

# Murray City Municipal Council Chambers Murray City, Utah

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**T**he Municipal Council of Murray City, Utah, met on Tuesday, the 17<sup>th</sup> day of October 2006 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:

Krista Dunn,	Council Chair
Pat Griffiths,	Council Member
Robbie Robertson,	Council Member
Jim Brass,	Council Member
Jeff Dredge,	Council Member-Conducted

Other who attended:

Daniel Snarr,	Mayor
Mike Wagstaff,	Deputy for Legislation
Rondi Knowlton Jeffries,	Mayors Office
Frank Nakamura,	City Attorney
Shannon Huff Jacobs,	Council Director
Carol Heales,	City Recorder
Doug Hill,	Public Services Director
Dennis Hamblin.	Planning & Zoning
Ray Christensen	Planning & Zoning
Gil Rodriguez	Fire Chief
Gary Merrill	Power Department
Dan Stireman	Power Department
Blaine Haacke	Power Department

Mr. Dredge Conducted Meeting

**A. OPENING CEREMONIES**

1. Pledge of Allegiance

Tyler Hewitt

2. Approval of Minutes

None

Mr Dredge stated that there is a tradition at Council Meetings that ask the Boy Scouts and their leaders and introduce themselves and what Merit Badges they are working on.

3. Special Recognition(s)

- a. Presentation of Industry Awards to the Murray City Power Department from the Northwest Public Power Association and the Utah Associated Municipal Power Systems (UAMPS).

Staff Presentation: Gary Merrill, General Manager, Power Dept.

Mr. Merrill said it is very important that the Scouts are studying for a Merit Badge for Communications, because tonight they have acknowledgment of communications skills in the Power Department.

Mr. Merrill is not here to present to his department, he is thrilled at bringing the awards to the City Council meeting to share with the Council and the Public. The first award is a result of our System Improvements over the last two years to upgrade our system and the state-wide utility organization which the Power Department (UAMPS) or the Utah Associated Municipal Power Systems, selected Murray for Annual Improvement Award which was presented to us in August. Mr. Merrill wanted to be sure that the Council was aware of this award. This is the fourth time in eight years the Power Department has been acknowledged within that state-wide organization as having an exceptional system improvement program. It is a great honor to receive that at acknowledgment.

The other award which came in in late September, is from the Northwest Power Association. That organization actually spends well beyond the traditional northwest of Oregon, Washington and western Idaho. It includes from Alaska, Montana, to Utah and all in virens in between. The NWPPA sponsors a communications awards program, and Murray City Power has been selected for the 2006 Excellence in Communications 1<sup>st</sup> place for our newsletter.

The Power Department puts out a newsletter about six times a year to communicate with our customers, although these awards are truly department, Mr. Merrill would like to acknowledge Dan Stireman. Mr. Stireman is Energy Services Manager. He is responsible to put together these bill stuffer newsletters. He puts his heart in it and it shows. Out of the western United States we have on of the finest newsletters to

communicate with our customers. Last spring we did a survey and a sampling of our customer “do you read the newsletter?” Typically in any utility 15% ever read the newsletters. Murray City Power had over 50% that read the newsletter some of the time.

Mr. Merrill awarded the award to Dan Stireman.

- B. CITIZEN COMMENTS** (Comments are limited to 3 minutes unless otherwise approved by the Council.)
- C. CONSENT AGENDA**
- None scheduled.
- D. PUBLIC HEARING(S)**

**PUBLIC HEARING #633  
6:40 p.m.  
Consider an Ordinance amending  
the Murray City General Plan  
relating to Residential Dwellings  
in Non-Residential Zoning Districts.**

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

**Consider an Ordinance amending the Murray City General Plan relating to Residential Dwellings in Non-Residential Zoning Districts.**

Staff Presenter: Doug Hill, Public Services Director

Mr. Hill noted in 2003 when the City updated its General Plan, which for those in the audience, it is a document which helps guide the city in future land uses around the city. It helps the city decide where we want grocery stores to go, where they want malls to go, there they want manufacturing facilities to go. When we updated that General Plan in 2003, one of the recommendations of the General Plan was, we try to provide for affordable housing. One way to do that would be to allow housing in all or our zones. So previous to 2003, the only place that you could essentially build housing units would be in zoning districts which allowed that to happen. Single Family Zones, Multi-family zones. You couldn't build housing in places like commercial areas, where shops and stores are. You couldn't build them in industrial and manufacturing area, and you couldn't build in office areas.

