



**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, April 21, 2009, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray, Utah.

**Members in Attendance:**

Jeff Dredge	Council Chairman
Robert D. Robertson	Council Member
Patricia W. Griffiths	Council Member
Krista Dunn	Council Member

**Members Excused:**

Jim Brass

**Others in Attendance:**

Daniel Snarr	Mayor
Frank Nakamura	City Attorney
Michael D. Wagstaff	Council Executive Director
Janet M. Lopez	Council Office Administrator
Jan Wells	Mayor's Chief of Staff
Dan Stireman	Power Department
Greg Bellon	Power Department
Blaine Haacke	Power General Manager
Anne vonWeller	Public Services
Doug Hill	Public Services Director
Zachery Fountain	Mayor's Office
Tim Tingey	Community & Econ. Dev. Director
Pat Wilson	Finance Director
Erin McShay	Valley Journals
Carol Heales	City Recorder
Eric Isom	Qwest
Scott Dansie	Comcast

Chairman Dredge called the meeting to order at 5:05 p.m. and welcomed those in attendance. Councilman Brass was excused for out of town travel.

**Approval of Minutes**

Ms. Dunn moved approval of the minutes from the Committee of the Whole meeting held on April 7, 2009. Mr. Robertson seconded the motion and it carried 4-0.

### **Business Item #1-Supply Cost Adjustment Discussion-Blaine Haacke**

Mr. Haacke explained that a history of the Supply Cost Adjustment (SCA) was given in the written materials distributed to the Council in advance of the meeting. An amendment to the Ordinance governing the SCA will be presented to the Council at the May 5, 2009 Council meeting. The Power Department will propose to change the threshold number from \$40/MWH to \$45/MWH. The SCA helps protect the City from any catastrophic problems that might arise from Murray's power resources serving as short term revenue assistance. This could be a coal fired plant shutdown for any length of time, steep increases in natural gas prices, or any number of things that may affect the City power costs.

In October of 2003, or 2004, the Hunter Power Plant went down costing Murray Power about \$700,000 in one month. It cost more than \$500,000 in upgrades for the plant to become operational again, and \$200,000 to replace the lost energy. Soon after that incident the SCA was first implemented.

Since 2005 the SCA has been initiated seven times for a total of \$700,000. This protected the City from operating in the red and prevented a rate increase before necessary. Power resource costs have increased since 2005 as evidenced by the Colorado River Storage Project (CRSP), which increased 10% last October and another 10% is expected in October 2009. The loss of the Idaho Power resource caused the City to purchase more expensive coal fired energy. Natural gas prices are fluctuating tremendously, 80 cents per decatherm (Dth) last week and \$2.80/Dth currently. Two years ago the price was \$12/Dth. This makes it very difficult to budget for natural gas.

Mr. Haacke's goal is to change the average resource cost threshold to \$45/MWH. If the average resource cost for any month exceeds \$45, then the increased costs can be handled in two different ways. First, a surcharge could be on the customers' bill the following month, or, two, a bank of funds can be held for any month with increased energy costs. This is set up with excess money being banked to the customers benefit for any month with lower than threshold energy costs. When the threshold is exceeded then the Power department utilizes the banked funds to make up the difference. Once zero is reached in the bank, then the surcharge would become necessary. Over the past four years, this has been the case four times.

Last June, the Council approved rate increases of 5% in July, 5% in October, and 3% in each succeeding October. At that time the SCA was suspended to ease the costs on Murray customers. It has been nine months since that decision was made and it is necessary to initiate the SCA again, stated Mr. Haacke.

Mr. Robertson asked what the longest period of collection was for the SCA.

Mr. Haacke responded that from July 2006 to February 2007 no SCA was

collected. June, July, and August of 2005 made up the longest period that the SCA was collected in succession. July and August are the crucial months every year and he would like to implement the SCA July first of this year. This is an insurance policy to protect the City for any issue that may occur during those months of heavy usage, and he would like to keep rate increases separate from this SCA charge.

Ms. Dunn asked about the possibility of charging a peak time price and a down time price, or a peak season price versus an off season price.

