

**MURRAY MUNICIPAL COUNCIL
COMMITTEE OF THE WHOLE**

Meeting Minutes

Tuesday, November 1 2022

Murray City Center - 5025 South State Street, Council Chambers, Murray, Utah 84107

Attendance:

Council Members and others:

Kat Martinez – Chair District #1
Diane Turner – Vice Chair District #4
Pam Cotter District #2
Rosalba Dominguez District #3 – Excused
Garry Hrechkosy District #5

Brett Hales	Mayor	Jennifer Kennedy	City Council Executive Director
Doug Hill	Chief Administrative Officer	Pattie Johnson	Council Administration
Tammy Kikuchi	Chief Communications Officer	Blaine Haacke	Power Department General Manager
G.L. Critchfield	City Attorney	John Ward	Intermountain Power Agency
Craig Burnett	Police Chief	Brenda Moore	Finance Director
Scott Barrell	GIS	Rob White	IT Director
Loran Pasalich	Murray Chamber of Commerce	Brooke Smith	City Recorder
Jordan Petersen	Fire Department	Ryan Madsen	IT
Isaac Zenger	IT	Gordon Cook	IT

Conducting: Council Member Martinez called the meeting to order at 5:00 pm.

Approval of Minutes: Committee of the Whole – October 4, 2022

Council Member Turner moved to approve, and Council Member Cotter seconded the motion.
All in favor 4-0.

Discussion Items:

Fraud Risk Assessment:

Ms. Moore said the annual Fraud Risk Assessment was part of finalizing the State audit which was underway. She explained why the assessment process came about for determining levels of risk in municipalities and noted that it also required her to report results to the City Council before sending it to the State auditor by the December 31, 2022 deadline.

Ms. Moore highlighted specific points the City earned for compliance to having basic separation of duties, having written policies in place, following good control methods, and implementing effective guidelines for balancing bank accounts, handling cash, processing checks and monitoring credit card transactions. Out of 395 points possible the City earned a total of 355 points, which placed Murray City in the *Very Low* risk category for fraud occurrence.

Update on the Intermountain Power Agency (IPA):

Mr. Haacke reminded Council Members that the City has 4% entitlement to energy produced at IPP (Intermountain Power Project), a UAMPS (Utah Associated Municipal Power Systems) coal plant

resource. Coal production is scheduled to cease due to federal legislation and the plant will become a natural gas plant. Mr. Haacke introduced Mr. Ward, IPA Public Relations Consultant to give the update about IPP.

Mr. Ward reviewed how IPA was organized in 1977 by an act of the Utah State Legislature when 23 Utah municipalities, including Murray City, became owners of IPA. IPA is governed by seven board of directors that include Mr. Haacke. IPA owns IPP which is an 1800-megawatt power plant serving 1.5 million households with two large transmission systems. One system connects to the western grid and the other provides power to SoCal (Southern California). All capacity contracts are valid until 2027.

Although 23 Utah members own the project, a larger group receives most of the energy which is six rural electric cooperatives in Utah and six larger electric municipal utility companies in SoCal. Plant production is so enormous that Utah is only able to utilize a small percent of the total generation, so purchase power contracts are allowed for other entities to participate in a regional energy cooperation. Mr. Ward said there is no other power plant operation in the country like IPP where governance is set up so that Utahns cannot make any decisions without SoCal partners, and SoCal cannot make decisions without Utah partners.

Generation entitlement shares were analyzed for each project participant. He noted that the Los Angeles Department of Water and Power receives the largest share of 48.62% and the total shares of 23 Utah cities was just under 14%. This is why excess power sales agreements are in place for the sale of excess power, to ensure that none of the entities involved in IPP are making a profit on energy production.

IPP is structured so that whoever is utilizing IPP power, is paying for the cost of the plant. Meaning when Murray is not utilizing its entitlement, Murray is not paying for the plant. This gives UAMPS owners the ability to unilaterally layoff power they do not need and transfer it to SoCal purchasers. In seasons that Murray does need its entitlement, the resource is there, and the cost includes payment for the plant.

It was noted that last summer Murray did use its entitlement for the first time in years, which saved the City \$2.3 million. The project was developed with no taxpayer funding and all financing is done through the IPA's ability to issue municipal bonds. All costs for running the project and paying back loans are achieved through power bills which makes the project self-sufficient.

Mr. Ward explained how the *IPP Renewed* plan came about due to California Senate Bill 1368 that outlawed coal-fueled power in California several years ago. IPP anticipated losing many customers, so instead of demolition, the IPA board strategized a complex plan to rebuild the plant and utilize the existing railway transmission systems and infrastructure, 4,000 acres of land, unique underground salt caverns for storing energy, and highly skilled workforce at IPP. Because 85% of IPP energy is transmitted to SoCal entities, California initiated the rebuild and will pay for reconstruction.

IPA announced the decision to shutter coal-fuel generation by 2025 in May of 2017. All power sales agreements for 35 parties involved have been renegotiated and reextended for another 50 years and the rebuild has started. With these terms the renewed project will be good until approximately 2077.

The renewed plan is for building new natural gas generating facilities that will be an investment of two-billion-dollars so that all facilities will be capable of using 30% green hydrogen when they start up. In addition, another two-billion-dollar investment is planned for the production of hydrogen at a facility nearby that includes deep underground salt cavern storage capabilities. Together the entire four-billion-dollar investment will operate for 30+ years.

IPP Renewed will operate on 70% natural gas / 30% green hydrogen at start up in 2025; transitioning to 100% green hydrogen by 2045. Contracts are in place for green hydrogen production and storage. Mr. Ward gave a brief explanation about how hydrogen is made and stated that if the hydrogen resource works, it would use much less water, and unused water would be leased back to the agricultural community. Construction of a hydrogen plant has attracted international attention to the area where currently, site preparation is complete, and underground installation and salt cavern construction has begun.

IT (Information Technology Department) Report:

Mr. White, IT Director, explained operations and the working functions of three divisions GIS, IT, and the Programmers Division that he oversees within the IT Department. He described daily duties, various programs, and software management responsibilities for each position in each division. Photos of staff members were displayed.

He shared various maps, explained online tools that distribute live data to end users across Murray City, as well as public outreach and interaction for other online applications and surveys related to all City departments. All servers, Cloud applications and Web Hosting were noted. Mr. White discussed various technologies about the virtual server cluster, wireless connectivity, levels of security and many aspects regarding Tyler technologies and other computer systems. There was a brief discussion about the process IT will undergo for moving and installing systems to the new city hall building next spring.

Adjournment: 5:54 p.m.

Pattie Johnson
Council Office Administrator III