



**MURRAY CITY MUNICIPAL COUNCIL
COMMITTEE OF THE WHOLE**

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, February 21, 2012, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Members in Attendance:

Jim Brass	Council Chair
Dave Nicponski	Council Member
Darren V. Stam	Council Member
Jared A. Shaver	Council Vice Chair
Brett A. Hales	Council Member

Others in Attendance:

Michael D. Wagstaff	Council Executive Director	Dan Snarr	Mayor
Janet M. Lopez	Council Office	Jan Wells	Mayor's COS
Frank Nakamura	City Attorney	Jennifer Kennedy	City Recorder
Brent Davidson	Deputy City Recorder	Janie Richardson	GIS
Blaine Haacke	Power General Manager	Georganne Weidenbach	Century Link
Danny Astill	Public Services	Doug Hill	Public Service Director
Dan Barr	Library Director	Russ Kakala	Public Services
Tim Tingey	ADS Director	Dr. Steven Hirase	Murray School Superintendent

Chairman Brass called the Committee of the Whole meeting to order at 4:47 p.m. and welcomed those in attendance.

Minutes

Mr. Brass asked for corrections or action on the minutes from the Committee of the Whole meeting held on January 17, 2012. Mr. Shaver moved approval as written. Mr. Stam seconded and the motion was approved 5-0.

Business Item #1: Committee and Board Reports

Blaine Haacke - Utah Associated Municipal Power Systems (UAMPS) and Intermountain Power Project (IPP)

Mr. Haacke explained that he serves on the Board of Directors for both the entities listed above. He gave a brief update on UAMPS recently in Council Communications and this evening his focus was on The Intermountain Power Agency (IPA), which has three big issues of concern. The "Dairy Cow" stray voltage lawsuit has been on and off for the past five years. An

Appellate Court has agreed to give the dairy cow owners access to their key witness. Previously, it was ruled in District Court that he could not testify. IPA has its witnesses and with this witness back on the stand the matter will go to a jury trial. The emotion of a jury trial may work against IPA because it has deep pockets. No date has been set.

An outage at Unit 1 occurred with a catastrophic problem with the stator generator. Pictures were taken and copper was found splattered all over the generator with temperatures exceeding thousands of degrees. They are not sure of the cause but guess that it may have been a vibration on this unit that was rebuilt about eleven months ago. It could be a design flaw in the generator. The plant will be at half capacity, which does not hurt Murray because we have not called back any energy capacity for now, next summer or the following winter. It does hurt some of the Utah cities, such as, Bountiful who will be hit with \$100,000 per month. They have called back some of the power and will have to pay for part of the rebuild.

Mr. Brass asked if this was just overhauled, is it not under warranty. Mr. Haacke said that it is covered and it is expected to be about \$14 million. The cost will be the lost power that must be purchased off the market for the next six months. Los Angeles will need to replace 900 MW, which amounts to nine times Murray City's load. It is costing LA one million dollars a day to replace that power.

Related to that, many truckers are out of work due to the loss of half the coal. About 80 truck drivers have been laid off in Salina. The mine is shutting down the capacity a little.

Mr. Brass asked about the Unit 2 rebuild scheduled for next year. Mr. Haacke said it will be set back until this is taken care of. Unit 2 was shut down for five days for inspection and some flashing problem was found there. The units have cycled, meaning they have reached peak and are going up and down based on the load required. LA is not calling back as much and the up and down production may be the problem. It was previously kept at maximum capacity with no variation. Now it will be kept at maximum again.

The post 2027 contracts that expire are another issue. After that time LA may walk away from the plant and Utah owners will be left holding the expense. They are willing to continue the resource as long as the fuel can be changed. California law stipulates that after 2020 coal power may not be brought into the state. They are under contract with Utah until 2027. Too much capacity is there for Utah to use.

Mr. Shaver mentioned the talk of one unit being converted to gas and that source alone going to California. He asked if that idea is still being considered. Mr. Haacke said that is being considered and maybe one new natural gas unit right beside the two coal fired units. Mr. Brass stated that they own the permit for another unit. It may be easier to do that.

