

MINUTES
EAGLE MOUNTAIN CITY COUNCIL MEETING

March 19, 2013

Work Session 4:00 p.m. Policy Session 7:00 p.m.

Eagle Mountain City Council Chambers, 1650 East Stagecoach Run, Eagle Mountain, Utah 84005

4:00 P.M. WORK SESSION – CITY COUNCIL CHAMBERS

ELECTED OFFICIALS PRESENT: Donna Burnham, Ryan Ireland, John Painter, Nathan Ochsenhirt and Richard Steinkopf.

CITY STAFF PRESENT: Ifo Pili, City Administrator; Jason Walker, Asst. City Administrator; Jeremy Cook, City Attorney; Fionnuala Kofoed, City Recorder; Melanie Lahman, Deputy Recorder; Paul Jerome, Finance Director; Rand Andrus, Fire Chief; Steve Mumford, Planning Director; Kent Partridge, Building Official; Linda Peterson, Public Information Director; Adam Ferre, Energy Director; Eric McDowell, Sheriff's Deputy.

Mayor Jackson called the meeting to order at 4:08 p.m.

1. **PRESENTATION – Gas and Electric Rate Study, Sawvel & Associates.**

Don Gruenemeyer, President of Sawvel & Associates, introduced Sawvel. They work primarily for municipalities that provide utilities to their residents. They provide planning for the financial and business areas of utility systems, rather than the physical design of the facilities. Kevin Maynard explained the rate study. The impetus for the study was the 2011 Gas and Electric Utility Bond. Fitch did a rating for the City and found that the City's rates were slightly higher than the average charged by Rocky Mountain Power, Questar and other local municipal utility systems. The power the City buys from the Horse Butte project also costs more than other utility supplies.

The purpose of the study was to prepare electric and natural gas cost of service analyses and develop fair and equitable rates. The study began by evaluating revenue requirements, then preparing cost of service analysis models to determine what costs the City incurs for each class of users. The existing rate structure was reviewed. Sawvel then recommended rate adjustments based on the cost of service analyses.

In the electrical power area, purchase of power is the City's biggest expense, followed by personnel, then operation and maintenance, followed by debt service. The City's current electric rates are about \$195,000 short of covering the costs they're designed to cover. The water and wastewater rates are about \$155,000 short of what they should be contributing to electrical costs. About 178 customers are on the utility abatement program, which further reduces revenues. The shortfall is inconsistent with the requirements of the bond covenants, which require the City to have enough income to cover 125% of its annual costs.

The cost of service analysis showed that the City's rate structure has too few rate classes. Non-demand accounts should be separated from demand accounts. Accounts should be separated by load factors, or how much energy a customer uses per unit of demand. Large power accounts should be a separate class.

Mr. Maynard gave examples of the City's current rates compared to what would actually recover the cost of service. He also gave a comparison of the City's rates to Rocky Mountain Power's winter and summer rates.

Mr. Maynard went through a similar analysis for natural gas rates and costs.

The City doesn't charge electrical and natural gas supply riders, which cover variations in supply costs and are an industry standard. Riders keep utility rates stable, while ensuring that costs are covered. They should be reviewed every six months.

Sawvel recommended that the City adjust its utility rates, implement riders, charge customers like rates for like service, install or read demand meters where appropriate, and consider longer-range arrangements for power and natural gas supplies.

Councilmember Ireland asked whether Eagle Mountain should have summer and winter rates. Mr. Maynard said that with the current agreement with UMPA, there isn't much variation in power costs during the year. Natural gas prices have been less volatile over the last couple of years, so a rider would be enough to manage costs. Councilmember Ireland asked if the City should charge itself a rate similar to the rate charged to commercial users. Mr. Maynard said that according to the bond covenant they should, depending on whether particular departments are large or small power users.

At the moment, the electrical rates bring in about \$195,000 per year below costs. Gas revenues are about \$1 million above costs. Assistant City Administrator Jason Walker pointed out that rates haven't been analyzed since about 2008. At the time, the rates were appropriate.

Councilmember Ochsenhirt suggested that, before the City implements new utility rates, a town hall meeting be held to help residents understand the process. Mr. Pili said that when the changes are implemented, there will be a net decrease in the amount paid by users.

2. TRAINING – Development Review.
3. AGENDA REVIEW – The City Council reviewed items on the Consent Agenda and Policy Session Agenda.

SilverLake Plat 8

Councilmember Painter asked about condition #14, developer compliance with redlines. Mayor Jackson explained that redlines are corrections to the original plat to put it into compliance with City standards.

Mr. Mumford discussed the park standards for the development.

