be adjusted on a quarterly basis.

Mr. Critchfield said if the Council decided to approve the adjustable rate for wholesale power option, they would only be approving the administration's authorization to adjust the power rate accordingly, and not how often the rate is adjusted. Mr. Hrechkosy said it was important to communicate with clear language to citizens the reason for the ordinance, and why utility bills would be fluctuating.

Adjournment: 5:47 p.m.

Pattie Johnson
Council Office Administrator III