



## 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, March 7, 2017, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

### Council Members in Attendance:

Diane Turner, Chair	District #4
Dave Nicponski, Vice-Chair	District #1
Blair Camp	District #2
Jim Brass	District #3
Brett Hales	District #5

### Others in Attendance:

Ted Eyre	Mayor	Jan Lopez	Council Administrator
Janet Towers	Chief Admin. Officer	Doug Hill	Public Services Director
Pattie Johnson	Council Office	Marci Williams	Park Center Director
Jennifer Kennedy	City Recorder	Frank Nakamura	City Attorney
Jim McNulty	Development Services Mgr.	Bruce Turner	Power –Operations Manager
Tim Tingey	ADS Director	Greg Bellon	Power – Asst. General Manager
Craig Burnett	Police Chief	Joe Tarver	Assistant Police Chief
Justin Zollinger	Finance Director	Jennifer Brass	Resident
Lane Critchfield	JR Miller	Steve Roberson	Resident / Fire Dept.
Stan Hoffman	JR Miller	George Katz	Resident
Sally Hoffmeyer Katz	Resident	Susan Bake	Resident

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

### **1. Approval of Minutes**

Ms. Turner asked for approval on the minutes from February 7, 2017. Mr. Brass moved approval and Mr. Hales seconded the motion. All were in favor.

## **2. Business Items**

### **2.1 Power Department Quarterly Report – Blaine Haacke**

High load hour resources have been confirmed and the outlook for summer is fine. Pricing for energy is still low and gas turbines are ready to go should the need arise.

For knowledge, monthly meetings known as the Mayor's Electrical Utility Council (MEUC), are held with the mayor and the council chair. Mr. Haacke said minutes were available related to the power department meeting, including employee issues, contract detail and additional information not typically covered in Committee of the Whole meetings.

**Legislative Rally** - Every year Utah municipals travel to visit Utah representatives in their Washington, D.C. offices. This year three Murray council members attended. Opportunity was given to talk with other Utah Associated Municipal Power Systems (UAMPS) members and meet with the Utah Municipal Power Agency (UMPA) group. Various city concerns and updates were shared including conversations with Provo City about solar rates. A prepared text was distributed to six offices, for two Utah senators and four state representatives where four top issues were discussed:

- Every year when tax reform is discussed, tax exempt bonding is reviewed but does not get great attention. The significant need for tax exempt financing on a municipal level was stressed to each representative, as not only important in the power department but for the city in general.
- Cyber security of the electrical grid is an ongoing problem. Mr. Haacke feels the city is well protected from cyber-attacks. He and Mr. Brass attended a class on the topic and learned how attackers are constantly trying to infiltrate and cause ransom ware. For instance, a city in Oregon is paying ransom in order to get their files retained intact. Mr. Brass commented great fear always comes with cyber security.
- The UAMPS small nuclear technology project is still being pursued and federal funding is needed from the Department of Energy. All six representatives expressed concerns about upcoming decisions of the new administration related to the Environmental Protection Agency (EPA).
- How the EPA and electrical utilities handle the Clean Power Plan and residual ash storage after decisions by the new administration were discussed. Mr. Haacke said all six Utah representatives are on board with Utah issues concerning public power. They are fully aware of Utah's coal fired plant matters, Intermountain Power Agency (IPA), EPA mandated standards and the economic impact on central Utah if the plant closes. Representatives are concerned about new legislation and it is believed President Trump will favor coal, softening guidelines.

Mr. Camp was impressed with the overall knowledge of staffers and realized the importance of going to Washington D.C. every year in order to keep up on issues. Mr. Haacke agreed, making the trip annually to visit six people, for ten minutes, pays off in valuable ways. Mr. Brass said Representative Stuart indicated if the tax exempt status were incorporated into a bill package he would favor it. Mr. Brass appreciated his honesty and thought it was helpful insight. Ms. Turner appreciated the great opportunity to meet with Utah elected officials.