Councilmember Steinkopf asked how the lots would be adjusted to accommodate the major easements that run through the property. Mr. Mumford responded that the builder will site the homes so that they fit onto the buildable area of the affected lots.

Councilmembers felt that lot 834 should be removed from the plan, as it has the largest area affected by an easement. They felt that other lots should be adjusted to lessen the easement impact.

There was discussion about the possibility that future residents might build fences or other structures on easements, not knowing they exist or that building on the easement is prohibited. The City might have to tear down the fences or structures to do utility work.

Pipeline Bid Award

This project will extend a high-pressure natural gas pipeline from the Holiday Oil gas station to SR 73. Planned building north of SR 73 will exceed the current system capacity. The line will be funded by a gas and electric bond and is expected to pay for itself through usage contracted with the asphalt plant. Mr. Ferre stated that the line has been in the gas modeling plan for seven years.

The City's outside engineering firm recommended awarding the bid to Tempest Enterprises.

Councilmember Burnham pointed out that the staff report says the line is being built in response to the building of the asphalt plant. Mr. Pili explained that, while the line is not being built solely for the plant, it is the impetus for building the line now.

Councilmember Ireland asked what the consequences would be if the line were held off until the asphalt contract is approved. Mr. Pili said the bond isn't dependent on the asphalt plant, but the City is required to show which projects will be funded by the bond. Mr. Ferre said the project would have to be re-bid, which would delay it by two months.

Councilmember Ireland asked about the price of steel, which varies among bidders. Mr. Ferre said all the bidders get the same pipe, but they assign their profit to different, specific items in their bids.

Councilmember Ochsenhirt said the price of pipe is going up on April 1. He wanted to know if that would require change orders after the bid is approved. Mr. Ferre replied that the bidders know about the price increase and it won't affect the bids. This is such a big project that there are variables that might cause change orders, but there won't be any change orders due to the cost of pipe.

4. CITY ADMINISTRATOR INFORMATION ITEMS – This is an opportunity for the City Administrator to provide information to the City Council. These items are for information and do not require action by the City Council.

None.

5. ADJOURN TO A CLOSED EXECUTIVE SESSION – The City Council adjourned into a Closed Executive Session for the purpose of discussing reasonably imminent litigation and the purchase, lease or exchange of real property pursuant to Section 52-4-205(1) of the Utah Code, Annotated.

MOTION: *Councilmember Burnham moved to adjourn into a Closed Executive Session for the purpose of discussing reasonably imminent litigation and the purchase, lease or exchange of real property, pursuant to Section 52-4-205(1) of the Utah Code, Annotated. Councilmember Ochsenhirt seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, John Painter, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.*

The meeting was adjourned at 6:24 p.m.

POLICY SESSION – CITY COUNCIL CHAMBERS

ELECTED OFFICIALS PRESENT: Donna Burnham, Ryan Ireland, John Painter, Nathan Ochsenhirt and Richard Steinkopf.

CITY STAFF PRESENT: Ifo Pili, City Administrator; Jason Walker, Asst. City Administrator; Jeremy Cook, City Attorney; Fionnuala Kofoed, City Recorder; Melanie Lahman, Deputy Recorder; Paul Jerome, Finance Director; Rand Andrus, Fire Chief; Steve Mumford, Planning Director; Kent Partridge, Building Official; Linda Peterson, Public Information Director; Adam Ferre, Energy Director; Eric McDowell, Sheriff's Deputy.

6. CALL TO ORDER

Mayor Jackson called the meeting to order at 7:07 p.m.

7. PLEDGE OF ALLEGIANCE

Nathan Ochsenhirt led the Pledge of Allegiance.

8. INFORMATION ITEMS/UPCOMING EVENTS

A. Gas and Electric Rate Study, Sawvel & Associates

Minutes of a detailed presentation are found in the Work Session portion of this document. The presentation in Policy Session was a condensed version.

B. Burn Permits

Chief Andrus explained that the Utah Department of Air Quality has restricted burn permits. Permit applications will have to be submitted to DAQ, rather than to Unified Fire Authority. After reviewing an application, DAQ will issue a permit number to UFA. UFA will inspect the site and issue the permit. Residential burn permits will not be approved unless they're for a one-acre lot or larger. Permits will be issued from March 30 to May 30, with another burn period in the fall. The fee will be \$25 per burn. Chief Andrus recommended that residents use the April cleanup dumpsters as an alternative to burning. The regulations are spurred by the area's poor air quality. If the air quality doesn't improve, DAQ may eliminate burn permits entirely. Cooking fires, small campfires and indoor fireplaces are not regulated by the new rules.

