

**MINUTES OF SPECIAL MORGAN
CITY COUNCIL ELECTRONIC
MEETING**

AUGUST 11, 2020; 6:31 P.M.

**MAYOR AND COUNCILMEMBERS
PRESENT ELECTRONICALLY:**

**Mayor Ray W. Little, Tony London, Jeff Wardell,
Eric Turner, Jeffery Richins, and Dave Alexander**

**STAFF PRESENT
ELECTRONICALLY:**

**Ty Bailey, City Manager; Gary Crane, City
Attorney; and Denise Woods**

This meeting was held electronically in accordance with Executive Order 2020-1; Suspending the Enforcement of the Provisions of Utah Code 52-4-202 and 52-4-207 by Governor Gary Herbert on March 18, 2020, due to Infections Disease, Coronavirus (COVID-19).

This meeting was called to order by Mayor Ray W. Little.

MINUTES AND WARRANTS

MOTION: Councilmember London moved to approve the following:
Minutes of the City Council Meeting – July 14, 2020
Warrants

SECOND: Councilmember Alexander

The vote was unanimous to approve the minutes as written and one set of warrants.

ACTIVE AGENDA

CITIZEN COMMENTS

Mayor asked if any requests to make comments had been received. Denise Woods, City Recorder, stated no requests had been received to join the electronic meeting to make comments.

RECONSIDERATION OF RESOLUTION 20-23 – CULINARY WATER LINE NON-EXCLUSIVE EASEMENT AGREEMENT BETWEEN MORGAN HOTEL, LLC, C STREET, LLC, AND MORGAN CITY

Mayor explained at the last meeting on July 14, 2020, there was a discussion regarding the Culinary Water Line Non-Exclusive Easement Agreement and a change was recommended and approved by Council. The change was to allow future laterals. The parties of the Agreement were agreeable to the recommendation, but they made changes to the Agreement after it had been approved by the Council by adding the word 'lateral' throughout the Agreement. No other changes had been made to the Agreement. He explained the action by the Council tonight would rescind the Resolution adopted on July 14, 2020 and a new motion on the Resolution and Agreement in the packet would be made. He stated it was appropriate to rescind an action taken on an item at a previous meeting if someone who was present and voted in favor of the item made the motion during this meeting where the minutes of the July 14th meeting were being approved.

MOTION: Councilmember London moved to reconsider Resolution 20-23 regarding the Culinary Water Line Non-Exclusive Easement Agreement between Morgan Hotel, LLC, C Street, LLC, and Morgan City Corporation.

SECOND: Councilmember Alexander

Mayor said if the motion to reconsider Resolution 20-23 passed it would nullify the prior motion on July 14, 2020 and the Council could discuss and vote on the item again.

ROLL CALL VOTE: Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye
Dave Alexander - aye

Vote was 5 ayes; The vote was unanimous to reconsider Resolution 20-23 regarding the Culinary Water Line Non-Exclusive Easement Agreement between Morgan Hotel, LLC, C Street, LLC, and Morgan City Corporation.

Councilmember Alexander asked if by inserting the word ‘lateral’ were they restricting the City to just that function.

Mayor clarified it was not a restriction but an addition. He said in the prior agreement laterals were not allowed.

Gary Crane, City Attorney, explained the places where it was added were specific places where they restricted the City from putting laterals in. At the last meeting the issue was raised regarding placing a lateral for an older business on Commercial Street and this amendment to the Agreement would allow it.

Ty Bailey, City Manager, clarified they agreed with the laterals and requested the City give them notice before any lateral was installed.

MOTION: Councilmember London moved to adopt Resolution 20-23 – A resolution adopting and approving the Culinary Water Line Non-Exclusive Easement Agreement between Morgan Hotel, LLC, C Street, LLC, and Morgan City.

SECOND: Councilmember Turner

Discussion on the Motion: None

ROLL CALL VOTE: Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye
Dave Alexander - aye

Vote was 5 ayes; Motion passed unanimously to adopt Resolution 20-23 – A resolution adopting and approving the Culinary Water Line Non-Exclusive Easement Agreement between Morgan Hotel, LLC, C Street, LLC, and Morgan City.

2021 WILDLAND FIRE PARTICIPATION COMMITMENT BETWEEN UTAH DIVISION OF FORESTRY, FIRE AND STATE LANDS AND MORGAN CITY

Councilmember Turner explained the 2021 Wildland Fire Participation Commitment between Utah Division of Forestry, Fire and State Lands and Morgan City. He said through this Agreement the City conducted educational workshops regarding the prevention of wildland fires and also did work around the City to mitigate problem areas which could act as fuel for a fire. If the City did their part under this Agreement, the State would step in if there were a fire and cover the costs. Last year a lot of work was done at Robinson Springs for fire mitigation and because of the amount expended the City was able to use the project again this year to meet the City's obligation under the Agreement.

Councilmember Alexander asked if there was a minimum amount the City had to meet each year.

Councilmember Turner said the amount was \$1,299.00.

Mayor clarified the City's participation in the agreement could be work in-kind, i.e. clean up brush, educational workshops, anything of value to prevent wildfires from happening.

