



MURRAY CITY MUNICIPAL COUNCIL COMMITTEE OF THE WHOLE

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, September 4, 2018 in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

Council Members in Attendance:

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| 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:

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| Doug Hill | Mayor Pro Tem | 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 | Kim Fong | Library Director |
| Blaine Haacke | Power - General Manager | Michael Todd | Desert Star |
| Bruce Turner | Power - Operations Manager | Danny Astill | Public Works Director |
| Danyce Steck | Financial Director | Sarah Kim | Youth Government |
| Jennifer Brass | Resident | Janice Strobell | Resident |

Ms. Turner called the Committee of the Whole meeting to order at 5:30 p.m. and welcomed everyone.

Approval of Minutes - Ms. Turner asked for comments or a motion on the minutes from:

- Neighborhood Meeting – August 2, 2018

Mr. Hales moved approval. Mr. Cox seconded the motion. (Approved 5-0)

Discussion Items

1. **Murray City Center District Leadership in Engineering and Environmental Design (LEED) Standards Modification and Underground Installation of Overhead Power Facilities** – Tim Tingey

As the city gets closer to constructing new public facilities, such as, a fire station, city hall, and possibly a new library, Mr. Tingey said it was important to understand required construction standards for public buildings. The following was discussed about LEED standards and certification, as well as, the installation of underground power lines in the MCCD.

LEED

Current City Code requires all new buildings in the Murray City Center District (MCCD) be constructed according to Leadership in Engineering and Environmental Design (LEED) standards, as well as, utilize the LEED rating system for attaining LEED certification after construction. LEED is a popular green building certification program used worldwide to ensure energy efficiency and lasting sustainability.

Mr. Tingey said City Code and LEED requirements would be followed accordingly, which meant paying costly certification fees. He noted the cost for certification on a structure like the fire station could be approximately \$80,000 to \$100,000 and almost four times that for a structure the size of the new city hall. However, after research he found that buildings could also be constructed according to City Code and LEED standards, but attaining LEED certification was not necessary.

Mr. Hill noted once LEED certification was attained, the city would be required to re-certify every five years, which meant paying an additional recertification fee.

Mr. Tingey reviewed the current ordinance related to LEED certification, and said LEED standards initially approved by the council were vital, which was something all communities should consider regarding sustainability and energy efficiency. He noted two pages in the MCCD design guidelines to confirm all LEED standards were adopted into City Code and pointed out additional elements the city requires that go beyond LEED standards, such as, meeting site disturbance requirements, and water sensors in plumbing fixtures.

In addition, he researched military government structures where 95% of their facilities were constructed according to LEED standards but final LEED certification was not attained by them. Another example noted was the reconstructed Utah State Capitol building, where LEED standards were achieved but the developer did not pursue final LEED certification, and found the same was true with other municipal buildings. Therefore, he wanted the council to understand other organizations were available to ensure energy efficiency and lasting sustainability and provide certification - without high fees.

Mr. Hales affirmed withholding final LEED certification would provide a great savings but construction in the MCCD could still meet LEED standards - above and beyond.

To ensure LEED standards were accurately met, the city would use city engineers and architect groups who would go through the same check list. Therefore, all buildings would comply, but costly certification fees could be avoided.

Mr. Tingey sought direction from the council as to whether the city should seek final inspections from city staff and other organizations to attain final certification and save money. Or, move forward with

accomplishing the final LEED approval process and paying the high certification fee. Either option would require modifying the ordinance.

Ms. Turner said initially she was not satisfied with any organization other than LEED because it was all she was familiar with. She stressed the city needed to develop public facilities according to LEED's vital standards and requirements. However, after conducting her own research, she confirmed other comparable organizations did not require thousands of dollars for certification, like the International Code Council (ICC) who held even higher standards than LEED.

Mr. Cox asked the cost for ICC certification.

Ms. Turner replied there was no cost, therefore, modifying the ordinance made sense. She suggested a display of some kind be created for buildings to exhibit, like other cities had done, so citizens would understand structures met specific requirements and were certified as ICC 'green' buildings.