Mr. Stireman answered that there is a seasonal price in the summer and with more usage one moves into a higher rate tier. This is for all classes of customers with no clock keeping tract, but only amount of usage seasonal charges.

Mr. Haacke added that the Power Advisory Board asked about the possibility of a time of use meter to charge for peak time use of energy. The cost of the individual meters makes that concept prohibitive in price. This sort of meter can bill one rate during the day and another at 2:00 a.m. It is a complex meter that the City does not have on the system and for 16,000 meters it would be too costly.

Mr. Stireman said that Rocky Mountain Power does have the time of use rates. In residential it is used by request and customers must enlist for one year. It does not seem to work for customers and they come off the program as quickly as possible.

According to Mr. Haacke, at one time there was a declining block, in that, the more energy used, the rate was lowered. Now the seasonal is a two-tier rate. The message now is that the more energy you use, the greater the cost.

The SCA will be a City Council agenda item on May 5, 2009.

## **Business Item #2 - Committee and Board Reports**

### **Blaine Haacke - Utah Associated Municipal Power Systems (UAMPS) & Intermountain Power Agency (IPA)**

Mr. Haacke announced the American Public Power Conference would be held in June in Salt Lake City at the Salt Palace. The Power department will pay registration for any Council Members who would like to attend. Attendees will learn about renewable energy and the transmission grid which mixes with other states. More than a thousand people are expected from all over the country.

Ms. Dunn commented that the pre conference seminars are valuable for Council Members even if you are not available for the actual conference.

In August a UAMPS conference will be held in Midway. Additionally, the Landfill Gas dedication will be held on April 30 at 10:00 a.m. This is an interesting situation with the engines running, using the methane from the rotting material, and is still in the testing mode stated Mr. Haacke.

Regarding the IPA, Mr. Haacke advised that there are three items of interest. These are lawsuits that are ongoing. One is the dairy cow stray voltage issue, which accuses stray voltage coming from the power plant making the dairy cows unproductive. This should be in court in Nephi next fall and IPA feels confident of being successful in this matter.

The mine disaster is another continuing lawsuit with IPA as a 50% owner of the mine. Mr. Haacke stated that an out of court settlement is very close to being agreed upon with the victims families. It will be paid through the insurance companies.

Regarding the IPP3 plant, this lawsuit is between UAMPS and IPA and a settlement is forthcoming shortly. The plant was in planning stages and many UAMPS members were part of the group, along with Murray City, which was a study participant for a while. Due to a situation in California construction of the plant came to a close. Mr. Haacke is unsure as to whether Murray will receive any money back on the settlement of this issue. Murray has close to \$300,000 in the study. The manner of the settlement will be for IPA to give energy to UAMPS, which will sell the energy and use the proceeds to repay those participants still in the study. If there is money remaining after those participants are paid, then those entities that backed out may receive some payment.

Mr. Haacke explained the issues for discussion on UAMPS. One is the search for resources. There are 40 UAMPS members, some with a lot of resources, like Murray. Other members are buying on the spot market daily, which is so volatile, making it difficult to budget. Numerous projects are being investigated and Murray is only somewhat involved.

One project is a gas turbine in California. Murray is not interested in that project. Another one that does interest the City is a nuclear plant that UAMPS would like to construct in Utah. It would partner with a firm called Unistar, out of France and Baltimore. This plant would be as large as the IPP plant, and Murray's portion of the study would be about \$16,000. It will be a two-year study and a 10 to 12-year process. The location and political atmosphere are being considered now. It is being called the Delta Project and the end cost of power is anticipated to be about twice the cost of coal. However, the future of coal is unknown now.

A wind farm in the Idaho Falls area is being considered by UAMPS, although, Mr. Haacke has backed Murray out of that, due to the low load factor.

The third UAMPS project is a geothermal plant near Rye Patch, Nevada. The capital costs for geothermal are very expensive. It runs about \$5000/KW to install versus a coal fired plant at \$1500.