MOTION: Councilmember Turner moved to approve the 2021 Wildland Fire Participation Commitment Between Utah Division of Forestry, Fire and State Lands and Morgan City.

SECOND: Councilmember Richins

Discussion on the Motion: None

ROLL CALL VOTE: Jeffery Richins – aye
Jeff Wardell – aye
Tony London – aye
Eric Turner – aye
Dave Alexander - aye

Vote was 5 ayes; Motion passed unanimously to approve the 2021 Wildland Fire Participation Commitment Between Utah Division of Forestry, Fire and State Lands and Morgan City.

DISCUSSION – CARBON FREE POWER PROJECT - UAMPS

Mayor clarified this item was for discussion only and a decision would need to be made in the next couple of weeks.

Ty explained Morgan City was part of the Carbon Free Power Project which was a small nuclear reactor plant in Idaho at the International Laboratory (INL). The Project was structured with several off-ramps and was outlined to be approved in steps. At each off-ramp, the City could decide whether to leave the project, stay the same, or increase the City's entitlement shares if we wanted more power out of the project when it was completed. The City would be approving another budget and plan of finance. Ty said Phase 1 was originally scheduled to be completed by this date, but the deadline had been extended again. He said UAMPS wanted to de-risk the Project as much as possible. The agreement with the Department of Energy (DOE) had been renegotiated. The jump module was discussed where the DOE would build two of the reactors and use one for research and the other for power. The DOE would then give one reactor back to the members and it would provide cheaper power since the members wouldn't have to pay the capital costs on those two reactors. The DOE decided not to own and operate a reactor inside of a larger project and instead they increased the dollar amount they were willing to put towards

this Project. DOE was in negotiation with UAMPS to get the agreement signed and DOE's new commitment to the project was \$1.4 Billion, which helped with the development of the new technology. A small nuclear reactor was new technology and DOE was interested because it could be a way to balance the energy need of the nation into the future.

Ty said the next budget plan of finance would take us to the end of Phase 1 which was 2023. If the Project failed at the end of Phase 1 the City would pay approximately \$130,826.00. If the Project continued there wouldn't be any cost obligation because it would be rolled into the Project moving forward. If the Project moved into Phase 2 it meant the licensing, permitting, approvals had been received, and agreements were in place and the Project was hitting the price targets. He said the economic competitive tests had been completed, but no bidding or cost amounts had come in. The Project Management Committee (PMC) at UAMPS, which Ty was a member of, would decide whether they were comfortable with the Project moving forward or not. The City Council's roll was to determine whether they were comfortable remaining in the Project, and to decrease or increase the amount the City received. The City's current level of commitment was the exact amount of power the City would need to replace the coal plants which were in the City's portfolio. He said the City didn't have a replacement for base load. He explained the wind and solar options for additional power were very volatile. He recommended staying in the Project because it was low risk for potentially over 1 megawatt of power on the back end at \$0.055. He said it was a very complicated Project but INL had the zoning and everything in place.

He stated the City's commitment was being in the Project, but the decision making was from the PMC and most of the votes came from those entities who had the majority of the subscriptions. The PMC was willing to extend Phase 1, but it was contingent upon the agreement with the DOE and making sure licensing happened.

Discussion regarding the current obligation of the City. At the end of September, the total Project deficit would be \$4,787,101 and Morgan City's portion was 0.6563%, or \$31,418.00. If the City dropped out of the Project, they would have 12 months to coordinate payment of that amount to the remaining members who stayed in the Project. To date the City had paid \$14,693.00 into the Project. The City's portion of the debt was \$31,418.00. If the City stayed in the Project and it was completed the City wouldn't owe anything because the capital costs would be financed into the operation of the facility and it would determine the City's price of power. If the City dropped out now, we would owe \$31,418.00, but if the City stayed in at the current amount and the Project failed, the City would owe approximately \$130,826.26 at the end of Phase 1, which is anticipated in April 2023. The City's maximum development costs for Phase 1 was \$852,740.80. There was a cost sharing agreement with the DOE and NuScale and the City's share of UAMPS' incurred costs for Phase 1 were estimated at \$130,826.26. The City's accumulated position at the end of Phase 1 would be \$162,244.00 (\$130,826 + \$31,418). (The amounts listed are estimated amounts.)

Ty explained the Economic Competitive Test. If the Project failed because it wasn't feasible the City would be reimbursed. If the City decided to leave the Project, the City would pay \$31,428.00. If the Project continued and the City left at the end of Phase 1 the City owed the \$162,244.00.

Councilmember Alexander asked what the cost was for hydro.

Ty said hydro was approximately \$.03 cents. Every source of power was being challenged by environmental groups, i.e. hydro was dangerous to fish, windmills killed birds, solar disrupted ground species and is reflective to aircraft, etc.

Councilmember London asked if the cost would go up incrementally and what was it based on.

Ty said it was based on inflation. After the tests were run the PMC could still vote to move forward with the Project, but they had the option if it didn't come in under the \$0.055 to end the project and get reimbursed because of the promise of what the new technology would provide. It also depended on whether the nuclear reactors were approved by the nuclear regulatory commission.