In 2003, because of the recommendations and the General Plan, the city went forward with allowing housing in all zones. The city has been operating that way for 3 years. There has been an interesting phenomena as the Council knows and perhaps even the audience, you have seen as a result of that, a lot of changes in the City. You have seen apartment and condominiums complexes going in adjacent to a steel manufacturing facilities. As well you have seen other types of housing development go in, where previously the utilities planned to not accommodate that many units.

As we have reviewed this over the last three years we have gained a lot of experience as to whether or not this move to put housing in all zones was good or bad. Depending on who you ask, some will say it has been great , others will say it hasn't been very good.

Mr. Hill noted what they are proposing tonight which are coming together as two public hearings and they are both related is, we are recommending that you remove housing from commercial zones as a permitted use; remove housing as permitted use in industrial zones; manufacturing zones; and also in office zones. With exception to the Downtown Historic Overlay District, where we want housing in, it is designated as a commercial area, that housing would be allowed in those zones.

This needs to be done in 2 steps, first we need to amend our General Plan by taking that language out that refers to housing being allowed in all zones, that is what this Public Hearing is right now, is to remove that housing in the General Plan language. At 6:50 the Council decide if you want Mr. Hill to make another presentation or if this Public Hearing is good enough. At 6:50 you will hear another Public Hearing and you will then consider an ordinance that takes care of the specific language that removes housing in all zones. Mr. Hill wanted to emphasize for people who think this is a bad thing. We are not taking away the ability of anybody to put housing in the City. All we are doing is taking it away the ability to have it as a permitted use. Anyone who has served on the Planning Commission, something is a permitted use or a conditional use, it is difficult or impossible for the Planning Commission to deny something. They can only put conditions on to address the issues, but they can't say no to housing.

By removing housing from those zones it would require if someone wanted to housing in a certain area of the city, for example a commercial zone, it would require them to come forward them with a re-zone request. It is a little bit more cumbersome, and takes an extra month to do that. If someone wanted to build a multi-family complex in a commercial area on State Street, in the current process which they have, they would be allowed to do that. If you approve the ordinance tonight it would not be automatic, but would require them to come before the City Council, there would be a public hearing, they would allow the public to make

comments to that affect and would allow the Council then either approve or deny the re-zone request. A re-zone request is easier to deny than is a conditional use permit.

This item was presented to the Planning Commission and comes with a positive recommendation with a 6-0 vote.

Mr. Nakamura, City Attorney, needed to clarify the ordinance which was reviewed by the Planning Commission, the proposal did not include single-family dwellings. That was not excluded, but all the other housing was.

Mr. Hill noted the purpose for amending the General Plan is only to eliminate chart. The specific language in the ordinance is deal specifically with the ordinance.

Mr. Dredge noted one of his concerns with going back to the re-zone route, often those who are opposed beat the bandwagon quite loudly about this being a spot zone. Secondly, some of these infield projects have been good for an area. If it goes to a re-zone, where it has been considered, we considered what has been proposed for area and whether or not it would addition. Are we being premature on doing this with this discussion a zone for mixed use, rather than eliminating it, would it be better to create or wait and move to new zones that we are going to create.

Ms. Dunn noted we don't have any zones hardly anymore for anything that is multi-family. By removing this now, we have really until the new zones are created, we have no place for multi-family to go, because everything that is multi-family is full of multi-family.

Mr. Hill noted those are great questions, and you have to ask yourself, whether or not you feel like there is a risk I waiting. Obviously there is not a problem with waiting, but by waiting you allow additional housing , high density housing projects, multi-family projects, to continue to develop anywhere in the city. As you know multi-family house does benefit certain challenges and those challenges it does costs the city additional monies to provide services to those areas, over single family, or commercial areas in the city. Those types of projects create additional challenges for infrastructure in the city because they require bigger sewer and water lines, where the city had not planned for, and as a result will cost the city more to put that infrastructure in. Finally you take the risk of taking aware your sales tax base, even property base. Foe example - If someone presented a project to the Planning Commission to put in a multi-family project along state street along State Street in one of vacant store areas, then you potentially lose a lot of revenue through the away of sales tax.

1. Mr. Hill asked the Council do you want unlimited development for multi-housing in the city. Or do you want it to go through a Public Hearing process.
2. If you wait there is a risk for unfavorable development. We are not prepared right now to allow another multi-family housing and allow the variance of the city.

Ms. Dunn noted we need to move fast with our other zones so that we are not essentially discriminating against the developers that want to come in and put in Multi-Family Housing.

Mr. Brass noted they can come in and to up the a RM-25, you would a least understand you would have 25 units per acre in that area. He does like the idea if we can sit back and go “does this fit here, do we have the resources for it, do we have the roads, the infrastructure.” He likes to have a little bit of a breather.