Finally, the last concept is energy efficiency. A new program was announced just

last week called the Home Savings Appliance Program. This is a proposition to rebate customers who purchase Energy Star appliances in UAMPS communities. The goal is to reduce KWh by reducing usage and resource needs. Murray staff is looking at the possibility of operating the program in-house and saving \$20,000 to \$30,000 per year. A customer might go to a retailer to purchase an Energy Star appliance, go through the application process with proof of purchase and then the City would mail out a \$50 to \$35 check. The reduction of KWh would prevent the City from purchasing energy on the spot market and it is a good public relations idea. Rocky Mountain Power has a similar program and power staff fields numerous calls asking if Murray has the same plan. It would demonstrate community leadership and show that environmentally Murray is making sound decisions. Mr. Haacke expressed his reluctance to do this simply because he is in the business to sell KWh, and as long as there is enough energy available, he wants to sell it.

Mr. Robertson asked if this is part of the program that will remove old appliances, and if Power is considering that, as well.

Mr. Haacke answered that the Rocky Mountain program is for removal of refrigerators with a rebate of \$30. That is still questionable because a large majority of those refrigerators are not plugged in and is no reduction in usage. Based on saturation rates in the area, less than 2% of the people take advantage of the program, although, 100% of the people pay for them. It is a line item on the Rocky Mountain bills under conservation programs.

Mr. Stireman said that every customer pays about a 2.5% surcharge every month to support those programs and most of that probably goes for advertising.

Finally, the Power department is looking for stimulus money. He has received information from Council Members and Power Advisory Board members on locating the funding. There are several different projects being considered. One is to put photovoltaic panels on public buildings. There may be some matching dollars or grant money for that.

Other possible areas for obtaining stimulus money include light-emitting diode (LED) street light pilot programs, which are available now. This is new wave technology Murray Power wants to get involved in. Classroom education is taking place in 5<sup>th</sup> grade classes now through a partnership with the National Energy Foundation and money might be obtained to expand that program. The rebate project just discussed might have dollars awarded to it. The American Public Power Association (APPA) has web sites on line that will help to locate stimulus money and make the application process easier.

Another term you may have heard about is Smart Grid, which is funding that may be available either regionally or on a municipal basis.

The City has already received Energy Efficiency and Conservation Block Grant (EECBG) funding in the amount of \$209,000. The Power department intention is to utilize that money toward the interconnection fee for the landfill gas project.

Lastly, legislation from the Obama administration and the federal government include, cap and trade, and carbon tax promotions. The campaign promise was to limit carbon emissions from entering the atmosphere. This affects coal fired plants and any carbon burning. Murray uses more than 50% carbon with the San Juan plant, IPP, and Hunter plant. Carbon tax will be directly added onto our \$50 resource. This could almost double the cost. The House Ways and Means Committee has done a study on how this will affect the average American. According to the study, if it becomes necessary to purchase 100% of carbon emissions or purchase the ability to use the coal fired plants, every Utah citizen will be liable for \$1115 on the power bill per year. This is a republican study and could be slanted slightly. Every state will be affected differently. In Vermont, where no coal is used, each citizen would be affected by \$1.93. Wyoming is the most heavily affected state with more than \$7000 per citizen because it uses almost 100% coal fired energy. This is being very closely followed. It is under the Waxman/Markey Bill, and Harry Reid has proposed legislation in this field, as well. Murray is diversified, however, this legislation will affect Utah and Murray.

### **Anne vonWeller - Trans-Jordan Cities**

The Trans-Jordan methane plant is producing power and Ms. vonWeller encouraged everyone to attend the VIP activities at the open house. The budget was opened in March and funds were reallocated by reducing the total budget in anticipation of a lower waste stream. The total reduction was 4.6%. The Board thinks that will be fairly close to the future needs, although, currently revenue is average. There are plans to rebuild some existing equipment instead of purchasing new to last a few more years. Some standard procedures are being formulated in response to new legislation to put processes in writing to be fully clear and transparent.