Councilmember Alexander said the City could opt out by middle of September, but if they decided to stay in, when was the next option to opt out of the Project.

Ty said it would be the end of this budget and plan of finance, which was tied to the end of Phase 1 - Licensing. The next off-ramp would be Phase 2.

Ty said he couldn't find any other viable base load. The City's power rates had been a consistent and steady source. The City had a lot of summer demand and not so much in the winter.

Councilmember Turner said the City needed something to replace the steady power source from the coal fire power plants we had in our portfolio. He mentioned the projected growth to Morgan City and the possibility of increasing our amount in the Project.

Councilmember Richins said the City needed a sustainable base load and there wasn't a better option. He said it was hard to commit to this amount of money. He hoped the decision the Council made today would accommodate Morgan's projected growth. He suggested staying with the Project.

Councilmember Wardell said he agreed with staying on board with the Project.

Councilmember Alexander said it was a matter of the amount we could afford to lose.

Councilmember London said the risk was waiting to see what would be developed in the future. There wasn't anything else out there available. He agreed it would be prudent to continue with the Project.

Mayor said several years ago he had called other cities to collect data and at that time St. George wasn't seeing an increase in their power needs. He said everyone else saw a need to increase their electricity. He encouraged the Councilmembers to reach out to other cities.

Councilmember London asked how much the City's demand had grown in the last decade.

Ty said some of the other cities took into consideration whether they were landlocked or if there were other areas which could be annexed. He said the City had an industrial park which hadn't been developed and an industrial type of business coming would require more power. The City was in the Project at a conservative level and in the future the City would need more power from somewhere if a large customer came. The City needed to be able to service customers/citizens needs for electricity into the future.

CITY REPORTS AND BUSINESS

City Manager

COVID-19 – Ty said the office was still closed and had been working by appointment only. He said plexiglass was being installed at the front counter to provide protection for the employees and the office could be opened at that point. He said Congress was still arguing about another package and the restrictions on the money already appropriated could be loosened. He felt comfortable in spending the money received and the City would receive additional fund. He was doing technology improvements, i.e.

fiber to other City facilities so employees could work from Wi-Fi and work remotely. The numbers of COVID-19 in the state were coming down but waiting to see what the numbers did after school started.

UTOPIA – The City at 662 connections. It was a steady increase of customers and the City had a 45% take rate and were 162 above the required connections.

Waterline Project – The project was moving forward. The waterline between State and 300 West was completed and work was being done on 700 East. Initially, the cost of the project was split between last year's budget and this year's budget, but the entire project will need to come out of this year's budget in the water fund so a budget amendment would need to be done.

Waterline to Hotel – This item was discussed when Resolution was passed earlier in the meeting.

Power Outages – There had been several power bumps recently due to birds. The system was functioning as it should because instead of shutting power down it would flicker, and it was called a recloser. The Power Department was trying to identify the problem areas and would continue to make improvements. There had been three Rocky Mountain Power bumps. The contract with the tree removal company had really helped with the outages. He explained the bumps were normal and it was not a surge in power.

General Plan Update – RFP for the General Plan Update was completed, and it was on the agenda for the Planning Commission for discussion.

Lot-Line Adjustment with School District – Ty said the survey work had been completed. He explained the property the City currently owned and explained which boundaries would be moved so the trail system was completely on the City's property. Transfer property the City owned back to the School District because it crossed the trail system. He had been working with Scott McMillan on the survey and there would be three transfers of property:

- 1) Deed from City to School;
- 2) Deed from School to City; and
- 3) Property across the river will be deeded to the City from the School District.

The City would own the property from the Young Street Bridge around the bend. It was an equivalent amount of property being transferred to each entity. There was a possibility the City could get recreation grants for a pocket park or a trail head. The School District would vote on this next month.

Councilmember Alexander asked regarding access to the High School Substation.

Ty stated he would check on the easement for the substation and make sure it goes to the substation. Asked Gary for assistance in scheduling the approvals. The Quit-Claim Deeds had been drafted.

Gary asked if there was an agreement or if it was just exchanging deeds.

Ty said there wasn't an agreement. Also, there was another 30' construction and maintenance easement on the eastside of the bridge which would get recorded to construct the bridge.

Young Street Bridge Update – Ty said responses had been received from 4 or 5 interested engineering companies. Once the firm was selected the engineering of the bridge would begin.

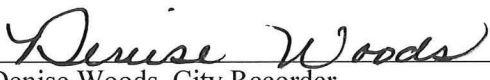
Mayor

Ethical Behavior Pledge – Denise Woods, City Recorder, explained this document was generated as a result of the Fraud Risk Assessment required by the State Auditor’s office. After the Fraud Risk Assessment was presented to the Council a request was made to have an ethical pledge form created and signed by employees and elected officials for the assessment report next year.

Discussion to get the pledge and the conflict of interest forms signed at the same time.

Councilmember Turner stated the Rec Board was under the County and they had hired a Rec Board Director who was a part-time employee of the County. He would continue to serve on the Rec Board.

This meeting was adjourned at 8:08 p.m.


Denise Woods, City Recorder

These minutes were approved at the August 25, 2020 meeting.