Mr. Hales agreed.

Mr. Brass thought \$100,000 for certification was too costly and favored the idea of providing a wall plaque for buildings to confirm energy efficiency and lasting sustainability.

Mr. Nicponski wondered if the city would be missing out on something if LEED was not paid for their acknowledgement of approval. Mr. Tingey said the only a LEED wall plaque would be missing.

There was a consensus of the council to sidestep the final LEED application process and avoid high certification fees. The council directed Mr. Tingey to move forward with drafting modifications to the ordinance that would convey a more focused priority – to meet LEED construction standards.

The modified ordinance, whereby certification was not necessary, would go through the public process, the planning commission, and then to the council for consideration during an upcoming council meeting.

Underground Power Lines

Mr. Tingey confirmed there would be density and taller buildings in the MCCD and led a discussion about how the city would go about burying power lines underground. He reported prior meetings with the power department, city attorney and mayor's office to discuss the process and impact.

Currently, power lines in the MCCD are located above ground. However, with the number of private projects moving into the area, the city is interested in enhancing city code by requiring all new development incur the cost to bury lines underground.

The cost for underground development would be great and situations are expected when the power department would be required to evaluate existing connections, related to other properties that are not being developed.

Mr. Brass asked if the requirement for 'all power lines' to be buried, included all voltage levels. Mr. Tingey said not all voltage levels would be buried and modifications related to ordinance wording would be reviewed by the power department as to what would be feasible.

Mr. Hales asked if changes to the ordinance would be related to new development only in the MCCD. Mr. Tingey confirmed.

Ms. Turner asked the exact cost to bury power lines.

Mr. Tingey said depending on distance requirements and the type of project, costs could range from \$50,000 to \$100,000 per building.

Mr. Brass thought the cost would vary, depending on the number of existing underground lateral pipes involved while digging trenches, which could result in four times the price of installing lines overhead.

Mr. Haacke noted a current project in Heber City, when completed, would incur five to ten times the cost of installing overhead lines.

Mr. Nicponski wondered if phone lines would be installed underground. Mr. Turner explained once trenches were dug, the city would install power lines at the deepest level, and others, such as Comcast, UTOPIA and telephone lines, would install in the same trench above the city's lines. He agreed the project would be costly.

Mr. Tingey noted one item of concern – the esthetic element, which related to power lines at third window levels as new buildings are constructed. Current code not related to the MCCD was reviewed that stated, 'where ever economically feasible in the city, as determined by the power department, all new line-extensions would be installed underground'. He explained the term 'economically feasible' was not well defined in current code, which was why modifications were necessary.

Since the cost to bury power lines in the MCCD is expensive, Mr. Tingey said one option might be that the Redevelopment Agency (RDA) assist with those expenses. Either way, the opportunity to modify the ordinance was now – because as development begins in the MCCD area, the requirement would be in place.

Ms. Turner wondered if developers would be required to pay for underground installation. Mr. Tingey confirmed an updated code would require developers to incur those costs.

Mr. Hill noted two sides of the new fire station designed with connecting underground power lines and wondered what the cost would be to install underground power lines since the city was the developer.

Mr. Turner said it would cost the city an estimated \$70,000 to \$80,000.

Mr. Nicponski wondered if UTOPIA and Comcast would pay the city to bury utility lines accordingly. Mr. Turner clarified contract developers would pay UTOPIA and Comcast to bury necessary lines, as part of

their own construction costs. Mr. Nicponski acknowledged power lines would not only be buried along State Street in the MCCD, but throughout the entire MCCD area. Mr. Tingey confirmed.

Mr. Hales wondered how common it was to bury power lines underground. Mr. Brass said it was common in new subdivisions – statewide. Mr. Tingey agreed there are new residential subdivisions in the city with buried power lines. However, until city code related to the MCCD was changed, the city would not be able to enforce it. Therefore, he asked the council for direction about drafting the words to change the ordinance that would require power lines be buried in the MCCD area, even though the project would be costly.

