

Murray City Municipal Council

Chambers

Murray City, Utah

The Municipal Council of Murray City, Utah, met on Tuesday, the 1st day of March, 2011 at 6:30 p.m., for a meeting held in the Murray City Council Chambers, 5025 South State Street, Murray, Utah.

Roll Call consisted of the following:

Jim Brass,	Council Chair
Krista Dunn,	Council Member
Darren Stam,	Council Member
Jared Shaver,	Council Member - Conducted
Jeff Dredge,	Council Member

Others who attended:

Dan Snarr,	Mayor
Jan Wells,	Chief of Staff
Carol Heales,	City Recorder
Frank Nakamura,	City Attorney
Gil Rodriguez,	Fire Chief
Mike Fernandez,	Police Department
Doug Hill,	Public Services Director
Charles Crutcher,	Engineering
Pat Wilson,	Finance Director
Anne von Weller,	Deputy Director, Public Services
Dustin Matsumori,	George K. Baum & Company
Randy Larsen,	George K. Baum & Company
Scouts	
Citizens	

A. OPENING CEREMONIES

1. Pledge of Allegiance - Anne von Weller, Deputy Director, Public Services

2. Approval of Minutes for February 01, 2011

Mr. Dredge made a motion to approve the minutes.
Mr. Brass seconded the motion.

Call vote taken. All Ayes.

B. CITIZEN COMMENTS (Comments are limited to 3 minutes unless otherwise approved by the Council.)

None given

Public comment closed

C. CONSENT AGENDA

Mr. Shaver asked that the following appointments are taken together. No objections noted.

1. Consider confirmation of the Mayor's appointment of Stephanie Pollei to the Murray Arts Advisory Board in At-Large position for a two-year term to expire January 15, 2013.
2. Consider confirmation of the Mayor's appointment of Geneva "Jo" Harris to the Murray Heritage Center Advisory Board in an At-Large position for a three-year term to expire February 1, 2014.
3. Consider confirmation of the Mayor's appointment of Jon Uebelhack to the Murray Heritage Center Advisory Board in an At-Large position for a three-year term to expire February 1, 2014.

Mr. Brass made a motion to approve the appointments.
Mr. Stam 2nd the motion.

Call vote recorded by Carol Heales.

A Mr. Dredge
A Ms. Dunn
A Mr. Stam
A Mr. Brass
A Mr. Shaver

Motion passed 5-0

Mayor Snarr introduced the appointees, and expressed his appreciation for their help.

D. PUBLIC HEARINGS

Staff and sponsor presentations, and public comment prior to Council action on the following matter:

1. **Consider an Ordinance amending Chapter 15.22 of the Murray City Municipal Code amending power line extensions and impact fees.**

Staff presentation: Charles Crutcher, Power Department Engineer

Mr. Crutcher stated that the costs included in the impact fee are the capital costs for the construction and rebuild of the 46kv transmission line to 138kv; it is the capital cost for the rebuild for the Riding Mall and Vine substations; the total cost was \$10 million, most of which was bonded. In addition, what is included is the distribution feeders along Fireclay from 300 West to Main Street, and that will be built sometime over the next five years, depending on how the load grows in that area. The total of that project will be \$509,000 which will be funded on an individual yearly basis through the capital budget.

What is not included in the impact fee, is the buy-in of the transmission line between Riding and Central, which existed at 138kv; a buy-in of the transmission line built between Grandview and Central, which was built for reliability sake, rather than for load conditions; buy-in for reconstruction and additions to the existing substation, and there again, that was for reliability purposes; and the construction of the Grandview substation, and that was built to primarily serve the hospital, and not the general area-it does have a couple of distribution circuits out of it, but not a lot of feed. The generation cost for the hydro and gas turbines are not included in the impact fee as part of a buy-in.

The impact fee calculations are based on a dollar per Kw rating on each of the items; transmission substation was \$1.17/Kw, distribution was \$.38, and the analysis was \$.30. That brings the total of the impact fee to \$155.92/Kw; this is a reduction of \$76. 00 from the \$231.00 that we are currently under.