Ms. Griffiths noted that Mr. Hill’s proposal gives us another layer of protection. It is very important for us to very fast on this to refine this mixed use zone and to address the problems that we discussed in the previous meeting

Mayor Snarr pointed out the we are trying to take some of these areas which are really challenged, the more he thought about it, this allows us to go back to the Council and that gives him a level of comfort.

Mr. Brass and Mr. Dredge went through this on Planning and Zoning they approved several projects that we knew couldn’t be built because we didn’t have the sewer lines there. They sat for 3 years in some cases, and some were never built. This gives us the venue to analyze it and say “we don’t have the capacity here and not give them the facts so they couldn’t go ahead and build.”

## **PUBLIC COMMENT**

## **PUBLIC HEARING CLOSED**

- b. Council consideration of the above matter to follow Public Hearing.

Ms. Griffiths made a motion to approve the Ordinance amending the Murray City General Plan relating to Residential Dwellings in Non-Residential Zoning Districts.

Ms. Dunn 2<sup>nd</sup> the motion.

Call Vote recorded by Ms. Heales

**AYE/NAY**

  A   Mr. Robertson  
  A   Mr. Brass  
  A   Ms. Griffiths  
  A   Ms. Dunn  
  A   Mr. Dredge

Motion passed 5-0

2. Approximately 6:50 p.m.
  - a. Staff and sponsor presentations, public comment and discussion prior to Council action on the following matter:

Consider an Ordinance amending Sections 17.124.020, 17.124.030, 17.128.020, 17.128.030, 17.132.020, 17.132.030, 17.136.020, 17.136.030, and 17.145.060 of the Murray City Municipal Code relating to Residential Uses in the Commercial Neighborhood District, Commercial Development District, Manufacturing General District, General Office District, and the Downtown Historic Overlay District.
  - b. Council consideration of the above matter to follow Public Hearing.

**PUBLIC COMMENT**

None

**PUBLIC HEARING CLOSED**

Mr. Brass noted his feeling was if we are going to do residential uses, we should do all residential uses. Just for consistency, not that he has a problem building homes in industrial areas, but others might. For consistency I suggest we take that one out too.

Ms. Dunn noted it probably would not happen very often, but the PUD's that they have seen over time, she thinks it very well could happen.

Mr. Hill noted for clarification, under the current language of the ordinance amendment, it separates single-family detached as well as attached. By removing all the single family single-family detached and single-family attached, then you will be preventing from an onsite residential residential manager from living in that zone. Mr. Hamblin has talked to him about the proposal and you might consider leaving attached units in, because that would allow someone to live, for example their may be a storage unit that has an on-site manager, and that would allow that to continue.

Mr. Brass made a motion to adopt the ordinance amending Consider an Ordinance amending Sections 17.124.020, 17.124.030, 17.128.020, 17.128.030, 17.132.020, 17.132.030, 17.136.020, 17.136.030, and 17.145.060 of the Murray City Municipal Code relating to Residential Uses in the Commercial Neighborhood District, Commercial Development District, Manufacturing General District, General Office District, and the Downtown Historic Overlay District.

Ms. Dunn

Call Vote recorded by Ms. Heales

**AYE/NAY**

  A   Mr. Robertson  
  A   Mr. Brass  
  A   Ms. Griffiths  
  A   Ms. Dunn  
  A   Mr. Dredge

Motion passed 5-0

**E     UNFINISHED BUSINESS**

1.     None scheduled.

**F.    NEW BUSINESS**

1.     Consider an Ordinance amending Section 15.20.630 of the Murray City Municipal Code relating to the Electric Service Schedule 30 - Supply Cost Adjustment (SCA).

Staff Presentor:       Blaine Haacke, Assistant General Manager

Mr. Haacke noted would like to talk about the SCA rate in review, historically what is happened in the last few years and some



recommendations we have to tighten up or to verify the rate. Our hope is that we can give you a review of what SCA is. Mr. Haacke and Mr. Stireman have become very familiar with rate for the past few years. We were involved with it when Black & Vetch Consulting came out a few years ago and helped us to write this rate and we are involved with the calculations each month.

The SCA began inception in January of 2005 to protect the city from any extraordinary costs that might come our way. These could come in any way. An example, the high cost of natural gas or a power plan going down somewhere down in the west, which would cost an extraordinary resource to the city. Not to only Murray City but other cities throughout the United States, as we found out at the turn of the century in 2000, when we had so many utilities suddenly hit the spot market.

Bench Mark for this resource cost for 4 cents on the Kwh on the average. No when ever a monthly resource cost exceeded 4 cents here was a bench mark, then the SCA was initiated. There was a line item consumer citizen utility bill. This has happened five times in the 2 years, and Murray Power has collected around \$500,000 from our citizens. This is because of extraordinary costs we had to our monthly resource costs.