Mr. Haacke said that it is important to get the legislation lined up so that Californians know IPA still wants to partner with them. They may have to go to the California Energy Commission to get approval to build a natural gas plant in Utah. Senate Bill 94 in the Utah Legislature is being monitored. Amendments need to be included because these rules are from the 1980s when the plant was built. Murray's attorney and legislative staff are all on top of this issue. We need the Mayor to write a letter in support of the bill. If necessary changes do not take place then the Californians can walk away from the plant.

Mr. Nicponski asked if there were something coming that leads them to believe they can just walk away. Mr. Haacke said they are bound until 2027, but after that they could walk away and have threatened to do so. The question was asked how they can replace that energy load. Mr. Haacke said it takes five to six years to put together a natural gas plant and if there is nothing in Utah they could do that in Nevada or California.

Mr. Brass said the Chief Executive Officer for LA Department of Water and Power spoke of doubling power rates if they are compelled to meet the requirements of 30% renewable by 2025. They are already at 12.5 cents. This should be a big test of the commitment of the people of California.

Mr. Shaver said that because of the number of people involved in this it is a very large scale move. Mr. Haacke said that Utah takes 21% of the energy and Californians take 79%. It is six California cities and 26 Utah cities or COOPs. All these entities must reach a unanimous voice. Mr. Brass added that Murray cannot take back all of the power it owns.

California has given Utah some drafts on a renewal contract for post 2027 and a parallel called an excess power cells agreement which allows the call back after that date. They do want some transmission access that is owned by Murray. Things are moving fast.

Mr. Brass commented that this is important as it affects multi-million dollar commitments.

Mr. Haacke said that he and Mr. Farnsworth will fly to LA the following Tuesday for a day of meetings. The attorney staff needs to be involved at this point on negotiations taking place. The other Utah cities also have attorneys that will be involved.

Russ Kakala – Trans-Jordan Cities

Mr. Kakala mentioned that Trans-Jordan will begin to accept American Express credit card and a new Board member from South Jordan has been named, Mayor Osborn. North Point has purchased the Cedar Valley Landfill and will be open for business on March 1. Mr. Shaver asked if there is a major change because of this. Mr. Kakala said there is because previously the waste was being trucked out to Tooele.

Last year Trans-Jordan asked to have Murray City rates increased to \$12 per ton. The commercial rates are \$26 per ton. Part of that is due to an expected loss of about \$500,000 in revenue from South Jordan, Riverton and Draper. When they bought into Trans-Jordan they were locked in at the commercial rate and will now go down to the city rate. There is a need to increase. The Board has asked for a financial forecast to determine what plans need to be made for purchasing more space or a transfer station. A transfer station is around \$10 million and there is about \$7 million in reserve currently. When the study comes back they will know what direction to take. Several years ago the Board agreed to pay 50% of the commercial fee and we are below that mark just now.

Mr. Shaver asked his feeling on rates. Mr. Kakala would not want to arbitrarily adjust our city rates. He would like to consider future plans of Trans-Jordan. When the study is completed it will show the gap between the commercial rate and our revenue stream. He will share that with the Council when available.

Mr. Hill added that a one dollar increase would be about \$14,000 per year to Murray and does not necessarily mean the City would need to increase garbage rates to the residents to pay Trans-Jordan.

Mr. Shaver agreed that small incremental adjustments may not make sense and it may be wiser to wait an expanse of time for a larger increase. Mr. Hill agreed with Mr. Kakala on waiting for increases to rates.

Dan Barr – Murray City Library

Mr. Barr distributed a memo regarding information as of the end of January, just over midyear. Financially, revenue has been very strong with receipts above estimated amounts. The amount of fines and fees received to date are \$28,847. Even with the increased rate, it is about the same as previous years. Notification prior to due dates by new methods is helping to keep that about flat. He does not think of that as a revenue source, but more as an incentive to get books returned on time. Expenditures are under budgeted numbers and he pointed out that this year will be the last bond payment for the 20 year construction bond. The Library Board is considering how they will use that revenue in the future with no bond payment. They may establish a capital improvement fund to put together its own plan. They will coordinate with the City to learn from the process the City will be using in the future.