- **Seniors' Easter Party** – The Seniors (ages 55+) will hold an Easter Party in the City Council Chambers on Monday, March 25 at 5:00 p.m. Admission is free.
- **Easter Egg Hunt** – Saturday, March 30 at 10:30 a.m. SHARP, Nolan Park. Admission is free. Plan on coming a little early to park and get set. There will be separate hunts for ages 3-4, 5-8, and 9-12. Eggs, games, candy, prizes and more! Participants need to bring their own baskets.
- **Spring Clean-Up Dumpsters** – From April 2-23 dumpsters will be available at the Public Works Building, 2545 N. Pony Express Parkway, for residents to use for yard waste and larger trash items. The dumpsters are located in front of the wastewater treatment facility. The dumpsters will be emptied as soon as possible once they are full. Please do not leave any items outside of the dumpsters. No hazardous materials, tires, or appliances may be put in the dumpsters.

- **Spring Street Fair** – The Eagle Mountain Spring Street Fair is coming up! It will be held on April 20 from 12:00-4:00 p.m. along Peregrine Road behind the Chevron station. The fair is open to all licensed businesses in Eagle Mountain. Register on the City website.

9. PUBLIC COMMENTS – Time has been set aside for the public to express their ideas, concerns and comments.

Justin Loera, 7487 Addison Ave., addressed a previous comment he had made last month about amending City Council meetings. He asked when that will be discussed. He mentioned that the rate study presentation was very informative. Mayor Jackson said they were still working on potential changes to the Public Comment section of the meeting.

Marianne Smith, 6104 Lake Mountain Road, asked about the intersection of Lake Mountain Road and Pony Express Parkway. Right now it has no signage or streetlight. She would also like to see the airport activated. Energy Director Adam Ferre responded to the question regarding a streetlight stating that it would cost about \$39,000 because the line in that area is a high-voltage line, so he's waiting for a quote on a solar light.

10. CITY COUNCIL/MAYOR'S ITEMS – Time has been set aside for the City Council and Mayor to make comments.

Councilmember Painter

No comment.

Councilmember Ochsenhirt

No comment.

Councilmember Ireland

Councilmember Ireland asked if there will be a meeting on April 2, which is during Spring Break. Mayor Jackson said the plans for Ridley's Market will be ready for discussion on that date and she didn't want to delay that item.

Councilmember Painter left to take care of a family emergency.

Councilmember Burnham

Councilmember Burnham appreciated the more positive tone people are taking in commenting to her about City business.

Councilmember Steinkopf

Councilmember Steinkopf said the Daily Herald's Best in the Valley contest is running. It's an opportunity for people to vote for Eagle Mountain events, amenities and businesses. It amounts to free advertising and he encouraged everyone to vote.

Mayor Jackson

No comment.

11. APPOINTMENT

- A. Justin Loera, Economic Development Board

MOTION: *Councilmember Ochsenhirt moved to appoint Justin Loera to the Economic Development Board to complete a term ending December 31, 2014. Councilmember Steinkopf seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.*

City Recorder Fionnuala Kofoed administered the oath of office to Mr. Loera.

CONSENT AGENDA

12. MINUTES

A. March 5, 2013 – Regular City Council Meeting

13. FINAL PLAT

A. SilverLake, Plat 8

MOTION: *Councilmember Ireland moved to approve the Consent Agenda, removing item 13 and discussing it as a scheduled item. Councilmember Burnham seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.*

SCHEDULED ITEMS

SilverLake Plat 8

SilverLake Plat 8 has several lots impacted by a utility easement. The Council was concerned about lots which will be affected by a large utility easement across the property.

Councilmember Ochsenhirt wanted to prevent residents from building on property within the easements by adjusting the lot lines. He didn't want the City to be responsible for replacing any structure built in the easements if utility work needs to be done there.

City Attorney Jeremy Cook read a section of the easement that specified that no structure is to be built in the easement, and the City has no liability for any reconstruction of a structure that needs to be removed.

Councilmember Ireland pointed out that the issue will remain through the life of the lot, and future property owners may not be aware of the easement or the restriction against building on it. He was concerned about lots 809, 826, 821, 834, 835 and 841.

Tony Trane, representing the developer, said the developer has adjusted the lot lines to accommodate the easement, as recommended by the Planning Commission.

Mayor Jackson suggested that the item be tabled so that the developer can redraw the plat to show changes they're making to comply with the Planning Commission's conditions of approval. Mr. Trane said that the delay would be disastrous for his business.