**Intermountain Power Agency (IPA)** - The following time line was noted as of January 1, 2017:

- January 16, a renewal contract was signed and submitted to the plant. Murray is now locked in and committed to the project from 2027 to 2077.
- January 17, Murray adopted unwanted shares, or kilowatts (kW), of two Utah Cities; Monroe and Meadow did not renew on January 16. The shares which total 380kW is equivalent to a \$1 million value in capacity and is .0367% of the total plant generation.
- A letter of intent was signed in order to exercise the city's rights in the Excess Power Sales Agreement. The agreement goes hand in hand with the contract, therefore, after committing to the plant for 50 years, the city is guaranteed call back power when necessary. Power Murray does not utilize is provided to the Los Angeles Department of Water and Power (LADWP). In theory, with the agreement in place, Utahans have expressed to Californians what is expected.
- On April 17, the Excess Power Sales Agreement will be formally signed, along with an attorney's letter, legalizing the completion of negotiations with the plant. Participation in call back will be finalized. The council authorized the mayor to sign on behalf of the city.
- An option to cancel the entire agreement is available in 2019 for parties involved, which includes 21 Utah customers, 5 customers in California and 6 Co-op customers. The choice was provided in case technology changes or should coal fired plants become favorable again. Mr. Haacke noted Los Angeles depends on the plant, where LADWP gets 30% of its energy from IPA, serving 3 million customers, so having the call back resource with a set price in the range of \$50 to \$60 per kWh is ideal for the city.

**Future Recourses Plan/Large Scale Solar** - Murray has the option to buy into a portion of large scale solar, which is an area utilized for farming solar in the Delta, Utah desert. Participating cities can transmit power for their own use or remarket to residents who do not have access. The market is competitive, Murray would like to participate in order to diversify its power options. Lehi, St. George and Provo are involved and the hope is to bring about the large scale resource as a group. A non-disclosure agreement has been signed and pricing is appealing. More detailed information would be coming in the future to the council.

Mr. Brass asked how delivery of power could be guaranteed. Mr. Bellon said purchases occur the moment power is generated. Mr. Brass expressed concerns with the city guaranteeing a certain amount of megawatts for larger scale businesses, considering the number of days without sun during winter. Mr. Haacke said terms of the agreement would be passed on to customers. Mr. Brass noted Murray is building and attracting businesses and many new customers might want a green power option. Mr. Haacke agreed, apartment dwellers and homes shaded by trees all day are also not able to utilize solar on their own.

**UMPA** - Murray was approached by the Utah Municipal Power Agency (UMPA) to participate in gas fired generation, which is purchased from Rocky Mountain Power (RMP) in West Valley City. Mr. Haacke said there are many options happening in the power industry, however, Murray already has natural gas generation options. Further discussions are planned to determine pricing and exact details.

**Outage** - An outage occurred on March 5, 2017, due to strong winds and a tree falling in the yard of a resident, affecting approximately 1,200 to 1,400 people, from 4500 South to 4800 South, westward. Mr. Young did an excellent job keeping the power department website updated, right up to the last minute of

the 2 hour outage. In the past, due to numerous inquiry calls and poor communication issues, outages were a challenge, however, this was the first time to unveil the new phone system and the power department's new Facebook page. There were 36 positive comments and 1 negative remark. The social media page has seen 1200 hits since the outage and will continue to be used to communicate during large major outages in the future.

**Miscellaneous - Dairy Cow** - A new trial will begin in March due to a mistrial two summers ago, when accusations first began eight years ago and 18 dairies were involved. Dairy farmers felt electricity was reducing milk production and causing infant damage. The presiding judge decided to split the 18 dairy cases into three separate trials. Mr. Haacke plans to attend the first of three upcoming trials in Nephi.

Tests were conducted during plant operations and when the plant was not generating. There were no new discoveries and both sides are posturing for ongoing arguments. The same judge and witnesses will be used, however, the main key witnesses has died. From an IPA perspective, Mr. Haacke believes favor will go towards the plant. Trial costs for IPA and the firm representing dairy farmers, is approximately \$12 million each. Updates on trial results will be given to the council at a later date.

## **2.2 Murray City Park Center Fee Discussion** – Doug Hill

The Park Center opened 15 years ago, in 2002, and a common fee structure was adopted similar to Salt Lake County fees, however, many centers have modified in a new direction. A collaborative effort between Park Center staff, recreation staff, the Parks and Recreation Advisory Board, as well as, the mayor and the city's finance director occurred, to study the best way to reorganize fees for Murray. The goal was to find a solution accomplishing the following objectives:

- Increase membership sales, which is the single largest source of revenue for centers.
- Increase daily admission, by creating new interests for families and afterschool activities to increase revenue.
- Make the center market competitive by modeling after other facilities. By creating an all-inclusive type membership, visitors gain access to all activities within the center for one price. Under the current structure, a membership does not include classes or daycare. It was discovered visitors did not always return after finding less expensive facilities.
- Simplify the fee structure, which is currently five pages long and contains too many fees and categories, complicating and confusing the membership process. The new fee structure, eliminates non-resident fees, simplifies costs based upon age, and does away with family and couple memberships by providing *add on* opportunities for better savings. For example, by adding another adult to an existing membership, for \$100 per year, the new add on member pays less than \$10 per month.