Mr. Stam asked about the consideration of purchasing the property the Library occupies. Mr. Barr said that is one of the considerations. There are a number of preventative maintenance issues being faced because the building is 20 years old, but after that they will look at some long and short range project options. They have been involved in discussions with the school district relating to the Hillcrest remodel. For the future growth of the library there may be an interest in expanding the parking and while they are looking at Hillcrest, they asked if there is something that could be worked out for the benefit of the library, as well.

Mr. Barr pointed out some use indicators (how they measure what they are doing at the library) for one month. Items borrowed were 47,774; eBooks downloaded were 1,294 and is increasing every month. For the fiscal year \$20,000 was budgeted for eBooks which is about 10% of the amount budgeted for all books and materials. He expects that to jump to 15% or 20% by the next year. That is based on demand. There are some challenges based on the variety of devices, software and licensing agreements. It will be a little more costly at the beginning; however, he expects that to level off over time. Probably, the demand for eBooks will increase and print books will decrease. Funds will be shifted accordingly. Now the cost of an eBook is more than a print book.

Internet sessions have started to level off and decrease and Mr. Barr believes that reflects more people having home access. Wireless sessions are going up because more people have lap tops or internet on their phones.

Jan Wells – Council of Governments (COG)

Ms. Wells mentioned that she had asked Mr. Fountain to remain at the Legislature to introduce Mr. Bellon as the UAMPS issue was scheduled that evening. She will make sure that the Council gets more information on activities going on including the UAMPS matter.

Ms. Wells said that Gary Edwards, Salt Lake Valley Health Department Director, has been working on improving communications with cities. The City has been given a point of contact person who will be available for meetings and she is looking forward to having that person help with code enforcement issues. The name has been given to department heads.

Homeland Security grants have experienced shrinking dollar amounts, therefore, a governing body has been created to divide the funds if there are enough to be divided. They will really plan to use the funds for general preparedness coordination rather than giving to each city. More members have been added so that all cities will have a vote. The Great Utah Shakeout on April 17 is an example of this. Murray will activate its Emergency Operations Center and will involve the Council in activities surrounding that.

The Salt Lake County caucus has been meeting each Thursday morning during the Legislative session and the Mayor attends those meetings. They focus on common interests in Salt Lake County with local legislators. It has been helpful, especially with the massage therapy/reiki bill carried by Tim Cosgrove. This group provided a starting place with an opportunity to explain what it meant to the Salt Lake County legislators. It passed that morning and was a good example of everyone in the County working together to get things accomplished.

Jan Wells – Utah Telecommunications Open Infrastructure Agency (UTOPIA)

Ms. Wells said the Murray Fiber Committee met that morning with Gary Jones and Roger Kimmerman of UTOPIA. They had a good discussion about the finer points of “Hot Spots” and talked about the possibility of using UTOPIA as a wholesaler for some of the City services. They are working internally on connecting some infrastructure that has recently been wired such as the golf course, Heritage Center and some pump stations. UTOPIA is working on different ideas and options to help residents come aboard on connection plans. They have stepped up their marketing efforts and you will see them more on billboards, radio and other media resources. They have hired two experienced sales people who they expect to be an asset.

Mr. Shaver mentioned that the more they advertise it puts a positive light on what we are doing.

Darren Stam – Utah Infrastructure Agency

Mr. Stam said that most UIA and UTOPIA business works together, he added that the salespeople have both come from service providers that are on UTOPIA; therefore, they have a lot of experience with the entire process. The numbers have changed but previous information reported that there were 189 new subscribers in Murray. He asked how many people had dropped service. Of the UIA side 18 people signed up and then cancelled during the three day right of recession period. The 189 new subscribers is the net after cancellations. In Murray there are 1,700 residential subscriptions.