When coal costs went up and natural gas prices went up it effected us. During the fall of '05, when the Hunter Power Plant went down, and we had to go buy some power from another expensive resource, but we also had to pay for the cost of the Hunter Power re-built. In the summer we had some high costs in the spot market.

Mr. Haacke noted the original intent of the ordinance has not changed at all. We are not proposing any radical changes, just shop keeping and clarifying. The methodically and key components which we originally had in the SCA two years ago remain the same:

1. SCA remain capped at .005/Kwh
2. The total recovery for SCA for fiscal shall not exceed 2% of the Power Department total budgeted.
3. The minimum recoverable in any given month shall be \$50,000
4. If initiate six months in a row we will come back to the Council and you can review the SCA.

These key components remain the same:

1. Terminate Sunset Clause
2. Clarification
3. More readable

Mr. Haacke met with the Power Advisory Board in September and approached them with the same information that is before the Council. They passed it unanimously.

Mr. Haacke would like to present this Electric Service Schedule 30 to the Council for your recommendation.

Mr. Brass noted he read the ordinance a lot, he believes in the SCA. If we have to go out on the Spot Power Market and there are times when you can't avoid it, in the summer when it gets very hot, we can't plan ahead to enough electrical resources to hit that peak. Wherever that peak is you have to have the power there or you start shutting circuits off and you have to go out on the open market, you can be buying power at \$400 Kwh. It works out that the citizens paying 8 ½ cents. You can see where the Power Department is losing money.

Quite a few ago quite a few utilities were literally losing millions of dollars a month because they keep up with the difference of power. This allows us to adjust to that, for that short period of time, without raising your rates permanently. It is a good thing and Mr. Brass does not want it to expire.

She believes the SCA Ordinance is difficult to read. She believes in the SCA but she thinks we can do a better job os explaining this.

Mr. Brass noted maybe a better way to simplified this.

Mr. Haacke answered, they had Black & Vetch come in and helped write it.

Mr. Nakamura noted that it needs to be clear to have obligation to make more understandable.

Mr. Merrill noted the ordinance the way it is lease many gray areas. What Mr. Haacke and Mr. Stireman have tried to do is shore up and tighten up those particular pieces of this calculation so we aren't inadvertently misinterpreting the intend of the ordinance.

Mr. Merrill noted the issue of core costs, is one in which we recognize in many of our bills there are costs that aren't driving the costs up. We didn't what to add in all of our costs, get to the core costs. This formula strips out costs to the benefit of the customer. Everything that they have done to make this formula match how we administered the program has been to reduce the impact of the SCA on the customer. It is very complex but the more simple you make it, the more expensive it will be, it will be broader based. We are proudly unique in the United States of calculating once a month to calculate this, and it takes a surgical definition of what we are doing.

Ms. Dunn wanted to know if you could just write a paragraph of this is what it does in great detail.

Mr. Nakamura noted the Council has to understand the Ordinance.

Mr. Dredge noted this is a difficult process and he would rather sacrifice maybe the general public understandability or defensability. Because if this is ever called into question, we are going to have experts looking at this and hope we dotted our I's and crossed out T's. Mr. Dredge noted we should have a single paragraph of what is going on.

Mr. Brass noted this was beyond difficult.

Mr. Merrill noted they are not wanting to change it so completely that you thought we were re-writing the formula. It is a catch 22, that we tried to retain all the key components but get away from the gray areas and in so doing it's not understandable unless you work with it day in and day out. On the other hand, we can take it back and you know that aren't trying to change it.

Mr. Nakamura noted they would need an Intent Statement.

Mr. Brass noted we get our Power from a variety of places at different prices, even at different times of the year, which adds the complexity when you blend in all the different costs.

Ms. Griffiths concurs with Mr. Dredge, and she has a trust level and meets the meets the intent and is defendable.

Mr. Brass noted change zero date and June - August.

Mr. Brass made a motion to postpone.

Mr. Robertson 2<sup>nd</sup> the motion

Call Vote recorded by Ms. Heales

**AYE/NAY**

  A   Mr. Robertson  
  A   Mr. Brass  
  A   Ms. Griffiths  
  A   Ms. Dunn  
  A   Mr. Dredge

Motion passed 5-0

**G.    MAYOR**

1.     Report

Mayor Snarr noted they finished the overlay on 3<sup>rd</sup> West. The Mayor's Office is working on a Grand Opening, they will be in touch.

2.     Questions of the Mayor

**H.    ADJOURNMENT**

Recorded by Carol Heales