Mr. Brass favored the change and thought it would be a visual improvement. All council members agreed. There was a consensus to move forward to change city code language.

2. Central Valley (CV) Interlocal Agreement Amendment – Danny Astill

Mr. Astill announced the initial Interlocal Agreement amendment failed - even though it was passed by CV board members and approved by the Murray Council on July of 2018. He said even though a Kearns CV board member voted in favor of - it was voted down by the Kearns City Council.

Kearns did not feel comfortable with some minimal issues; therefore, new language was required. As a result, Mr. Astill met with Murray City Attorney, G.L. Critchfield, all legal councils involved, and all districts to discuss, review and agree to the changes - no significant red flags were found. Special service districts also wanted specific wording. New language would not change the intent or affect Murray in any way, and other minor changes included duplications.

Mr. Hales noted one city voting against the initial agreement - stopped the entire process.

Mr. Astill confirmed it was important to have all cities, legal councils and CV board members in complete agreement. So far, all districts, member cities, including Kearns, recently passed the new amended agreement - except Murray and South Salt Lake. The council would consider the resolution to amend the agreement on September 18, 2018.

3. Fourth Quarter Financial Update and Statement – Danyce Steck

Ms. Steck explained she did not have a solid total for sales tax revenue at the time of compiling her report. However, when revenue came in, it was close to what she anticipated – which was a difference of \$80,000. The following is a review of a new financial sheet included in her report that provided year-end information:

Governmental Funds

- Total fund balance - \$34.6 million (last year total was \$28 million)
- Biggest increase came from the Capital Projects Fund (CIP), which was \$8 million.
- Significant decrease in the RDA Fund with development and continued payouts to developers.
- Increase of \$200,000 to the Library Fund.

- Increase to the General Fund. The FY fund balance was \$10.3 million and is equivalent to 25% of the city's current year revenues, which is the maximum state allowance.

Proprietary Funds – Includes all utility funds and the Golf Fund

- Net position unassigned in Water Fund - \$3.3 million cash
- Total all funds net position - \$29 million (last year's total was \$24 million)
- Proprietary funds are doing slightly better this year.
- A transfer of \$250,000 from the CIP, provided increased revenue for the failing Golf Fund. The Golf Fund would close out at \$100,000 and funding would not be repaid.

Ms. Steck said the transfer to the Golf Fund was to help the struggling venue. She reported the men's league was now bigger than ever and the hope was to see increased revenue.

Mr. Nicponski questioned the CIP end balance. Ms. Steck confirmed the current balance reflected \$20 million, however, after committed funds were allocated to projects already in progress - the end balance would be approximately \$8 million.

General Fund Revenue

- Overall 1% increase
- Sales Tax - 5% increase
- Public Safety (ambulance service) - 22% increase
- Intergovernmental (grants) - 25% increase

Ms. Steck noted the city would no longer receive income from 911 fees after this year, which would affect year-over-year comparisons.

Mr. Hill wondered why Class C road revenue was much less than last year. Ms. Steck explained the funding distribution was late, and therefore, since the city received the additional \$296,000 today, it was not reflected in her report. However, with the increase revenue would compare close to last year's total.

Mr. Hill also noted Class C road revenue was lower, due to the city's portion of federal roads based on lane-miles, which was shrinking compared to other cities. Ms. Steck agreed, like sales tax revenue distributions that are based on population, Class C road funding was based on the number lane-miles existing within each city. The less miles, the less funding. She said Class C road funding also decreases when gas prices go down.

General Fund Expenditures – Lower than expected.

- Personnel – 95% of budget
- Operations and Maintenance – 13% below budget, due to the removal of VECC funds, (911 fee revenue) Actual expenditures were \$462,000 more than last year, due to a rise in Class C road projects, out-sourcing services for plan reviews, and a change in the administrative allocation for IT services.