Mr. Stam drove Mr. Kimmerman around Murray Park and he is going to try to make all of Murray Park a “Hot Spot.” He said Ken Price Stadium will be easy to do. Fiber is located at the Recreation Center and the Park Office, so with those two locations the park will be covered very

easily. They talked about having a \$1 a day sign up and could possibly pay for more “Hot Spots” to move it through. Mr. Brass added that with the prices in airports and hotels, this is a very good deal.

Mr. Stam is trying to establish some dates for employee “Lunch and Learn” to help people understand more about the system.

Darren Stam – Valley Emergency Communications Center (VECC)

At the last discussion there was a possibility of an increase in the VECC costs to the City. The 8.3% increase was changed to a dollar figure, based on the fact that Board members felt the VECC employees should not receive more of a pay increase than their own city employees. It will be about half what was originally requested in about the 2% range. It will be an increase of \$140,000 and VECC will decide how it is distributed. Merit increases rather than COLA adjustments may be decided upon.

Mr. Nicponski asked what Murray’s share of the increase would be. Mr. Stam said it will be about a 5% increase for Murray. He thinks the figure was \$37,000 less about 40%.

Mayor Snarr asked if Midvale were out of VECC. Mr. Stam said fire is still included.

Danny Astill – Central Valley Water Reclamation

Mr. Astill said that the State of Utah is getting a lot of pressure from the federal government about setting limitations on the Jordan River for nutrients, and nutrient removal. The scary number would be a cost of about \$100 million to treat for nutrient removal for everything they are requesting. Central Valley took the lead several years before and decided to hire its own PHD expert. This consultant was just retiring from the state and knew the state’s thinking. He felt it was wrong and he is very smart. He has a group of people he consults with and he came up with a plan to develop or test the criteria to see what the real problem was with the drainage basin. In reality, with good science backing, it has been determined that it is not nutrients causing the problem in sediments in the river or the lake. The state has had to face the reality that these numbers are correct. Now, they are trying to say it is something else affecting the total basin including Utah valley and north to Farmington. Central Valley has been contacting all the public entities that discharge into the lake or Farmington Bay area asking them to participate in an additional study to determine where the impediments are coming from and where real problems exist. The idea is to fund this study and the state is on board with it, as well. The state is allowing these groups to take the lead, because there is no choice for us. Without this direction the new regulations from the state and federal government will be forced upon us.

Mr. Shaver said that since we have real numbers if the source can be located then it can be treated at the source. This will clean up the water and we can do whatever is necessary to remove the nutrient.

Mr. Brass stated that Deer Creek and Jordanelle empty into Utah Lake and those are a big source in the Jordan River. Then there are the canyons and all the entities that flow through and it is a massive picture to look at.

Mr. Shaver said he feels what is important is that Central Valley is taking the lead and not being dictated to by someone else.

Mr. Astill said that Central Valley is supporting this even if it costs a little more money. They have committed to \$50,000 per year and now it may be close to \$100,000 per year for the next three to five years to continue this process to fruition. If we do not, the scary number is \$100 million just for Central Valley to upgrade the plant. With this knowledge, it is important to note that the upgrade is not going to help the river, because that is not the problem.

Mr. Brass agreed that it is key to understand this issue. He also said that Reed Fisher retired in the summer. Mr. Fisher designed the plant, worked for the company that built the plant and then became the plant manager. It has been his baby since inception. Tom Holstrum will be taking over as the new general manager. It is good continuity since he has been assistant plant manager. He is trying to be proactive and is the one who started this focus group on the river. He is well aware of what is going on, Mr. Astill added.

Business Item #2 Refunding Opportunities for Outstanding Water and Sewer Revenue Bonds – Dustin Matsumori

Mr. Matsumori explained that this presentation is in anticipation of an item that will come before the Council on the March 6 Council Meeting. As financial advisor he continually monitors the City's outstanding debt and looks for opportunities to save money. There are two different refunding opportunities. One relates to outstanding power department bonds. The one to be discussed that evening was a priority because while they both generate significant savings, the Water and Sewer Bond is a more efficient transaction. This will take advantage of the best savings first and the power department will be considered next year.

