



MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, June 5, 2018 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
Dale Cox	District #2
Jim Brass	District #3
Brett Hales	District #5

Others in Attendance:

Blair Camp	Mayor	Jan Lopez	Council Director
G.L. Critchfield	City Attorney	Jennifer Kennedy	City Recorder
Jennifer Heaps	Comm. & Public Relations Director	Pattie Johnson	Council Office
Tim Tingey	ADS Director	Doug Hill	Chief Admin Officer
Blaine Haacke	Power General Manager	Greg Bellon	Power
Bruce Turner	Power	Danny Astill	Public Works Director
Craig Burnett	Police Chief	Nate Turner	Power
Jennifer Brass	Resident	Kathleen Stanford	Resident
Jackie Coombs	UAMPS	Doug Hunter	UAMPS
Mason Baker	UAMPS	Chris Colbert	NuScale Power

Ms. Turner called the Committee of the Whole meeting to order at 5:15 p.m. and welcomed those in attendance.

1. Approval of Minutes

Ms. Turner asked for comments or action on the minutes from April 17, 2018. Mr. Hales moved approval. Mr. Nicponski seconded the motion. All were in favor.

2. Discussion Items

2.1 Proposed rezone from R-1-8 to C-D for property located at 23 and 25 East 6100 South and 6095 South Main Street – Tim Tingey

This rezone will come before the council at the next council meeting. The planning commission has provided a recommendation of approval that will be in the council packet. The location is across the parking lot from the Murray Senior Recreation Center on the north side of 6100 South and comprises three properties. The General Plan has future zoning as commercial. There are now some residential properties remaining on the street. The corner lot was rezoned to commercial a few years back. The subject properties are being used as residential rental properties.

The General Plan supports this rezone and the department feels that future commercial uses will be compatible in the area. The types of uses include retail and the uses currently on State Street. During the planning commission meeting there were a few residents in attendance who wondered about future encroachment.

2.2 Murray Power's involvement in the proposed UAMPS small nuclear reactor plant – Blaine Haacke

Council members had previously attended workshops on the small nuclear reactor (SNR) plant and are familiar with the technology. Murray has a very small investment in the project and is interested in the diversity it provides for base load.

The Utah Associated Municipal Power Systems (UAMPS) General Manager, Doug Hunter, General Counsel, Mason Baker, and Customer Relations Manager, Jackie Coombs, and Chris Colbert of NuScale were introduced by Mr. Haacke. He stated the intention to come back to the council at a future meeting to ask for a formal commitment on the power purchase agreement for the SNR.

Mr. Haacke explained that Murray's peak load is 104 MW and Murray is committed to one MW of the SNR, although that subscription could be raised in the future.

Mr. Hunter said the Carbon Free Power Project is based on three concepts, small modular reactors, distributed generation and energy efficiency. Energy efficiency is left up to the cities and distributed generation is roof-top solar, which is a good deal because generation that sits at the source is the best resource.

The small modular reactor is the NuScale project that UAMPS is looking at. This is packaged differently and makes it the safest nuclear. Accidents will not happen with this reactor. It will integrate with renewables. As renewables such as solar and wind decrease during the late afternoon and evening peak hours, nuclear can fill the needs. We have a contractual cap not to exceed 6.5 cents per KWH. If it goes above, there is a refunding agreement. It could be as low as 4.5 cents per KWH.

Mr. Hunter mentioned a tour to Corvallis, Oregon on July 12 to visit the NuScale Power headquarters.

Mr. Colbert is the Chief Strategy Officer for NuScale where he has worked since 2011. He has been involved in nuclear for a number of years. The SNR is about 1/20 the size of a regular reactor and all components have been integrated into the reactor vessel to make it simple gravity convection and to eliminate a number of systems, pipes, pumps and valves. This creates a more cost effective environment.

Each NuScale Power Module (NPM) is 50 MW and factory built for easy transport and installation. It has its own skid-mounted steam turbine-generator and condenser and is installed below-grade in a seismically robust, steel-lined concrete pool. Modules can be added to match load growth. The proposed building will house 12 - 50 MW modules for a total of 600 MW. When one needs maintenance you only lose 50 MW at a time.

