

SALT LAKE COUNTY  
**Council of Governments (COG)**

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Thursday, November 21, 2019, 11:30 am

Salt Lake County Columbus Center – 2531 South 400 East, Salt Lake City, Utah

## **MINUTES (approved)**

Mayor Silvestrini called the meeting to order and welcomed COG Members and Participating Officials. He advised the members that we would be modifying the agenda to discuss House Bill 411 before the legislative update. Introductions were made around the room. Mayor Silvestrini opened the floor to public comment.

### **Public Comment**

There was no public comment

### **Minutes Approval**

There was a Motion to approve the August 21, 2019 minutes by Mayor Timothy– seconded by Mike Christiansen unanimous vote to approve.

**Mayor Silvestrini**

### **House Bill 411**

Michael Shea is the Environmental Program Manager for Salt Lake County Regional Development. He gave a presentation about House Bill 411 – The Community Renewable Energy Act. This Act was passed in the 2019 Legislative Session which creates a pathway for participating communities to move to Renewable Energy by 2030. This means that communities who participate will be paying for 100% net renewable energy by 2030. Salt Lake County passed a resolution indicating they would like to participate in this process. If communities want to participate they will need to also pass a resolution indicating they would like to participate in the process The deadline for passing this resolution would be December 31<sup>st</sup> 2019. Passing the resolution does not commit you to anything other than having a voice in the process. At the beginning of 2020 we will have a general idea of how many communities would like to participate so that utility companies, state regulators and communities can have an understanding of the size of the anticipated electric load required. Also in 2020 participating communities will create an agreement on how to proceed with the study phase and how they will interact with the utility companies. The study phase is a 1-2 year process of figuring out the cost and benefits of the program. There will be a core group of full-time employees participating in weekly or bi-weekly meetings, then having a larger group participate in informative meetings monthly throughout this phase. This will allow communities to be better informed when it comes time to decide whether to move to a new rate tariff. The benefit of passing a resolution to participate in this plan is that his plan takes advantage of low-cost renewable pricing energy – wind and solar are some of the lowest-cost electricity available in the market. These emissionless power sources are also better for the environment and will be the wave of the future. There will be a lot of flexibility going forward because customers in participating communities can choose to opt-out. In summary, this is a working group between participating communities, Rocky Mountain Power and the Utah Regulators – The Office of Consumer Services and Division of Public Utilities creating a plan to move to renewable energy. Michael opened the floor to questions and answers.

**Michael Shea**

**Q:** What is the end goal?

**A:** By 2030 communities who choose to participate will be powered by 100% net renewable energy.

**Q:** What is it we are buying into – Solar Farms etc?

**A:** Rocky Mountain Power will be putting out RFPs to build new generation assets such as solar farms, wind farms, geothermal, battery storage, etc. These assets will be built in the state.

**Q:** Have there been any preliminary numbers about what the rate increase will be?

**A:** No because we don't know how many customers we will be dealing with. That's why passing the resolution indicating your community is willing to participate will allow us to begin the study phase. This act was structured in such a way that early on, there is no risk to the municipality in passing the resolution, you could pass the resolution and then opt out a week later. The risk would be to the customer after they know what the rate will be, at which point they can choose to opt-out.

**Q:** Can you explain the minimal participation cost?

**A:** As part of the legislation, participating communities are required to help pay for consultants hired by the regulators to help them come up with a very complicated rate structure that will need to be made. Depending on how many communities participate we are looking at a few thousand to low 10 thousand.

**Q:** So if our community does opt-in, there is a little bit of a financial obligation?

**A:** Yes but you can choose to back out before you have to pay any money.

**Q:** I understand you can opt-out. Can you opt-in at a later date?

**A:** No- that would require new legislation at the state level. Future legislation may allow you to do that through different mechanisms. On the opt-out, customers will have three opportunities to opt-out, after the three times if they don't opt-out, they will be automatically added to the program. If they wish to remove themselves at that point, they can still do so for a small termination fee.

**Q:** What level of participation are we seeing statewide?

**A:** Currently we have the following communities opted in - Salt Lake City, Park City, Summit County, Kearns, Millcreek, Moab, Knab, Cottonwood Heights, Holladay and potentially a few more. There is a fair amount of interest due to the low risk of passing a resolution. It would be great to get as many cities in Rocky Mountain Power territory as possible. You have to be a Rocky Mountain Power customer to be a part of this.