Library Fund

- Property tax - 4% increase from last year, due to RDA funds contributions.

- Expenditures – 85% of budget.
- Ending balance - \$782,000 (last year ending balance was \$579,194)
- The fund continues to maintain a healthy cash flow, due to a reduction in maintenance costs.

RDA Fund

- The most difficult fund reflected a negative \$37,122 in cash and investments due to a transfer delay. The negativity resulted, due to restricted cash from an initial bond proceed of \$2.6 million.

Cemetery Fund – The fund balance was \$ 1.4 million. No update to report.

Capital Projects Fund (CIP)

- The current balance reflected \$20.1 million, however, the fund balance would end at approximately \$8 million, due to \$11.8 million obligated to projects already in progress at the end of the year.
- A \$1.2 million transfer from the General Fund took place to keep the General Fund reserve balance under 25%.

Mr. Hill addressed the ending balance of \$8 million as unassigned funding and wondered what it was intended for. Ms. Steck explained the unassigned money would carry the city's CIP for the next five years. Every year, for five years the city would transfer of \$1.5 million from the CIP fund balance to sustain the \$5.5 million in planned CIP expenditures – unless revenues come in stronger.

Estimated increases in sales tax projections are 2%, any overage would be transferred to the CIP, which would continue to fund the CIP plan going forward. However, if sales tax revenue comes in right at the 2% projection, transfers from the \$8 million would be necessary to sustain the CIP plan.

Mr. Nicponski affirmed the city would spend approximately \$1.5 million per year on CIP.

Ms. Turner thought if sales tax revenue did not exceed 2% - the city should re-evaluate spending.

Ms. Steck said time would tell, however, the plan was designed to ensure the city could maintain projects at a certain level to address projects she said had been ignored, such as maintenance for parks and streets.

Mr. Nicponski agreed postponing maintenance and projects was not favorable any longer.

Ms. Turner noted the new city hall was postponed for 40 years.

Mr. Hill stated there was no savings account for constructing a new city hall and the unassigned \$8 million would strictly be used for maintenance projects throughout the city.

Ms. Steck specified the five-year projected plan was discussed over the last year, and while it seemed conservative, she thought the plan was not too conservative, because it would ensure maintenance

and projects be completed that were delayed many years. Once road projects and park improvements were completed, a re-evaluation of spending could occur.

Ms. Turner had concerns about the idea of drawing CIP reserves down. Ms. Steck said the funds were meant to be drawn down.

Utility Funds

- Water Fund, Wastewater Fund, Power Fund, Telecom Fund, Storm Water Fund, Central Garage Fund, and Risk Management Fund are all doing well.
- Golf Fund - Another transfer would be necessary to reach a breakeven point.
- Solid Waste Fund - Due to the increased cost of recycling fees, a rate study is recommended, as soon as possible. As costs continue to increase, the end balance of \$570,000 would last a very short time if the city continues with the same level of recycling.

4. Issuance of not more than \$8,500,000 of Water Revenue Bonds, Series 2018 – Danyce Steck

The parameters resolution adopted by the council on June 12, 2018, would need to be replaced, because the terms offered by the State Board of Water Resources were more favorable than in the original resolution. The bond would jump-start water projects previously discussed; pay for two well replacements and upsize pipelines on State Street for current and future needs.

Bond Details:

- Principal amount - \$8,500,000
- Interest only payments until 2025.
- Maturity in years - not more than 32 years.
- Interest and principal payments would begin in 2025 with an interest rate of 1% for a total of \$8,054,000.

Ms. Steck explained the city currently had another water bond that would be paid off in the fifth year of the new bond. Therefore, beginning in 2025, the city would begin to repay the principal amount on the new bond in no more than 25 annual payments, with interest payable on the unpaid principal balance at the annual rate of 1%.

The council would consider the resolution tonight that would only revise the parameters of the bond.

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

Adjournment: 6:24 p.m.

**Pattie Johnson
Council Office Administrator II**