Salt Lake County has attended Trans-Jordan Board meetings and is dynamic in hazardous waste disposal. The e-waste program and hazardous waste emergency response are being discussed. Trans-Jordan will partner with the County, although, the County is providing all the hard costs.

The General Manager, Dwayne Woolley, has been appointed to the Salt Lake County Environmental Advisory Board. He will maintain the interests of the landfill on that board.

The hard costs for Salt Lake County to collect and dispose of waste using its transfer stations is \$24/ton. When all capacity has been utilized at Trans-Jordan the long term plan is to build a transfer station, although, fifteen years of capacity still remain, and more with conservation. Trans-Jordan charges \$22/ton for disposal at the commercial rate and hard costs are \$13/ton. Murray City pays \$11/ton because of the

City's partial ownership.

### **Anne vonWeller - Central Valley Water Reclamation**

Ms. vonWeller reminded the Council that the chlorinated system is being replaced with the ultra violet (UV) system for decontaminates. This is on schedule and under budget. Most of the north side of the project is completed and building structures will begin going up in May.

Central Valley has been in negotiations with Quick Crete, which is right next door, for the sale of five acres of Central Valley property. The contract has been delayed to work out some concerns on access and right of way. Who will maintain roads in and out of the facility has now been decided and the Board is happy with the present agreement, therefore, it has authorized management to go forward with the negotiations.

Unexpected repairs will be necessary on the interceptor, due to some deterioration taking place. Consequently, the 2010 budget does include ample funds for the City's share of repairs.

### **Jan Wells - Council of Governments**

The Council of Governments has convened planners from different cities and is working on a cooperative county plan on various facets focusing first on bicycle, pedestrian, and mass transit mapping. The group meets quarterly with Ray Black representing Murray. The purpose is to identify what is available, not what should be designed. Other initiatives will come along as the planners meet with Envision Utah and Quality Growth entities.

The Wasatch Front Regional Council has received a number of letters of intent for new funding for the Transportation Improvement Program. There are about 75 projects requested. Murray has submitted the following three projects:

- 4800 South from Atwood to 820 East, reconstruction, \$2.8 million
- 5900 South from State Street to 700 West, reconstruction, \$4.7 million
- Vine Street from 900 East to 1300 East, widening & reconstruction, \$4.6 million

Ms. Wells stated that the City does not anticipate all three projects to be approved, however, maybe one will be completed. It is important to have a presence and work toward some of these larger projects that Murray could use additional help with.

Ms. Griffiths asked if the projects had been prioritized.

Ms. Wells stated that all were submitted equally, however, if one was more pressing than another, it would probably be the 5900 South project. By the time the process is completed, the City may have to move forward on one of these reconstructions itself.

### **Jeff Dredge - UTOPIA**

Mr. Dredge stated that the sale of Mstar to Prime Time was completed last week. They are currently working on some of the delinquent payments that Mstar owed UTOPIA which should help with cash flow.

Mr. Marriott reported to the UTOPIA Board that some of the Tremonton build-out has begun producing cash flow and the take rates there have been very high. A special free three month offer was made and that revenue stream is now coming in. Layton has produced high take rates, as well, but the initial offering period has not elapsed.

UTOPIA is still in negotiations with the US Department of Agriculture Rural Utilities Service (RUS) on the possibility of a lawsuit. Much of the stimulus money has been offered to RUS and UTOPIA is hopeful that stimulus funding might become available rather than pursuing a lawsuit. At least, it is hoped UTOPIA will go higher on the list for stimulus money.

New service providers are still being sought and much emphasis, time, and effort are being put into obtaining stimulus funds.

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

The Board has been in budget discussions during the last couple of meetings. A few members have questioned some large budget increases due to most cities cutting back in response to the economy. Ms. Dunn asked if the cities could be held harmless for a year, with no increases. She feels strongly that the Board should be considering this. In addition, she will confer with Chief Rodriguez and Chief Fondaco prior to the next meeting, so that she votes in agreement with them.