**Q:** What's the difference between Rocky Mountain Power's current environmentally friendly plans and this plan?

**A:** Their Blue-Sky plan allows you to pay extra on your utility bill which goes toward other environmentally friendly programs. Their other plan Subscribe Solar which allows you to pay extra to buy blocks from a solar farm in Milford, however that plan is sold out. They are working on purchasing new assets to increase the capacity for that plan but that will take a few years. This is an entirely new rate schedule that customers will automatically be moved on to. It's a much larger scale than the current plans. You are physically buying the assets.

**Q:** Is this a program that someone from your office can explain to our council in a more intimate setting?

**A:** Yes, Mike Shea can do that. He would usually bring along the Rocky Mountain Power Regional Manager to answer any utility-specific questions.

**Q:** There is a significant amount of commercial and some residential customers who already have passing solar will this program merge them into the new plan?

**A:** Rooftop solar is separated into two categories old customers who bought their rooftop solar systems before 2018. They are not eligible for the program because they get a very specific rate structure. The new customers and future customers have a transitional rate while the study is being done. They can choose to opt in to this program.

**Q:** What is the timeframe for communities to opt into this?

**A:** The cutoff to opt-in is December 31<sup>st</sup>.

**Q:** Salt Lake County Council is excited to be part of this plan. She wanted to clarify that some would say that Rocky Mountain Power is going to do this anyway and this is just “packaging” for them to adjust their rate structure. Has Michael heard that and is there a response to these discussions?

**A:** Rocky Mountain Power’s 20-year plan indicates the last coal plant in their portfolio will go offline in 2046. That may be accelerated, but that is in their plan as of now. The replacement will contain no new coal no new gas, only renewable energies. The benefit of opting in is the participating communities would be isolated from the risk of costs for fossil fuels going up due to the federal mandate.

**Q:** If your community does not opt-in, could you later go back to Rocky Mountain Power to create a separate contract?

**A:** Yes, but it would require state legislation or altering the state statute to allow other communities to pursue it.

**Q:** You mentioned that you do not believe that any other states or cities are participating in similar programs, however, the State of Texas has deregulated their power and they do have a Texas coalition for power which is a group of cities and districts that are somewhat working toward a similar goal while also providing traditional power sources, so there are other examples out there.

**A:** That is correct. Texas is an unregulated market whereas we have a vertically integrated monopoly utility so in that scenario we are unique.

**Q:** You had the opportunity to present this to West Valley City Tuesday night. One of the main things that came from that discussion is that there is no risk or obligation in passing the resolution until the community of cities forms a coalition. That coalition will decide what happens. How will that be decided? Is it based on population, one vote per city, etc.? So that’s all up in the air. One statement you made today was the exact opposite of what you said Tuesday night. *Michael clarified that neither he nor anyone from the county was at a Tuesday night presentation at West Valley City. It was staff from Utah Clean Energy who presented at that meeting.* Utah Clean Energy said that most likely the facilities could be built in Wyoming because Rocky Mountain Power is part of Pacific Power and they will build their plants where it makes the most sense. So there are a lot of unanswered questions. The biggest drawback is the

unusual deadline of December 31<sup>st</sup>. If you are a fan of clean energy you will probably want to move forward regardless of the cost. If you are not there yet you'll probably be with some of us who just want to wait and see what happens. The point of that is that there is an opportunity here, but you should go into it with eyes wide open.

**A:** In the beginning, there will be very little risk or cost, however with the progression of each phase, that risk or cost will increase.

In closing - after the regulatory filing the rates and terms will be produced and that's when we will know the cost. At that time the ordinance will be passed, and customer opt-out notices will go out. If you have additional questions or would like Michael to talk to the individual councils, please let him know.

Mayor Silvestrini added that they would be happy to discuss this with other leaders. His municipality has adopted a resolution with a paragraph that their participation is dependent on their ability to study the rate but the price of the contract they will have to sign with the consortium and Rocky Mountain Power. There are a lot of unanswered questions, but the conclusion they came to in Millcreek was that if they don't opt-in, they won't be able to participate and being able to participate in the process is necessary. There will be two additional decision points after this, and there won't be a very high likelihood of additional legislation being implemented to allow communities to participate at a later time. Mayor Silvestrini is happy to share the verbiage of the resolution they passed. It's also located on the landing page of their website.

