



## MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

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The Murray City Municipal Council met as a Committee of the Whole on Tuesday, October 4, 2011, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

### Members in Attendance:

|                 |                    |
|-----------------|--------------------|
| Jim Brass       | Council Chair      |
| Jeff Dredge     | Council Vice Chair |
| Jared A. Shaver | Council Member     |
| Krista K. Dunn  | Council Member     |

### Member Excused:

|                |                |
|----------------|----------------|
| Darren V. Stam | Council Member |
|----------------|----------------|

### Others in Attendance:

|                     |                            |
|---------------------|----------------------------|
| Michael D. Wagstaff | Council Executive Director |
| Dan Snarr           | Mayor                      |
| Jan Wells           | Mayor's Chief of Staff     |
| Frank Nakamura      | City Attorney              |
| Janet M. Lopez      | Council Office             |
| Peri Kinder         | Valley Journals            |
| Dan Barr            | Library Director           |
| Russ Kakala         | Street/Stormwater          |
| Zach Fountain       | Mayor's Office             |
| Jennifer Brass      | Citizen                    |
| Blaine Haacke       | Power                      |
| Doug Hill           | Public Services Director   |

Chairman Brass called the Committee of the Whole meeting to order at 5:32 p.m. and welcomed those in attendance.

### Business Item #1:

### Committee and Board Reports

#### ***Blaine Haacke – Utah Associated Municipal Power Systems (UAMPS) and Intermountain Power Project (IPP)***

Mr. Haacke reported that he is involved with the UAMPS resources and a few plants have been in the process of remodeling and modifications. Murray has put about \$1.8 million into the Hunter Plant, which was taken out of the power bills over the last couple of years and will be for another six months. We were hoping to see a more efficient plant and that is hard to measure. Before June the plant operated 70% of the time and was off for 30%. This was due to

tube leaks or conveyer belt problems or other issues. July and August has seen availability in the high 90% of the time; therefore, it looks like the money spent has paid off. The efficiency remodel has produced a few more years of life from the plant. Because of the bonding, UAMPS is required to complete a report every three years. An independent person does the evaluation and reports to UAMPS on the quality of the plant. The consultant found that the life expectancy is now extended to 2042. Production will be about 62 years out of this coal fired plant, when most get about 40 to 50 years. Other capital projects will go into the plant over the years, but this is good news for Murray. There is a small bond payment in March of next year; however, for the most part the plant has been paid off. The rebuild has given Murray another mega watt due to the efficiency of the turbines and blade replacement. It gave UAMPS three additional megawatts and Murray owns about 33%. This was a bonus and puts Murray at about 22.5 megawatts ownership in Hunter with 10% more efficiency. The report addresses the Utah coal and water supply of the plant and indicates that there is coal supply until 2032 and water supply until mid 2020s. Anything we own requires money for upkeep.

The San Juan plant, in the four corners area, has had some EPA problems. It is in an area referred to as Regional Haze near the Grand Canyon where very strict particulate restrictions are in place for coal fired plants. The Federal EPA acted before the New Mexico state emissions agency and it put out some very high standards that the plant will now be required to follow. The New Mexico governorship changed and as the former governor did not want to fight the federal government particulate restrictions, the new one has filed a lawsuit to challenge the requirements. Murray falls under the EPA which requires the MACT (most achievable control technology) the most expensive type of emission control. New Mexico is working toward putting the BACT (best achievable control technology) in place and this amounts to hundreds of millions of dollars difference. If New Mexico is successful this will amount to about two hundred million dollars expense versus one billion dollars for UAMPS. UAMPS has entered into the lawsuit with New Mexico to slow down the requirements, which is five years for the MACT. The lawsuit may last that long so there is a request for a stay of three to four years, so that we do not have to put out the money prior to the results of the lawsuit.

Mayor Snarr pointed out that Murray has only 1.5 megawatts in this plant and we have picked up one megawatt in Hunter. Mr. Haacke agreed noting the ownership of 1.6 MW and the cost will be about \$45,000 per year for Murray if the MACT must be met. We can absorb that but hope not to. He explained that this is not a plant upgrade, it just collects the particulates. There was a minor upgrade on San Juan this year.

Mr. Haacke explained that UAMPS has new resource presentations made to the committee. If a city is interested then they may sign up with a financial commitment for a study to be completed.