As a quick overview, in October 2003 the City issued just over \$8.5 million in water and sewer revenue bonds for multiple purposes, including fluoridation improvements, a pump station, a reservoir, certain wells and water rights and improvements to water facilities, as well as a west side sewer line, a lift station and related additions to the City's sewer facilities. Of that \$8.5 million, currently just over \$5.8 million remains outstanding at an interest rate of just over 5%. The annual debt service payment is \$650,000 a year, with a final maturity date of October 1, 2023.

Earlier last year the Council helped to proceed through the process of requesting a low interest loan from the Division of Water Quality and that loan has been approved. Closing will occur in May of this year. That loan is for just over \$2.6 million at an interest rate of 2.5% with an annual debt service of \$169,000 per year for 20 years. Mr. Matsumori referenced a graph on the documents he distributed showing the bond and loan payments and he commented that the reason for the 20 year loan was due to the very low interest rate for smart funding purposes.

The next page showed the Bond Buyer Index that represented the General Obligation Bonds with the downward trend in interest rates over the last twelve years. We are at historic low rates now.

The Refunding Opportunity page indicates that because of the favorable interest rates the City has the opportunity to refund (refinance) a portion of the outstanding Series 2003

Bonds for debt service savings. The current rate is 5.04% and the new rate is closer to 2.1%. The gross annual debt service savings is \$45,000 for a net present value savings of \$530,000 net of all costs.

Mr. Matsumori explained that should the Council decide to proceed with this refunding the next steps are to adopt the Bond Resolution at the March 6 Council Meeting. The Bond Resolution, which has been reviewed by the City Attorney, accomplishes a couple of different things.

It establishes the not-to-exceed parameters for issuing the refunding bonds; the parameters give a little flexibility when in the market to get the best deal. The same applies to the interest rate, it authorizes a pricing committee to work with the finance professionals to determine the final pricing terms and structure of the refunding bonds. We will be decreasing the interest rate from 5% down to 2%, although the maximum rate in the parameters will be 5%. The reason for this is that different purchasers of bonds, unlike a home mortgage with a single rate of interest, will often scale it out. A 2013 maturity will be less than 1% going clear out to 2023 with interest as high as 5%. The net combined will be much less. Those are the types of provisions you will see. The resolution also authorizes the publication of a Notice of Bonds to be Issued as normal course of process.

Mr. Shaver asked if the City has any voice in how high that interest rate goes. Mr. Matsumori said it is a competitive bid out. He confirmed that you will be locked into the \$45,000 annual savings from what is currently budgeted. Mr. Stam said that with the raised interest rate toward the end of the loan, the bond issuer makes the same amount of interest rather than a lower amount. More principal is paid at the beginning.

The Bond Resolution will also authorize staff and administration to work with finance teams to execute and finalize all bond documentation to successfully close the transaction.

Following that he will work with City staff to draft and distribute materials to potential purchasers. The bond closing will take place on April 11, 2012.

Mr. Brass thanked Mr. Matsumori for his help in this matter.

Business Item #3 Council District Boundary Adjustments

Mr. Tingey said that the interesting thing about redistricting is the team that has been working on this together. Janie Richardson, Jennifer Kennedy, Frank Nakamura and Brent Davidson have all helped evaluate the possibilities. After the census count it is necessary to evaluate the districts and populations within those districts. He said they have met with the school district, Dr. Hirase is present, and they will talk about that, as well.

Ms. Kennedy pointed out that the City must complete redistricting within six months of the legislature's redistricting process. That gives Murray until the first part of April. Ms. Kennedy showed a slide of the population in 2010 and what each district population should be, which is a range between 8,984 and 9,733 is. Council District 2 is the only one within that range currently. A slide indicates how many people need to be added or subtracted to get the other districts within that range.

Ms. Richardson had a group of maps showing possibilities to balance the district populations.