Mr. Colbert displayed a slide of the reactor building describing the safety measures. There is enough space to store 60 years of spent fuel within the site and then move to another site for permanent repository. Of the spent fuel there about 95% of it is still useful fuel, however, it costs more to retrieve it.

The site map was shown of about 34 acres with the reactor building in the center, dry cast storage and up to 70 acres when including the administration and other buildings. There is about 890 square miles at the Idaho National Laboratory (INL).

Water requirements are relatively low, because a partial dry cooling method is used and it is anticipated that about 1800 acre feet of water would be used. If a total dry cooling method is used the water use will be only about 1000 acre feet. There is plenty of water rights available in the area for the needs of the NPM.

It is competitive with natural gas pricing. The US Nuclear Regulatory Commission (NRC) has validated the claims on safety back in January of 2018. Tennessee Valley Authority has taken the design and is using it for their projects. Fifty year old technology has been made smaller and safer and cost effective.

UAMPS will be the owner of the project and NuScale will be the major shareholder. About \$750 million has been invested in the development and technology in partnership with the government. Energy Northwest will operate the project and the Department of Energy has provided funding for licensing. Another \$40 million grant has been awarded. The NRC has moved the project through the review process. There is strong congressional bipartisan support in the project.

Mason Baker addressed the risks of the project. The manufacturing involves the design being built in a factory to reduce risks. The deployment includes 80% of design complete once construction begins. In problem projects design was only in the teens when construction began. There is an integrated project schedule and proper oversight on construction. The DOE will use the first module built for review and development which reduces the risk for modules two through twelve. Energy Northwest is already an experienced operator and the price of \$65 per MWH target will be the measure for all development. UAMPS will have the ability to terminate

the project and seek a significant portion of development costs back from NuScale if the price comes in higher than \$65. DOE and NuScale are sharing a large portion of the development costs. A number of additional subscribers are interested in coming into the project. NuScale is about to enter into a contract with the DOE for taking the long term waste.

A phased development approach is being used, with monetary caps for each phase. At the end of each phase cost estimates will be revised and agencies can decide if it makes sense to stay in the project. An agency would be responsible for the costs incurred to that point, however, there will be no obligation once an agency exits. The project management committee (PMC) will determine the budget for each phase, although, if the phase runs over budget it triggers a right to exit the program. Cost containment is built into the project. The costs are broken out for each member as an exhibit to the power sales contract, and should Murray take an off ramp the costs have been determined based on the current entitlement. Mr. Haacke confirmed Murray's one MW entitlement and expenditure of \$15,000. The next phase would be about \$10,000. Through March of 2019, a member may terminate and receive a refund of 100% of their costs since 2017.

Ms. Turner expressed her biggest concern as the costs and the transparency of what it will cost should the city decide to take an off ramp. She asked for as much information as possible to determine if it is good for Murray.

Mr. Nicponksi asked for the total obligation if Murray stayed for all the phases. That information had been calculated, however, it was not available at the meeting. Mr. Hunter confirmed it is contractual and will be made available.

Mr. Cox clarified that if the city takes an off-ramp it is only responsible for the costs to that point. There is no charge to leave and there is the ability to assign the entitlement to another agency with the negotiation of costs. Mr. Hunter explained that UAMPS must have 100 % assignment at all times, because they cannot own any portion. A notice of intent to withdraw can be made at any time with the ability for others to pick up that portion.

Mr. Baker noted the final right to exit the project would be in 2023 when the PMC decides to proceed to construction. Long term revenue bonds would be issued at that time.

Another slide depicted the development phases with 100% reimbursement through April of 2019. Phase 2 ends in June of 2020 and the final phase in December of 2023. All along revisions to the cost estimate will take place to stay under the \$65 per MWH.

In approving the power sales contract each participant is only agreeing to their portion of the \$6 million cap with the ability to take an off-ramp as necessary. UAMPS will continue to seek cost sharing and plant subscription to mitigate the cost risks.

Mr. Cox asked where the modular reactors will be manufactured. NuScale has submitted a worldwide RFP for construction and a decision will be made by the end of the year. The response has been robust worldwide. Some companies could make a couple a year with existing facilities and some could make all twelve in a year with existing facilities.