A landfill in Utah County may be of interest. It is called Bayview on the west side of Utah Lake. UAMPS has considered capturing the methane; however they could only get two MW out of it, it would take three to four years to complete and the pricing would be around \$100. Murray pays about \$60 for its landfill gas and that is our most expensive resource. UAMPS members said they were not interested.

Mr. Haacke stressed that the price of renewable resources is costly. Solar power is about \$120, hydro costs about \$65 and wind is \$90, with landfill at \$110.

IPA issues are coming up. The agreement with California providers expires in 2027. It may seem like a long time, but when that contract expires they will not be able to take any coal produced power based on current legislation. They would like to utilize the 1800 MW total, but they need an alternative to coal. There have been discussions to make half the plant natural gas or convert the entire plant to natural gas. These decisions will need to be made right away due to the time factor in conversions. The Utah group needs the California group to commit in the

next year or two to take the natural gas or find out if they want to walk away. They do need the power.

Last week the Utah legal group met, with Mr. Nakamura and Mr. Farnsworth present, to talk about possible future agreements with California entities. It is quite a complex issue. Both sides will give some and it is apparent that Murray will probably lose the take and pay contract for call backs that are decided in six month segments. It was the 1980s when that was negotiated and Mr. Haacke feels that they will not agree to that again. Los Angeles has agreed to take the entire Murray 72 MW; however, if we call it back, we must keep it. That helps them with their planning.

Mr. Nakamura stated that he will still pursue the excess power provision as written and will make a continual effort to retain the present policy. There will be some big decisions to be made in the next year. They want an agreement by 2015.

Mr. Haacke said there will be four years of mortgage free time; although, there may be expenditures to refuel the plant to natural gas.

Mayor Snarr asked if there might be a market for the coal power from other entities in Utah. IPA has gone into the market to see if there was interest; Mr. Haacke responded that coal is the problem. No one knows what might occur with carbon tax legislation. We will keep the Council informed as negotiations progress.

#### ***Russ Kakala – Trans-Jordan Cities***

Mr. Kakala addressed the Cedar Valley Landfill explaining that there are two sites in the Cedar Valley area and one is a permitted municipal waste site that is not functioning. A construction and demolition landfill is in use. North Point had interest in purchasing the 320 acres for \$2.8 million, and the North Point board has authorized the purchase with the intent to partner with other entities. Trans-Jordan might enter into the partnership due to the fact that only 15 to 20 years life remains at the current location. The thinking is that by partnering with North Point the cost will be about one million dollars to get the permits necessary to deliver municipal waste to the location. Once that is completed there will be no reason for two landfills, therefore, the other acreage can be absorbed into one landfill. Mr. Kakala believes the offer has already been submitted by North Point. Subsequently, Trans-Jordan would come in as a partner with shares.

Mr. Kakala mentioned that for a transfer station a location in Draper is being considered because the Sandy spot did not work out. This really does not benefit Murray because we are closer to Trans-Jordan than Draper.

Cell five has been dug and the lining has been awarded to a contractor. The second bid was taken because the first could not meet the deadline.

The audit report was sent to the City and can be forwarded to Council members. He asked if there were any issues the Council wanted relayed to Trans-Jordan. Council members expressed their confidence in the decisions made by the Board and staff.

#### ***Dan Barr – Murray City Library***

Mr. Barr distributed an early financial report with expenditures considerably under revenue noting that additional funds will go into fund balance for reserves. Circulation was up again by about 8.5%; however, the Library is beginning to see monthly circulation leveling off, so the peak may have been reached. Summer reading programs were very successful. One trend that shows up on the August figures is the public internet use is decreasing, probably due

to access at home. Wireless access is going up with more people bringing in laptops to get on the net.

Mr. Barr mentioned that in 2012 the Library will celebrate its centennial. A couple of committees are working on activities and some fundraising is being done. A gala will be held on February 25, 2012 and Council members will receive invitations. The big project is fundraising for an art project in the building. They are hoping to get some private donations and would like to have a stained glass window installed on the west side of the building. Four glass artists have come in to give bids on the project, one is from Thanksgiving Point and he works all over the world on commissions. There are a variety of small things going on too.

Mr. Shaver asked when the self check-out was started. Mr. Barr responded that it has been operational for about two years. It is increasing steadily and amounts to about 20% of the total.

Mayor Snarr asked if Mr. Barr had heard anything from the school board on their building plans. Mr. Barr is under the impression that there are no plans yet. The Library Board is anxious to discuss the traffic patterns and how it will affect the library.

