



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

The Murray City Municipal Council met as a Committee of the Whole on Tuesday, September 3, 2019, in the Murray City Center, Conference Room #107, 5025 South State Street, Murray Utah.

**Council Members in Attendance:**

Dave Nicponski - Chair	District #1
Dale Cox – Vice Chair	District #2
Jim Brass	District #3
Diane Turner	District #4
Brett Hales - Excused	District #5

**Others in Attendance:**

Blair Camp	Mayor	Pattie Johnson	City Council Office Admin.
Brenda Moore	Finance Director	Blaine Haacke	Power – General Manager
G.L. Critchfield	City Attorney	Trae Stokes	City Engineer
Jennifer Kennedy	City Recorder	Susie Becker	Zions Bank
Jared Hall	CED Supervisor	Russ Kakala	Public Works
Robert White	IT Director	Jon Harris	Fire Chief
Danny Astill	Public Works Director	Kat Martinez	Citizen
Kim Sorensen	Parks and Recreation Director	Doug Hill	Mayor’s CAO
Melinda Greenwood	CED Director	Rosalba Dominguez	Citizen
Greg Bellon	Power – Assistant General Mgr.	Jake Pehrson	Citizen
Jennifer Heaps	Public & Comm. Relations Director	Janet Lopez	City Council Executive Dir.

Chair Dave Nicponski called the meeting of the Committee of the Whole to order at 5:03 p.m.

**Approval of Minutes** - Mr. Nicponski asked for comments or a motion on the minutes from Committee of the Whole, May 7, 2019; and a City Council Workshop held on May 14, 2019. Mr. Brass moved to approve the minutes of May 7 and May 14, 2019. Ms. Turner seconded the motion. The motion passed unanimously 4-0.

**Discussion Items**

**Storm Water Rate Review and Discussion – Danny Astill**

Mr. Stokes presented the Storm Water Utility Rate Study and reported staff worked with Susie Becker from Zions Public Finance. He provided background information and gave a general overview of the process to get to this point. (Attachment #1) Mr. Stokes reported when the process began, the following three goals were identified:

1. Ensure sufficient revenue to cover capital and operating expenses for the next five years.
2. Maintain existing bond covenants and debt coverage ratios. The City currently has two bonds they are paying on but there is a need for additional bonds.
3. Minimize impacts to ratepayers. The intent was to keep rates low.

The following two tasks needed to be completed to get Zions Public Finance on board with the model and help with the rates.

1. Master Plan and a five-year CIP (capital improvement project) update. The plan was adopted in February and included several projects. The primary focus was the five-year CIP, which consisted of seven projects at a cost of just over \$5 million.
2. Develop a five-year operating and maintenance plan. This was done primarily by the Stormwater Department who evaluated equipment and employee needs to operate the department in compliance with state and federal requirements. Mr. Stokes commented they were in the process of obtaining a new General Permit and drafting a plan that is in compliance with the permit. The plan includes one new full-time position starting in 2021 that will primarily involve permitting, inspections, and post-construction monitoring. They also looked at the equipment needed to maintain the systems and sweep the streets.
3. Compile budget and revenue data to be provided to Zions Public Finance.

Ms. Becker and her team prepared a utility model for the City, evaluated various rates and bonding scenarios, and ultimately identified options that meet project objectives and goals.

Mr. Brass suggested including data to address why cities are required to have stormwater plans, because most expenditures from the fund are not visible, which are costly requirements. He thought an educational piece would benefit the public to explain why projects are done; with the idea being to avoid all costs of having to ever treat stormwater, which could be even more costly. Ms. Turner noted the importance.

Mr. Stokes agreed and would include additional information in water bills, share on the city website, and social media. As related to improving drainage, Mr. Stokes reported they are in the process of installing a 36-inch storm drain in the vicinity of Vine Street between 1000 and 1600 East.