Ms. Turner asked if other major utilities were going to participate in the project. NuScale has an advisory board consisting of Duke and Dominion along with Tennessee Valley Authority and UAMPS. A lot of interest exists overseas and they think 75% of sales will be overseas. Additionally, four large utilities in the northwest are interested based on the NRC safety rating.

UAMPS is very aware of the problems in the east and using them as learning examples. Since coal will last into the 2020s it gives plenty of time to take it slow and methodically to determine the safety and precautions.

Ms. Turner asked if the costs to Murray could be forwarded to the city. Also, it was determined that Murray officials would not be available for the tour to Corvallis on July 12, due to a property tax neighborhood meeting scheduled that evening.

2.3 Boundary adjustment request by Millcreek City – Doug Hill and Tim Tingey

Mr. Hill mentioned a recent meeting with Mayor Camp, himself and Millcreek's Mayor Silverstrini and his staff. A written request was made for Murray to consider a boundary adjustment along two areas on the northern boundary where Murray City adjoins Millcreek. All departments were asked to comment on how that would affect their departments and public safety, police and fire, noted a loss of service area. In public works, whoever ends up with the streets would become responsible for maintaining the streets, sidewalks, curb and gutter and storm drains, therefore, if it went to Millcreek, Murray would no longer provide services. Currently, the power department provides service to these areas, therefore, we would set a precedent of providing services outside the city. They would not want to turn this area over to Rocky Mountain Power. Providing services outside the city boundary is something Murray has tried to avoid for many years. The storm water fund does collect impact fees and storm water fees in the area, so it would be a minimal financial impact to them. Murray would also not be responsible for maintaining that system in the future.

Ultimately it is a city council decision to do this and it would involve public notices, public hearings and legislative bodies of both cities would need to approve a resolution to agree to the terms. The administration would need direction from the council if it is something they would like to pursue further.

Mr. Tingey referred to a memo he submitted related to the economic impacts of the request to change the boundary line. The areas of consideration include:

- The peninsula north of Van Winkle west of 900 East, includes Ivy Place and Kmart;
- Property on the southeast corner of 700 East and 4500 South;
- Properties between 500 East and the Jordan River.

Maps were shown depicting those areas.

Millcreek has given the following reasons for their proposal:

- Square the boundaries;
- Better long term planning;
- Reducing confusions for emergency response;
- Promote better community identities; and a
- Revenue sharing component, which has not been defined.

The tax implications for the peninsula north of Van Winkle include \$21,000 a year for the General Fund, a little over \$5,000 per year for the library. This property is valued at over \$14 million.

On the area at 700 East and 4500 South, values exceed \$1.6 million and taxes include \$2,357 for the General Fund and \$573 for the library.

Losing these properties would amount to about \$30,000 in revenue for the city and property taxes collected typically cover the services provided by the city in commercial areas. There is no justification or incentive for the city to give up commercially zoned land to another jurisdiction. This actually erodes the city's tax base.

For the area between 500 East and the Jordan River it would be difficult to come to an agreement on such a large piece of land and there is no adequate reason for squaring up boundaries.

The other important factor is that there is much discussion with developers interested in opportunities for development in the Kmart space. Some of that includes requests for residential, however, with the new general plan indicating commercial, Mr. Tingey would not recommend rezoning to residential. It is viable commercial space.

Mr. Hill noted that Millcreek did mention revenue sharing on these commercial properties because they recognize Murray would lose revenue on the boundary adjustment. There is also a suggestion that the city square up along Van Winkle Boulevard. This would need to be an effort with Salt Lake City, Holladay, Millcreek and Murray. This mostly includes a mobile home park that voted against annexation when the question was posed years ago.

Ms. Turner asked why the city would do this. Mr. Nicponski agreed that it was not favorable to Murray. Mr. Brass, Mr. Cox and Mr. Hales concurred. Mr. Hill would communicate the council's wishes to Millcreek.

3. Announcements: Ms. Lopez made several announcements related to coming events for the council members.

4. Adjournment: 6:20 p.m.

**Pattie Johnson
Council Office Administrator II**