#### **Upcoming Legislative Issues for Local Government Senator**

**Jerry Stevenson & Majority  
Leader Rep Francis Gibson**

Tax reform efforts - City governments have been seeing declining sales tax. Tax reform is an absolute necessity. Right now we have about 10 % of the money in our General Fund and 90 % in the Education Fund because of how income tax is handled in the state of Utah. If we gave only a 1.5% increase to State Employees we would only have about \$3.5 million to run the state for the following year. This is a huge imbalance. We know we will have a new revenue number, but the imbalance needs to be corrected. All municipalities operate on individual budgets and if you had to spend 90% of your budget on one area you would have a lot of very unhappy residents. This issue will just continue to grow over the next few years if not addressed now. We've proposed a lot of things that could work. We are trying to come up with a balanced number.

There are two pieces of tax reform; Income Tax earmark removal –This is a guarantee for public education. There are different proposals out there for removing the earmark, but then there would need to be a constitutional change approved by the general public. The other piece of Tax Reform is Property Taxes. At the state level, we've increased funding in the last five years to about 35% which is about a 1 billion to 1.5-billion-dollar increase. Local taxes have increased their funding by around 10%. This shows that there is a large imbalance between the State and Local tax increases. There have been rumors that we intend to change our Truth in Taxation laws. We've never advocated doing away with truth in taxation however some taxes need to increase to keep up with expenses. Fund growth comes in multiple categories such as natural growth – children grow in age, migratory growth – new residents moving into the state and per person unit growth. There's a lot of discussion on keeping up with this but we are unsure where it will end up.

By correcting the structural imbalance we would see a 500 Million-dollar income tax increase and only 40 – 50 Million dollars in sales tax increases. The number one expense in a business is people. In the year 2000, the State of Utah had 8.9 employees for every 1000 residents. As of today, that number is 6.6 state employees for every 1000 residents. That represents a 28% reduction in the number of state

employees per 1000 residents. This is mainly caused by the amount of resident growth. This means the state is using 28% fewer resources while serving 33% more people. That's a big cost cut. In totality, the state is decreasing their spending. If you remove education and transportation government spending from the year 2000 to now has been relatively flat. If you add in social services spending has declined.

Last year HB 441 was presented where we were looking at taxation on all services. The legislature has since changed this bill, but it heightened the need for us to look at this structural imbalance. To correct this we need to find combine an income tax cut while increasing sales tax. It's been proposed that we increase the tax on unprepared foods. Currently, sales tax on unprepared food is 1.7% as opposed to a 4.8% tax on prepared food. It's proposed to raise the unprepared food tax to 4.8%. That's about a 250 Million-dollar increase. 125 – 150 Million dollars would be given back in tax credits for those low and middle-income households who would be disproportionately affected. Most of the numbers show a family of 4 would make money on this proposal because they would not spend that much in taxes. This would also decrease the state income tax from 4.95 % to somewhere around 4.58 – 4.61 %. This will help offset the increase in food tax because 8 – 10% less would be deducted from payroll.

Fuel tax exemptions – There are about 89 fuel tax exemptions given for different reasons. Special Fuels Tax was one of them. This was originally done partly to keep the price of tax fuel low. This is a 250 Million-dollar exemption. This exemption would be repealed back. This means when fuel is sold to gas stations, that increase in cost will be passed on to them. These exemptions are not a good deal for the state. This is a complex issue and there will be additional meetings regarding this. If you have any questions, please send them to me and I'll do my best to answer them.

It should be noted that it's been suggested we use surplus funds to offset the imbalance. The surplus should never be used for general management. It would be advisable to have a special session to get a Tax Reform package in place. If we don't get something done now, the next legislative session will be focused on tax reform and everything else will take a back seat.

Transportation – We will continue to fund transportation. We are looking at growth patterns. Transportation and Education trends are indicative of what is happening in the state and new people wanting to live in Utah. We are seeing about a 17% increase in corporate tax and about an 8% increase in collections of individual income tax. This means a lot of people are working, businesses are moving here and employing residents. These are great indicators however our sales tax revenue is decreasing. We can continue to build more streets, roads, and highways but we also need to have more transit options. We need to encourage residents to use public transit options. Utah County does not have much local transit and Front Runner is the only option to get to Salt Lake. How do they connect the last half mile or mile to get to the office or home? You'll see some emphasis on accommodating that. We have a lot of Utahns who do not benefit from the existing transit options at all. There's a contingency of our state that doesn't live along the Wasatch Front. What can we do to ensure that they can meet their growth needs? Many of those communities will need enhancement and or repairs of their current road systems as well as additional transit options.