In addition to the impact fee, we are also required to change the ordinance for the impact fee, hook-up and line extension fees, and in the draft that you have, we are looking to eliminate the hook-up fee in this ordinance, and combine the cost of a portion of that into the line extension fee. At the present time, we collect a hook-up fee, which would include the cost of installing a transformer, and many times we do not have to install a transformer, so it is really not fair to require the customer to pay that when they do not need it. We are actually rolling actual costs for what it serves, rolling the actual costs into the line extension fee. Currently we have that option, but most of the developers have opted toward that; it is also very cumbersome for Finance, because the hook-up fee is refunded over two years, and they have to keep track of what the bills were for two years, taking a percentage of that-approximately 40%-and refund that back.

Frank Nakamura, City Attorney

Mr. Nakamura stated that as part of the analysis process of this project, the City has to have an impact fee analysis and a Capital Facilities plan update; that was done by Richmond and Associates, and there had been a presentation to the Committee of the Whole. He would, for the record, like to have some comments from Richmond and Associates on that so that there is a record that the City followed that process.

Christine Richmond, Richmond and Associates

Ms. Richmond stated that, based on the information that was provided to her by the Power Department (Charles Crutcher,) they calculated the amount of the per Kw amount and made the determination of how many Kw were available for absorption by new development in the City of Murray, and then using those calculations, we came up with the \$1.57 and change per Kw amount. That is a reduction from your current power impact fee, and that will be based on each development-on how many Kw they are anticipated to use, based on the type of connection that they have a building permit for. There is a proportional impact to the system, based on the type of connection and their impact fee will reflect their proportional impact.

Mayor Snarr asked what happens if they under estimate the Kw usage for that particular hook-up?

Mr. Crutcher stated that the impact fee is based upon the main that they have in their system, and the potential to pull, not looking at actuals.

Public Hearing opened for public comment

None given

Public comment closed

Council consideration of the above matter to follow Public Hearing.

Mr. Dredge made a motion to adopt the Ordinance.
Mr. Stam 2nd the motion.

Call vote recorded by Carol Heales.

<u>A</u>	Ms. Dunn
<u>A</u>	Mr. Dredge
<u>A</u>	Mr. Stam
<u>A</u>	Mr. Brass
<u>A</u>	Mr. Shaver

Motion passed 5-0

E. NEW BUSINESS

1. Consider a Joint Resolution of the Mayor and the Murray City Municipal Council in support of increasing the State Assistance Program of the Land and Water Conservation Fund (LWCF) Program.

Staff presentation: Doug Hill, Public Services Director

Mr. Hill stated that the City was approached by the Utah Recreation and Parks Association, which is a non-profit organization representing governmental professionals in Parks and Recreation, and we were asked to support the increase in state side assistance from the Land and Water Conservation Fund; this is a Federal program that was established about 40 years ago. At the time, the revenues that came off of the off-shore drilling rigs went into a fund for improving parks and facilities in both national parks, as well as local and community parks. Murray City, over the last 40 years, has received a substantial amount of funding through the Land and Water Conservation Fund, and most of our parks in our cities, including the Jordan River Parkway, have Land and Water Conservation funds in them. That is why Murray City was asked to go on record to support this effort, because we have been one of the few communities in the state of Utah that has been a great beneficiary of these funds.

Over the last ten years, the federal government has not sent money to the states; they have kept it and used it primarily at the national park level and there have been very limited funds available for local communities to apply for. Recently, under President Obama's effort, they have put it back to full funding again; currently it is under jeopardy—the Republicans are under the opinion that the federal budgets need to be reduced, and that local parks should be funded locally, not by the federal government. There is this opposing view point, if you will, on whether or not the Land and Water Conservation Fund will be funded or not. Nonetheless, we have a request to support the funding, and he will leave it up to the Council on whether or not they feel like it is something they would like to do. He believes that it is the intent of the Utah Recreation and Parks Association that if we did support the resolution, they would take a copy of it to our state senators and congressmen, and use that as leverage to try to get them to support the full funding measure.

Mr. Shaver read the Resolution in its entirety.

Ms. Dunn made a motion to adopt the Resolution.
Mr. Brass 2nd the motion.

Call vote recorded by Carol Heales.