Ms. Becker discussed Zions' approach, details of the study, and presented results and recommendations. She appreciated the opportunity to work with the City and pointed out the City has not looked at its stormwater fees for about nine years. Therefore, checking periodically to make sure fees are maintaining debt coverage ratios is imperative. The City will also see increased operating expenses and inflationary costs, and there will be increased costs, due to stormwater regulations.

Ms. Becker explained stormwater rates are authorized under state statute, and stormwater functions as a separate enterprise utility fund that is self-sustaining. It is also important to continue to provide the construction and maintenance facilities necessary to control flooding and improve the character of service runoff. She said the City implements best management practices, and explained the revenue sufficiency model looks at expenses, evaluates how much revenue is needed to cover costs, and how to obtain funding.

She reiterated general guidelines to have sufficient revenue to cover expenses, maintain debt coverage ratios, reserve at least 180 days' cash on hand, minimize impacts to existing ratepayers, minimize debt costs, and ensure fees are easy to administer. She addressed ERU's (Equivalent Residential Units) in detail and explained after research was conducted, it was found they are billing just under 35,000 ERUs in the City with a growth rate of 2.2%.

Capital costs were discussed and reviewed. Going forward, Ms. Becker highlighted four options:

- #1. (Preferred) Increase the monthly rate by \$1 per month from \$4.65 to \$5.65 the first year and \$.65 every year thereafter, until the year 2025, at which time a \$1.5 million bond would be issued.
- #2. Increase the rate to \$7.50 per month and avoid bonding. The cash on hand at year-end would decline from 258 days to 183 days the following year.
- #3. No increase was proposed with a bond to be issued in the amount of \$7.1 million. This option was determined to be unfeasible or not to be feasible.
- #4. Increase the monthly rate from \$4.65 to \$5.00 the first year and \$.50 every year thereafter. By keeping the rate increase down it would be necessary to bond for \$3.5 million in 2022.

Ms. Turner favored Option #2 to avoid bonding and asked the advantage of Option #1. Ms. Becker noted a chart to compare what fees other cities charge, and to explain the difference in ramping up fees all at once, or slowly raising them; she noted those cities with lower rates may have not made improvements, and newer cities were installing new infrastructure. She said impact fees do not pay for replacement projects, affecting mature cities. Mr. Stokes confirmed the hope is to raise fees slowly, but bonding would still be necessary to keep rates low. Ms. Turner noted a significant increase in 2025 and asked what was entailed. Mr. Stokes reported a large storm drain would be installed on 725 East, from 5900 south to Labrum Avenue, where substantial flooding issues occurred often. Ms. Turner desired there be no rate increases at all but realized improvements were vital.

Mr. Brass expressed his support for Option #1 with small increases, which were easier to budget. Mr. Stokes agreed small increases benefit the senior population. Ms. Becker confirmed far less protesting occurs with smaller increases. Mr. Stokes said rated increases would provide for capital improvements that last 50 – 70 years; therefore, debt stretched over 20 years-time is for those who actually benefit from the improvements, which was fair.

Mr. Cox noted Option #1 included bond debt. Mr. Stokes confirmed, and said most projects were delayed, due to high costs. However, now that small easy projects were complete, more complicated existing problems need to be addressed to comply with state and federal requirements.

The draft ordinance would move forward for the Council's consideration during an upcoming meeting.

**Quarterly Power Department Update** – Blaine Haacke

Mr. Haacke reported on summer loads and how they were covered this fall. On August 8, there was a landslide in Little Cottonwood Canyon that caused major damage to the hydro plant located east of the Salt Lake Metropolitan Water Purification Plant. There is a diversion house in the canyon that diverts water from Little Cottonwood Creek, which is where problems occurred; there was also major damage caused by heavy rainfall. It was determined that silt, logs, and rocks plugged up the diversion, so it took several days to remove all debris and regain water flow.

Mr. Haacke explained generation received from the hydro plant is beneficial because fuel is free, the generators are paid for, and utilizing the resource prevents the City from having to purchase kilowatt-hours and pay high market pricing. When generation stopped on August 8, they had attained 2 ½ MW (megawatts), which is 50% of plant capacity. Ten days later they were at 30% capacity. Now, they are generating 1.2 MW, which is about 20% of capacity and common for this time of year.