The floor was opened for questions and answers.

**Q:** A lot of municipal governments have seen a declining sales tax as well. How will the tax reform help those local governments?

**A:** Local government will receive no windfall from this because we are only talking about the state portion of the food tax.

**Q:** Is there any other tax reform that could help the cities?

**A:** Only taxation of services. Concerning what few additional services are being added on to that tax, there could be a difference between the state portion and the local levy, but the trickle-down would be relatively small. The additional revenue that would come from those services would be \$15-20M. Those affected services would be things like escort services, towing, online dating, storage units, and similar such services.

**Q:** Currently there is a cap on the number of loans UTA can participate in for transit-oriented developments. Will you be updating that cap?

**A:** We've already started lifting those caps and there has been a lot of discussion regarding continuing to lift these caps. This whole process started back in 2010 but there are still a lot of areas that UTA could be involved in. We need to be careful though because there are a lot of areas that could be developed and if we put it all on the market at the same time, there would be a gold rush effect on property prices. This has provided great opportunities for development along transit lines. By allowing UTA to be part of this process, it allows us to keep the land value rather than sending it back to Washington.

**Q:** If we are talking about the bond, is there an option to discuss that?

**A:** Currently the state of Utah owes no money on public buildings other than the state prison. But we've been able to come up with some cash to offset the amount owed on that. It is a possibility to have additional bonds. There's no shortage of discussions about this.

**Salt Lake County Board of Health Appointment:** Mayor Rob Dahle from Holladay has been serving on the Board of Health. His term is set to end but there has been a request made by the county to extend his term from June 30, 2020, to June 30, 2022. Motion to extend by Bluffdale Mayor seconded by Draper Mayor. There was no additional discussion. Unanimous vote to extend Mayor Dahle's term.

**2020 COG Meeting Dates/Locations:** COG bylaws state that we are supposed to meet 6 times per year, but we've only been meeting quarterly. Mayor Hill made a motion to amend our bylaws to meet quarterly and allowing the Council of Mayors to meet two times per quarter. Seconded by mayor Smolka. There was no additional discussion. Unanimous vote to amend bylaws.

**2020 Point in Time count:** Annie Dayton and Rob Weseman gave a brief presentation about the upcoming Point in Time Count taking place on Thursday, January 23<sup>rd</sup>, Friday, January 24<sup>th</sup> and Saturday, January 25<sup>th</sup> from 4:00 am to 6:00 am. This is a federally mandated count of unsheltered individuals. If cities are interested in participating please contact Annie or Rob for volunteer details.

**Other Business:** None

**COG Members Present**

Chair Jeff Silvestrini – Millcreek  
Vice-Chair Dawn Ramsey – South Jordan  
Harris Sondak – Alta  
Dirk Burton – West Jordan  
Robert Hale – Midvale  
Kristi Steadman-Overson – Taylorsville  
Zach Jacob – West Jordan  
Ron Bigelow – West Valley City  
Blair Camp – Murray  
Derk Timothy – Bluffdale

Kurt Bradburn – Sandy  
Joe Smolka – Emigration Metro Township  
Karen Lang – West Valley City  
Allen Peterson – Kearns Metro Township  
Tasha Lowry – Draper  
Kristen Nicholl – Sandy  
Troy Walker – Draper  
Jenny Wilson – Salt Lake County  
Mike Peterson – Cottonwood Heights  
Ann Granato – Salt Lake County

### **Other Attendees and Participants**

Kirk Wood  
Clint Smith  
Tammy Moody  
Dorothy Adams  
Janice Kimball  
Mike Winder  
Robert Spendlove  
Doug Hill  
Evelyn Everton  
Sam Klemm  
Catherine Kanter  
Wayne Bradshaw  
John Hiskey  
Jared Stewart  
Jake Young

Erika Fihaki  
Annie Dayton  
Tawnee McCay  
Conrad Hildebrand  
Lisa Hartman  
Will (Ann Granato's Office)  
Jay Davis  
Justin Stuart  
Kara Trevino  
Eric Peter  
Weston Clark  
Ryan Perry  
Michael Shea  
Heather Edwards