A Ms. Dunn
A Mr. Dredge
A Mr. Stam
A Mr. Brass
A Mr. Shaver

Motion passed 5-0

2. Consider a Resolution approving the transfer of real property from the General Fund to the Water Fund.

Staff presentation: Doug Hill, Public Services Director

Mr. Hill stated that last year, during the budget discussions, they talked about the Water Fund purchasing property from the General Fund for a conservation gardens. The action before you tonight formalizes that they have since found property that would work for a conservation garden; it is located on the Jordan River Parkway, just north of 5400 South parking lot. They have done an appraisal and also surveyed the properties so that they knew how much property \$500,000.00 would purchase-which was the amount that was included in the budget, which equals 4.59 acres.

Before you tonight is a formal resolution that would transfer the property from ownership of the General Fund to the Water Fund for some future use of a conservation gardens.

Mr. Brass made a motion to adopt the Resolution.
Mr. Stam 2nd the motion.

Call vote recorded by Carol Heales.

A Ms. Dunn
A Mr. Dredge
A Mr. Stam
A Mr. Brass
A Mr. Shaver

Motion passed 5-0

3. **Consider a Resolution of the Municipal Council of Murray City, Utah (the “issuer”) finalizing the terms and conditions of the issuance and sale by the issuer of its Electric Revenue Refunding Bonds, Series 2011 in the aggregate principal amount of \$3,140,000 (the “Series 2011 Bonds”); awarding and confirming the sale of said Series 2011 Bonds; authorizing the execution by the issuer of a Fourth Supplemental Indenture of Trust; authorizing and approving a Bond Purchase Contract; providing for the publication of a “Notice of Bonds to be Issued,” providing for the running of a contest period, and authorizing the taking of all other actions necessary to the consummation of the transactions contemplated by this Resolution; providing a severability clause; repealing resolutions and orders in conflict; providing an effective date; and related matters.**

Staff presentation: Frank Nakamura, City Attorney, Pat Wilson, Finance Director

Ms. Wilson stated that what we have is an opportunity to refinance a few of our Electric Service Bonds and save some money. Ms. Wilson introduced Dustin Matsumori, the financial advisor on this bond refinance issue, and Randy Larsen, the legal advisor; both are with George K. Baum & Company.

Ms. Wilson said that the overriding main features of this issue are: in 2001, we issued Electric Revenue Bonds; we always watch those- the original 2001 issue was for \$20 million for some electric service generators. In 2006, we had an opportunity to refund a portion of those bonds, and we did that; tonight we want to look at a portion of those that were not already refunded, that we now have the opportunity to refund, and we figure we will save ourselves about \$130,000.00 for the Power Department.

What you are asked to do tonight, is to give the authority to go forward with this refunding; we will have \$3,140,000.00 in bonds that we will be refinancing. They will mature at the same time these would have been before being refunded, which will finish paying off in 2014, roughly a 1.9% interest that we will be paying on these, and we are trying to go forward with. One thing that she wanted to say about this, is that these bonds are to be bank qualified; every year, the city has \$10 million in bank qualified and this would use \$3.1 million of that, leaving whatever we need to do the rest of the year to fit within that \$10 million. There is some projection that we may need some for UTOPIA or some more for the Sewer Department.

Mr. Nakamura asked Mr. Matsumori to speak on the ban qualification, to make sure that there is an understanding of what this is.

Mr. Matsumori said that the book he distributed to the Council gives graphical depictions of the original bonds, how they refunded them, and the part that they are looking at refunding now. On the last page, it breaks down both the resolution and what Mr. Shaver read; as for bank qualification, in any given calendar year,

municipal entities have the opportunity-if they issue \$10 million of tax-exempt obligations or less- to deem those as bank qualified. What that means is that banks, as purchasers of those bonds, are able to deduct some of their carrying costs. What that translates in to you is lower interest rates; there is a benefit to being able to designate things as bank qualified. However, in doing so, it limits the amount of bonds you can issue in any calendar year to that \$10 million amount.