The Park Center has a \$1.4 million annual operating expense, which includes utilities and staff wages. It does not include any original construction costs or recent bonds, which have been paid off eliminating debt service. Revenue is approximately \$800,000 per year, therefore, the city subsidizes close to \$600,000 per year, which is a 56% subsidy. The focus of the city has never been on the subsidy it provides to the Park Center, because there are many recognizable values the fitness center brings to the city. The percent appears high, however, a comparison study conducted by the county with other recreations centers proved to be normal. Most fitness centers operate between a 55%-65% subsidy, as

well. Statistically, Murray is on the low end and Mr. Hill would like to see it lowered by increasing revenue.

Murray City contains five private competing fitness centers, which the study found to be less expensive and where members make their choices based on price. The Park Center has limited space for fitness machines and classes, unlike many competing facilities. Mr. Hill said that plan was intentional, as to not compete with Murray fitness businesses. The Park Center does however, offer large swimming pools, a gymnasium and excellent service, therefore, choosing a well-rounded facility, over prices, should be a top objective.

The new fees are compatible to most fitness center markets and by eliminating the non-residential fee, guests might find it more affordable when deterred in the past because of higher fees. Mr. Hill noted rates increased overall, by including classes and daycare, however, daily admission decreased by one dollar. The hope is to see revenue increase and give families better opportunities to enjoy the facility. All existing discounts still apply and a few new discounts were added.

Mr. Hill noted the age for senior citizens changed to 60 years old and senior rates increased by 50 cents. The proposal below, which comes with unanimous favor by the Parks and Recreation Advisory Board, replaces the existing fee structure and an ordinance was drafted for the council’s consideration.

Mr. Camp wondered if the center would become saturated with increased memberships. Mr. Hill admitted overcrowding could occur during peak seasons and peak hours. Ms. Williams said only during particular hours cardiovascular equipment was not available, due to the number of members attending all at once. During most hours of operation, she felt members were willing to work around each other and machines sat empty much of the day.

Mr. Camp wondered if the increase in membership would increase maintenance on machines. Ms. Williams replied there could be some impact, but not substantially when considering positive changes the new fee structure would bring. She was not overly concerned and favored a busy fitness center.

Ms. Turner noted the excellent staff and visits the center often.

Mayor Eyre noted the study was very detailed and complex, requiring lots of time and effort, which brought about the best fee structure for the city. Mr. Hill mentioned non-resident fees would remain in place for recreation programs.

**New Fee Proposal**

Age Group	Daily Admission	Month to Month Membership*	Annual Membership*	Add-on to Membership -Per Adult*	Add-on to Annual Membership - Per Youth*
Under 3	Free with paying adult	Free with paying adult	Free with paying adult	Free with paying adult	Free with paying adult
Youth (3-17)	\$3.00	\$30.00	\$150.00	n/a	\$50.00
Adult (18-59)	\$5.00	\$45.00	\$280.00	\$100.00	\$50.00
Senior (60+)	\$4.00	\$35.00	\$170.00	\$80.00	\$50.00

\*Tax not included

### **Memberships and Discounts:**

- Membership (Annual and Month-to-Month) includes access to all available amenities and basic fitness classes. Annual Membership also includes admission to the outdoor pool when open. Youth ages 3-9, who have a membership, are entitled to one hour of daily day care.
- Membership add-on fees are applicable for any person living in the same residence.
- City employees and dependents receive a 30% discount for membership and 50% for daily admission.
- Active United States military members and their dependents, and United States military veterans and their dependents, receive a 30% discount for membership and 50% discount for daily admission.
- Employees and dependents of the same business that purchase 10 or more memberships are eligible for a 10% discount.
- A group of 10 or more individuals shall be entitled to a \$1/person discount on daily admission.
- Persons who pay the annual membership fee in advance shall be entitled to a 5% discount.

### **2.3 Murray Park Outdoor Swimming Pool Fee Discussion – Doug Hill**

The outdoor pool will utilize the same daily admission prices based upon age groups. The annual pass was eliminated, however, the punch card system, consisting of ten visits would still be offered. The most positive aspect to the new ordinance was noted that with a Park Center membership, free admission is offered to the outdoor pool.

Mr. Camp noted last year, the golf course changed the age requirement of senior citizens in order to be uniform with the Park Center.

### **3. Announcements: Ms. Lopez made the following announcements:**

- April 5, 2017, Utah Associated Municipal Power Systems (UAMPS) Convention in St. George from noon to 4:15 pm.
- April 5 – 7, 2017, Utah League of Cities and Towns (ULCT) Mid-year Conference in St. George. A dinner would be held the evening of the 5<sup>th</sup> following the UAMPS Convention. Reservations were requested.

### **4. Adjournment: 6:20p.m.**

**Pattie Johnson**  
**Council Office Administrator II**