The reverse 911 system was purchased about 18 months ago and has been extensively discussed recently. This system will automatically make calls to all the numbers in a geographic area, such as for an Amber Alert. The issue with the system is a capacity problem. The few times it has been used, the system was overwhelmed with the number of calls to make. A Sandy Amber Alert was to go out to 500 homes which the system could not handle. She questioned the ability of the system to react if 10,000 numbers were to be called?

Mayor Snarr asked if the calls are automatically made simultaneously or does it cycle through the numbers.



Ms. Dunn responded that there are about 15 telephone lines, and each call takes about 20 - 30 seconds to leave a message. Then more are dialed. Obviously, this is a huge problem if the system cannot do the job. The Board is working through that issue.

Mr. Robertson commented that VECC was having problems keeping telephone numbers updated.

Ms. Dunn stated that it is still a problem. Land lines only are in the system. Much of the valley is very transient, which makes it difficult to keep phone lines accurate.

Additionally, overtime has been an issue of concern. The Murray chiefs thought it would be important to hire additional staff rather than utilize so much overtime. VECC is having a hard time bringing down the overtime numbers.

#### **Krista Dunn - Association of Municipal Councils**

Jim Brass is the representative from Murray, and he invited Murray Council Members to the last Association meeting for the tour of the Oxbow Jail. Ms. Dunn attended and it was very interesting. The Sheriff's proposal is to reopen one of three wings there to relieve the overcrowding problem.

The week of the tour, Salt Lake City conducted a narcotic's sting operation at Pioneer Park and surrounding areas, and there were 274 arrests. About 100 of those people were arrested a second time the same day. The people are released after being booked due to the overcrowding matter. They felt it was important for officials from other cities to be aware of the seriousness of this problem.

#### **Krista Dunn - Utah League of Cities and Towns (ULCT)**

As a Board member Ms. Dunn reported that all dues have been maintained at the prior year rates. There will be no increases during the next budget year.

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

The last LPC meeting was held during the final week of the Legislative Session and it ended in fireworks when the ULCT decided not to support the Ambulance Bill that would have dramatically changed the inter-facility transport arrangement. The licensing would have been taken from the state level and moved to the city level had the bill passed. That topic may resurface in the future.

The LPC land use committee works with the property rights coalition made up of developers, and will continue to meet over the summer. BACI is a group of cities that spend extensive time on the Hill addressing various issues and it will also be meeting throughout the summer. The membership of this group will be looking at some initiatives to push forward, rather than react defensively. This group will look at

ambulance, billboards, and transportation funding. State budgetary matters will continue to be a priority issue and a special session has just been announced for May.

### **Patricia Griffiths - Library**

The Library Board is currently working on a comprehensive strategic plan. Mr. Barr is very thorough and has completed much research on this process. Part of that is formulation of a community advisory committee consisting of prominent members of the community, including some of the Murray City department heads, educators, and Intermountain Health Care representatives to ensure that the Library continues to meet the needs of the community.

Mr. Dredge thanked all participants for their reports and efforts to keep the Council informed regarding the local boards and committees.

### **Staff Report - Mike Wastaff**

Mr. Wagstaff reported that the membership format on the Legislative Policy Committee is changing so that representation from each municipality will consist of three voting members, one from the Mayor's office, one from the Council, and one at-large. The applications for that committee are due by May 1, 2009, and the Council needs to decide who the representative will be and work with the administration on the at-large position.

Mr. Dredge asked Ms. Dunn, because she is on that committee, if she would like to be the voting member for the Council.

Ms. Dunn responded that she will continue to attend and be happy to act as the voting member, however, if someone else would like to be the voting member, she is willing to give up that responsibility. Mr. Brass has been attending as a non-voting member. She added that her preference would be for all three voting members from Murray be elected officials. Mayor Snarr could give his position to one of his staff, if he prefers, but, she does feel it should be the Mayor's office and two Council representatives. LPC has stated that legislators listen to the comments and suggestions from elected officials more than city staff members.

Mr. Dredge suggested talking more about this and getting some comments from Mr. Brass, when he is available.

Meeting adjourned at 6:00 p.m.

Janet M. Lopez  
Council Office Administrator