At the bottom of that document, it has been broken down to what they currently know or anticipate; again, there is that \$10 million cap, of which they are utilizing \$3.14 million. They have heard talk that there is an anticipation that UIA is going to issue some bonds, they have given a total maximum principle amount of \$29.5 million; your percentage allocation of that would equate to roughly \$4 million, which gives the City just over \$7 million of your \$10 million cap that you have utilized, which means you have roughly \$2.8 million in remaining authorization, whether that is to issue tax-exempt leases, if you are going to do your own sewer revenue bonds as bank qualified, or if UTOPIA does a restructuring-which we have heard some talk about- if they were to do a restructuring to the extent in which they increase the par amount of the bonds that they currently have outstanding from the \$185 million, any amount in excess of that would have to be broken down among the different participants and would count against your bank qualification.

By adopting this you still have some room, but are limiting, to a certain amount, as to what type of flexibility there is for this calendar year, for tax exempt. If you needed to postpone any issues, as long as they close January 1 2012, that starts a whole new calendar. There is also some other structures-we can issue bonds as taxable and then have them convert to tax-exempt the following year-there are other ways to work around this. For a General frame work, tax-exempt obligations, you have about \$2.8 million that they are anticipating for the rest of the calendar year.

Ms. Wilson reiterated: \$10 million means tax-exempt, not that they can't do more than that, just that you would be paying a higher rate.

Mr. Matsumori added that on the UTOPIA refinancing, they have spoken with UTOPIA's financial advisor and have taken into account some of their scenarios that they have anticipated and given their current projections, they would anticipate that the \$2.8 million remaining would be sufficient to allow them the flexibility necessary for them to proceed, as far as the city's percentage is concerned; to the extent that they change that financing substantially, you would only have \$2.8 million of which you could authorize for your percentage.

Ms. Dunn made a motion to adopt the Resolution.
Mr. Stam 2nd the motion.

Call vote recorded by Carol Heales.

A Ms. Dunn
A Mr. Dredge
A Mr. Stam
A Mr. Brass
A Mr. Shaver

Motion passed 5-0

F. UNFINISHED BUSINESS

None scheduled

G. MAYOR'S REPORT

Mayor Snarr stated that, regarding Mr. Brass's comment on the RDA extension on the Downtown Central Business District, this is unprecedented, that they would allow us the opportunity to have this increment for an additional 20 years, for making our vision for downtown a reality. He would like to acknowledge the work of Mr. Tingey, Mr. Nakamura, and Mr. Brass for all of their effort; all of them were instrumental in making something that most people said would not happen-happen.

Mayor Snarr said that they are excited-they have already had two people come in and express interest in looking at developmental opportunities downtown, and Mr. Tingey is working with them.

As people are aware, the proposed retirement incentive package has been submitted, and given to the employees; a meeting will be held on Monday morning to answer questions and to get a better indication of those who may wish to take advantage of this opportunity. They will need to let the city know by April 15, 2011, if they are in or out.

We are in the last two weeks of the Legislative Session, and this is the time that a lot of things are, unfortunately, run through and we have Mr. Fountain up there watching things very closely for any legislation that would support the city, or in some cases, not support the city and what we are trying to accomplish, the cost of running our city and who pays for those costs. Mr. Fountain asks that you feel free to contact him at any time if you have any questions.

Mayor Snarr said that he was surprised-last Wednesday morning, when he was attending the Water Quality Board, on which he sits, there were two pieces of proposed legislation that addressed the reasons what they were proposing would not fly, in as much as funding goes, so those did not move forward out of committee. Unbeknownst to him, the Governor appointed

Mayor Snarr to another four-year term on the Division of Water Quality Board of Directors, to which he responded that he will be ending his term officially on December 31, 2013, and that they would need to find someone else to serve the remaining year and two months of the term. He said that it has been a pleasure serving there and he has learned a lot about how important it is to sewer the communities throughout the State of Utah, even if we don't have the money to do it.

To all those who have been involved in putting in an application for a regional performing arts center, Mayor Snarr gives his thanks. We were one of the best prepared communities in doing this, and he would venture to say that we were the only community in this general geographic area that he is aware of; he and Ms. Wells made trips to the surrounding cities, and most of them supported Murray's efforts, recognizing that they did not have the location nor the funding in place to support such a facility. The city has received the support, and the County, at this time, does not have the money to support it, but as the bonds are retired for the Salt Palace Convention Center, they will look at what other opportunities lie ahead, as those monies come available for funding other opportunities for the Zoo, Arts and Parks programs.

H. QUESTIONS OF THE MAYOR

None

ADJOURNMENT