Mr. Haacke is involved with several committees in the refueling of the IPP (Intermountain Power Project) from coal to natural gas. Currently, Murray City is not paying the cost, but is part of the callback contract that would allow them to access the energy once the plant is rebuilt around the year 2025. Los Angeles and two other California cities are fronting the money for the renewal. Mr. Haacke commented the site in Delta is becoming an energy hub. Currently, contracts are being awarded to build a natural gas line at a cost of approximately \$60 million. There had also been talk of decommissioning the coal plant at a cost of approximately \$240 million.

Mr. Haacke mentioned plans to update substations in Delta and Palo Alto, California. It is a DC line as opposed to an AC line. DC lines result in fewer losses and can affect generation from one side to the other more quickly. There will be space for a plant, which was downsized from 1,800 MW to 680 MW. The City's portion decreased from 72 MW to 39 MW. The City has an interest in it and can use it when they need to. He said in terms of feasibility, no entities in Utah intend to call energy back from the plant. Rates in Los Angeles are twice what they are here. It was noted that one-third of the energy in Los Angeles comes from this plant located in Utah.

The City's all-time peak was in 2015 when generation reached 107 MW; they have not approached that level since. In July of this year, peak was 100 MW; and last summer peak was 103 MW. Over the summer, UAMPS agreed to cover the summer load for \$88 per megawatt-hour, which was very high. The Council was provided with information on the cost of natural gas and the cost to generate it.

Monthly outage data was reviewed, addressing response times and the cause of outages. Over the past 12 months there were 124 outages for an average of 10 per month. Tree-related outages equated to about 7% of the outages, 24% were due to complications with overhead wires, 13% from underground

outages, 4% from insulators, 19% were due to equipment failures, and 33% were due to fuses or cutouts. The average response time to an outage was 17 minutes and the average interruption lasted 61 minutes.

Mr. Haacke noted summer peak loads are 100 MW, and winter peak loads are about 75 MW; which is a 25 MW difference for air conditioning. To point out diversity and explain why power is not purchased heavily during certain hours of the day, he noted the previous night, when the load requirement was 37 MW at 5:00 a.m. and reached a high of 85 MW later in the day.

**Rezone 284 East 4500 South** – Melinda Greenwood

Ms. Greenwood presented the zone map amendment for property located at 284 East 4500 South. The request is to rezone the property from G-O (General Office) to C-O (Commercial Development). An aerial photo of the property was displayed. The zoning map designates the property as G-O while the Future Land Use Map designates it as G-C (General Commercial). The property is .35 acres in size and there have been various uses on the site. Staff determined that the proposed rezone will not have any negative impact on the property. The rezone was also considered based on the characteristics of the site, and the surrounding area, and was found to be in harmony with the goals of the General Plan. The request was heard by the Planning Commission on August 1, 2019, who forwarded a unanimous recommendation of approval to the council.

**Land Use Text Amendment Small Wireless Facilities** – Melinda Greenwood

Ms. Greenwood said staff worked on the proposed text amendment with the City Attorney in an effort to remain current with federal and state law. Shortly after the Small Wireless Facilities Code was passed last year, changes were made by the federal government and it came out of compliance with federal regulations and state law.

The first change was made to aesthetics. The language was modified to be more specific. They also combined various design districts. The second change was to timing. Previously the City had 30 days to determine whether an application was complete; they now have 10 days. The City is allowed 60 days to review an application for a co-location on a small wireless facility; they now have 90 days to process and review an application for a new pole. Fees are based on a percentage, which is no longer allowed by federal law. As a result, there is now a straight annual fee of \$250 per month, per facility.

The request was heard by the Planning Commission on August 1, 2019, and staff received a unanimous recommendation of approval.

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

**Adjournment:** 6:06 p.m.

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