Councilmember Ochsenhirt asked City Attorney Jeremy Cook if the project could be approved conditionally, pending the changes the developer plans to make to the plat. Mr. Cook said the plat could be approved subject to specific revisions on the plat. However, if staff doesn't implement

the revisions as the Council wants, the plat will be recorded according to the staff's decision. The plat can't be brought back to the Council once it's been approved.

MOTION: *Councilmember Ireland moved to table SilverLake Plat 8. Councilmember Ochsenhirt seconded the motion.*

Grant Gifford, one of the developers of the project, said they have buyers for these lots. Some of his competitors already have finished lots, which some of his buyers will go to if his project is delayed. He said his group is prepared to comply with any conditions to keep the project from being tabled.

Mr. Cook stated that any sewer work on the road will have a huge impact on adjacent lots.

Those voting aye: Ryan Ireland. Those voting no: Donna Burnham, Nathan Ochsenhirt and Richard Steinkopf. The motion failed with a vote of 1:3.

MOTION: *Councilmember Ochsenhirt moved to approve the final plat of SilverLake Plat 8 subject to the conditions in the staff report, as well as the reduction of lots 821, 826, 835, 834 and 841, to reduce the lot sizes to include not more than five feet within the easement; and the southward adjustment of the lots on the west side of what is now Cassidy Way to the south, as discussed; the north side of Red River Road to be adjusted to the west as much as possible; and the corner of lot 808 to be cut and put into 809; all adjustments to be approved by the Planning Director. Councilmember Burnham seconded the motion.*

Mr. Cook reiterated that once the Council passes this motion, the plat is approved no matter how well or poorly the listed conditions are met.

Those voting aye: Donna Burnham, Nathan Ochsenhirt and Richard Steinkopf. Those voting no: Ryan Ireland. The motion passed with a vote of 3:1.

14. RESOLUTION – Consideration and Adoption of a Resolution of Eagle Mountain City, Utah, Approving the Clearview Master Development Agreement.

This item was presented by Planning Director Steve Mumford. The Clearview Estates Master Development Plan was approved by the City Council on September 18, 2012. The master development agreement specifically itemizes all of the obligations of both the City and developer, and finalizes the zoning by resolution.

This item was removed from the agenda at the request of the applicant.

15. BID AWARD – Consideration and Award of Bid for the Construction of a Steel Natural Gas Pipeline.

This item was presented by Energy Director Adam Ferre. The asphalt plant will require more natural gas than can be supplied with the current infrastructure. It is therefore necessary to extend the existing steel pipeline approximately 10,000 feet to SR 73 from where it currently ends at the Holiday Oil gas station. The line has been in the City's gas model since 2006.

MOTION: *Councilmember Ochsenhirt moved to approve an award of bid to Tempest Enterprises for construction of a 6" steel natural gas pipeline in the amount of \$934,574 and authorize the Mayor to sign the contract. Councilmember Steinkopf seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.*

16. CITY COUNCIL/MAYOR'S BUSINESS – This time is set aside for the City Council's and Mayor's comments on City business.

Councilmember Ireland
No comment.

Councilmember Burnham
No comment.

Councilmember Ochsenhirt
Councilmember Ochsenhirt thanked everyone for the spirited debate tonight. He felt they made good decisions. He hoped that those who watch the recording and read the minutes will understand that the gas line isn't being built for a particular company, but has been planned for years. He appreciated the staff for all their hard work and those who spoke in the last meeting for their kind comments.

Councilmember Steinkopf
Councilmember Steinkopf reminded everyone to vote in the Daily Herald's Best of Utah Valley contest to get some free publicity for the City.

Mayor Jackson
No comment.

17. CITY COUNCIL BOARD LIAISON REPORTS – This time is set aside for Councilmembers to report on the boards they are assigned to as liaisons to the City Council.

Councilmember Ochsenhirt said the Economic Development Board will meet tomorrow night with the addition of its new member, Justin Loera.

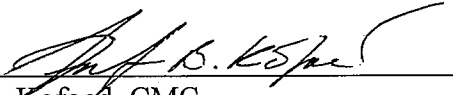
Councilmember Steinkopf said the Parks and Recreation Board is working on the Adopt-A-Park program.

18. COMMUNICATION ITEMS
A. Upcoming Agenda Items
B. Financial Report

19. ADJOURNMENT

MOTION: *Councilmember Ochsenhirt moved to adjourn the meeting at 8:47 p.m. Councilmember Ireland seconded the motion. Those voting aye: Donna Burnham, Ryan Ireland, Nathan Ochsenhirt and Richard Steinkopf. The motion passed with a unanimous vote.*

APPROVED BY THE CITY COUNCIL ON APRIL 2, 2013.



Fionnuala B. Kofoed, CMC
City Recorder