### ***Zachery Fountain – Legislative Policy Committee (LPC)***

Mr. Fountain stated that the League of Cities and Towns is getting quite active in legislative issues already and the Legislative Policy Committee (LPC) had lots of work revolving around the Annual Conference in September.

The LPC has been discussing the joint Revenue and Tax Commission on Capitol Hill that has been focused on municipal finance issues. That concern led the cities to reaffirm and write a resolution stating that they do not want the state legislature to change sales tax. The resolution is based on an agreement to maintain the current structure and any talk of redistribution must be based upon new money.

A resolution dealing with pawn shops as been passed to work with state prosecutors, city attorneys and police chiefs to address the issues that came out of House Bill #337 in the past legislative session.

Land use issues have been on the agenda with cities looking at condemnation for trails and some middle mile areas where trails have been completed on opposite ends but cannot come together because they are unable to do condemnation for parcels such as 30 feet. Some negotiations are going on with private land owners.

Mr. Fountain expressed some issues on billboards in Murray. For example, when maintenance is done on signs they are questioning whether or not they can upgrade to electronic signs. The Billboard industry is working on fixing this in the next legislative session and Mr. Nakamura has worked hard to diminish Murray as a target.

Sweepstakes internet gambling is a matter of some concern where internet parlors are selling internet time but people think they are gambling. In the legislative fix a couple of years prior a safe harbor was actually created for gambling and there are efforts to change that.

The liquor licensing issue will come up again with matters arising from the changes made the previous year. Monitoring licensing is not the issue; rather, it is making greater accessibility of licenses. It is a continual battle.

Mr. Shaver asked if the City has any voice in liquor licensing. Mr. Fountain said that because the City gives approval on building permits, it plays a role in the licensing issues, giving the proper distances from schools, churches and other established restaurants.

### ***Jan Wells – Council of Governments (COG)***

State fireworks statute was discussed and the changes that were made during the last legislative session have had negative impacts. Representative Dunnigan is willing to look at some changes. Some of those concerns are limiting the sale and shooting off fireworks. This hit the cities hard on enforcement so changes will be good.

Homeless services for youth were reported on by Volunteers of America who addressed the critical needs of homeless youth between the ages of 15 and 22. The goal of this organization is to help them become self sufficient through employment opportunities, education, shelters, referrals for medical, mental health and substance abuse programs. The numbers are rising in Utah. In 2010, 837 youth received services and this year that number has already been exceeded with three months remaining. Eighty percent of the youth are from Utah, 75% percent suffer some physical abuse and 25% age out of foster care. They are working to get the funding in place for a new drop in shelter. Some private donations have been committed and good progress is being made, Ms. Wells noted.

Mr. Shaver asked if there were a location identified by the group. She said there was none yet. He went on the express that the youth is the group they are struggling with, as families and adult numbers are decreasing. Many will come for temporary shelter but will not stay and are mistrustful of the system.

The South Jordan Fire Chief led a discussion on sudden cardiac arrest. He said that 800 people die daily from this condition in the US. South Jordan has begun an aggressive initiative trying to reduce that number. Their survival statistics have improved from 7% to 30% in their community. Public access defibrillators have been placed in work places, schools, city buildings and police cars. They have worked with businesses to get grants to help fund some of this along with the Heart Association. They have focused on training in CPR and put a lot of effort into a public awareness campaign. They have gone a step further and created an ordinance to require all businesses to have defibrillators and train their employees. It has not been adopted citywide yet. They have been working on getting liability removed through state legislation. Lives have been saved.

Mr. Shaver said it would be something to look at for Murray. Ms. Dunn pointed out that sudden cardiac arrest is different from a regular heart attack. Mr. Brass said people need instruction, but the defibrillators are easy to use.

Ms. Wells explained that there was a discussion from Dale Brady of the Division of Housing and Community who talked about moderate income housing plans and using them to work with builders encouraging them to build more moderate housing, which is really in demand.

### ***Jan Wells - Utah Infrastructure Agency (UIA)***

UIA was talking about doing some “lunch and learn” sessions; however, they have decided to wait until January after the current elections have taken place. Murray is working internally on billing for those in the community who have signed up for service.

There are some changes in financing in progress. She brought in a five year projection that was distributed at the last meeting.