- Proposal #1 would transfer 925 people from District 1 to District 3 and 624 from District 4 to District 5.
- Proposal #2 would transfer 943 people from District 1 to District 3 and 718 from District 4 to District 5. This example splits one of the Murray precincts, which they would like to avoid if possible. It was pointed out that one area in this proposal results in a non-contiguous district, which is not allowed.
- Proposal #3 would move 1288 people from District 1 to District 3 (precinct MUR008) and 716 from District 4 to District 5.

Mr. Shaver said that Council Members had favored a combination of transfers from two different maps. Ms. Richardson and Ms. Kennedy had no problem with that as long as the result was within the acceptable ranges.

Mr. Nicponski prefers Proposal #3 for his district and Mr. Brass prefers Proposal #1 because it makes more sense for an addition to his district. Proposal #3 crosses the district over the freeway. Mayor Snarr said that is the Applegate community.

Ms. Kennedy said that the public hearing would be scheduled for March 20 and Mr. Wagstaff added that it would carry over to April 3 when the Council would formally vote.

Ms. Kennedy stated that because Murray School District is contained entirely within Murray City boundaries, the City is responsible for approving their district precinct changes. Each precinct needs to be within the range from 6718 people to 7268 people. Precincts 4 and 5 are currently within that range; therefore, the changes will be in 1, 2 and 3.

The School Board changes were more challenging because it was a smaller area and the precincts have large blocks of population, Ms. Richardson stated. Mr. Tingey has discussed these changes with the School Board.

- Proposal #1 will move 647 people from Precinct 1 to Precinct 3 and 291 from Precinct 2 to Precinct 1.
- Proposal #2 will transfer 138 people from Precinct 2 and 571 people from Precinct 1 into Precinct 3. (This proposal splits legislative precincts.)
- Proposal #3 keeps all the precincts together but has the most movement. All the districts were shifted making major changes.

Dr. Hirase said that the School Board had no strong preferences about the proposals but they would like the little finger on 5300 South removed. It may be drawn by state lines; it happened before Lloyd Naylor was elected.

Mr. Shaver mentioned the appendix on 4800 South of 30 people. It would make more sense to include that in another district. Ms. Kennedy said it had something to do with the state from many years prior and she would talk with the County to make sure there is no reason not to move those people into the district below. She would recommend that for both the City and School. Ms. Richardson made sure that all the members lived in the district with the proposed

changes. She also looked at the school boundaries and how they are affected by the proposals. They are shown in the packet.

Mr. Tingey said staff needs direction from the Council so that the public hearing can be noticed at least 14 days prior to March 20. Then maps must be available in the Recorder's Office for the public to see prior to the public hearing.

Looking again at Proposal #3 for the moves from District 1 to District 3 Mr. Brass said that he could live with that. Mr. Nicponski was happy about that because he said he had gotten close to the other neighborhood and would like to represent them. Proposal #1 for the population transfers from District 4 to District 5 was preferred for those districts. Also, the movement of the 30 people in the little finger to be moved into District 4 is recommended. Ms. Richardson said she could produce a map with the changes indicated.

The School Board had no strong opposition to any map with the least favorite being Proposal #3 that involves the most movement. Because that keeps the precincts together City staff highly recommends Proposal #3; although, Mr. Brass mentioned his reluctance to make a decision for another elected body. Council members liked the idea of keeping precincts together. Dr. Hirase agreed to inform the School Board of the Council's direction and if there were any strong opposition they would address it with the staff. Mr. Brass confirmed that representatives get used to neighborhoods and residents know their board members and then to change that is difficult. He understands their opposition to major changes.

Business Item #4 Capital Improvement Program Committee Assignments

Mr. Brass opened this topic for discussion. He said two Members from the Council would go on that committee. Mr. Shaver said two Members had expressed interest in serving: Darren Stam and Brett Hales. They have interest and no one else had mentioned it. Other Council Members agreed to their appointment.

Mr. Wagstaff asked how long they would serve. Mr. Shaver said that the CIP will alter and change and the recommendation would be that they sit on the committee for a year. Mr. Brass agreed that those assignments would change as the other Council duties do annually in January.

Mr. Brass adjourned the meeting at 6:02 p.m.

Janet M. Lopez
Council Office Administrator