### ***Jeff Dredge – Utah Telecommunications Open Infrastructure Agency (UTOPIA)***

Mr. Dredge reported that Primetime/Mstar is no longer with UTOPIA. This company gave UTOPIA a really bad name and their customers have been transferred over to Veracity. The transfer of customers has been a difficult process with Primetime (they owned the customers)

and many have been lost rather than transferred sooner. Modifying contracts has been discussed so that if providers are not meeting certain requirements then those customers can be more easily transferred.

Mr. Shaver confirmed that UTOPIA would have some sort of prior agreement that if bills are not being kept up then they can take the customers to someone else.

One criticism has been poor management of receivables for the service providers who have not paid bills. Better controls have been put in place and providers must be qualified and reach a certain qualification level to remove lock box requirements on payments. Veracity and Xmission are paying their bills on a timely basis.

Mr. Dredge stated that negotiations have taken place with Dish Network and UTOPIA will have the ability to operate more efficiently. Based on what can be accomplished with Dish and squeezing more margins out of providers, UTOPIA is modeling a payback over three years rather than being required to pay over 15 to 20 years. The details are just now being worked out. It is expanding the offering so that a greater number of people will be attracted to UTOPIA.

Orem is looking at creating a special improvement district and setting up the entire city on UTOPIA fiber. They believe the fiber is a key factor to police, fire and emergency services and are in initial discussions with this idea. A similar situation is being set up in Provo. People have not liked the financial issues of UTOPIA, however, there is now an understanding that broadband is important and here to stay so they are willing to see how it can be built out.

UTOPIA is on target with the model for sales figures. Mr. Marriot expects sales to dip for a couple of months because many of his door to door marketing people have returned to college and also because of the different offerings being considered.

It's a bit early to talk about UTOPIA's long term problem with the SWAPs and being out-of-the-money for so long; however, a two hour meeting was held with Ballard Spar on this topic to see what final negotiations can be reached with Key Bank. Mr. Nakamura will meet with this group and Mr. Dredge believes there is a solution to fix the rate and eliminate much of the line of credit fees without additional cost to UTOPIA. This presentation will be given at the Committee of the Whole meeting. Key Bank has come a long way over the last month to solve these problems.

#### ***Krista Dunn – Valley Emergency Communications Center (VECC)***

Ms. Dunn indicated that VECC had some operational changes since Midvale and Bluffdale are with Utah Highway Patrol and Utah County. They have evaluated and are restructuring the costs to the other remaining cities with these two entities gone. It will likely increase Murray's expenses.

When VECC first opened they were located in the Murray City Hall building and Murray provided accounting services to them. A few people are now retiring and the Utah Retirement System (URS) is looking at the records of payment and it appears that there were a couple of months when payments were not made to URS. It is unknown how many employees are affected. Ms. Dunn asked if anyone had called Don Wetzel for his response. Others present said this was the first they had heard of the matter. Ms. Dunn stressed that it is not something Murray owes, however, VECC wanted to see if it had been paid for these employees before they have to pay those fees. Eventually, the costs will be reflected back to the cities. We need some further investigation in this matter. Maybe finance has been contacted.

VECC is continuing the equipment replacement and update to an "IP" protocol to make things faster and coordinate better with the various programs used by the different agencies.

The 911 study being done by the state has input from the participating agencies, which has been accepted for the study material. This will be continuing through 2012.

Mr. Shaver asked if additional expenses should be anticipated when future budgeting is being planned. Ms. Dunn confirmed this.

***Jim Brass – Central Valley Water Reclamation***

Mr. Brass stated that the budget process is being started. They are planning relatively flat; however, health insurance is a big issue. As one of two elected officials on the board, when they bring up raises for their employees he points out that most entities are not giving raises and it would be difficult for the City to have a rate increase to cover the cost of raises when cities cannot give their own employees raises. The interesting thing is that once he mentions an issue such as this, then everyone agrees. Many of the rehab projects are done, so that does not have to be considered for awhile and the plant is in good shape. Reed Gardner will be retiring in December. That may bring some changes.

***Jim Brass - Association of Municipal Councils (AMC)***

There was a really good presentation from the Utah Health Insurance Exchange, Mr. Brass mentioned. This was mostly about affordable insurance for small businesses or for self employed individuals. It is on the internet for people that can benefit and good healthcare providers are available including Select Health. You can actually click through and work out your own insurance quote.

Mr. Brass mentioned his concern that the Association of Municipal Councils is a very good group but is very under attended. They will be looking at that issue in the future.

There being no additional business Mr. Brass adjourned the meeting at 6:30 p.m.

Janet M. Lopez  
Council Office Administrator