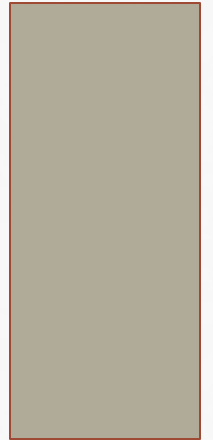


970 SOUTH TRANSMISSION  
LINE / BONDING

CITY ATTORNEY





TRANSMISSION LINE  
BONDING



# LEGAL STATUS

- Appeal granted by the Appellate Court which stayed the Utility Facility Review Board decision
- Briefing in the matter will be completed by January 1
- Likely be another year before oral argument and written decision is issued
- RMP filed an emergency motion to the Utah State Supreme Court – briefing due by late August



# TIMELINE TO BOND

- In order to get a bond on the ballot for a 2020 election the City Council must meet the following deadlines:
- Hire bond counsel ASAP
- **8/20 Pass a Resolution that authorizes the election and approves the ballot language (which must include the amount of the bond)**
- 9/19 Arguments for and against completed
- 9/19-10/19 Voter information pamphlet mailed
- 9/19-10/30 Public meeting held Arguments for and against presented.
- 9/29 Election noticed
- 10/4-10/29 Public hearing held Public comment received.
- 11/3 Election held



# BOND COST ANALYSIS

## THREE QUESTIONS:

1. What are the realistic costs to bury?
2. How do those costs change with the appeal?
3. How much will a bond cost to property owners in Midway City?



# The Utility Facility Review Board made the following determinations regarding the costs to bury:

ABOVE GROUND COSTS	Inside City Limits (6990 feet)	Fish Hatchery to West Edge of City Limits (7400 feet)	Fish Hatchery to the Substation (8950 feet)
Above Ground line Note: \$269.90 per foot of line built.	\$1,886,601.00	\$1,997,260.00	\$2,415,605.00
Easements*	\$691,344.00	\$691,344.00	\$691,344.00
Surcharge (7.5% of cost)	\$193,346.00	\$201,150.00	\$232,417.00
<b>TOTAL</b>	<b>\$2,771,291.00</b>	<b>\$2,889,754.00</b>	<b>\$3,339,366.00</b>



\*Part of the appeal challenges this finding

These are the costs to bury based on RMP's bids:

OPTIONS TO BURY	Inside City Limits	Fish Hatchery to West Edge of City Limits	Fish Hatchery to the Substation
<b>COSTS</b>			
RMP Low Bid	\$14,087,283.00	\$14,890,375.00	\$17,315,492.00
Cost of Dip Poles	\$1,085,000.00	\$1,085,000.00	\$1,085,000.00
Surcharge	\$193,346.00	\$201,150.00	\$232,417.00
<b>TOTAL COSTS</b>	<b>\$15,365,629.00</b>	<b>\$16,176,525.00</b>	<b>\$18,632,909.00</b>
<b>DEDUCTIONS</b>			
Costs Above Ground	\$2,771,291.00	\$2,889,754.00	\$3,339,366.00
VOLT Donation	\$700,000.00	\$700,000.00	\$700,000.00
<b>TOTAL DEDUCTIONS</b>	<b>\$3,471,291.00</b>	<b>\$3,583,094.00</b>	<b>\$4,031,311.00</b>
<b>TOTAL</b>			
<b>TOTAL</b>	<b>\$11,894,338.00</b>	<b>\$12,593,431.00</b>	<b>\$14,601,598.00</b>



## **AMOUNTS BASED ON MIDWAY CITY EXPERT:**

Midway City is challenging certain specifications submitted by RMP to bury the line:

1. The need for dual trenches
2. The length of the line used in RMP's bids
3. The need for an extra dead cable to be pulled through the extra conduit
4. The value of easements





Midway's Expert testified that the lengths included in RMP's bids were wrong, so he bid the project based on RMP's Specs, but with the corrected lengths:

	5280 ft (\$million)  RMP 6990	5810 ft (\$million)  RMP 7400	7510 ft (\$million)  RMP 8950
<b>RMP Spec With Correct Lengths</b>	\$8,100,000.00	\$8,900,000.00	\$11,521,023.00
<b>Costs Above Ground</b>	\$2,771,291.00	\$2,883,094.00	\$3,331,311.00
<b>VOLT Donation</b>	\$700,000.00	\$700,000.00	\$700,000.00
<b>TOTAL</b>	\$4,628,709.00	<b>\$5,316,906.00</b>	\$7,489,711.00



Our Expert then bid the project with the reduced specs, removing dual trenches, correcting the length of the line, and taking out the extra cable:

	Inside City Limits (5280 ft)	Fish Hatchery to West Edge of City Limits (5810 ft)	Fish Hatchery to the Substation (7510 ft)
<b>Reduced Spec Bid</b>	\$6,300,000.00	\$6,900,000.00	\$8,960,795.00
<b>Costs Above Ground</b>	\$2,771,291.00	\$2,883,094.00	\$3,331,311.00
<b>VOLT Donation</b>	\$700,000.00	\$700,000.00	\$700,000.00
<b>TOTAL</b>	\$2,828,709.00	<b>\$3,316,906.00</b>	\$4,929,484.00



# CONCLUSIONS

A bond for **\$3,316,906.00** is the best-case scenario based on existing facts and would require:

1. Prevailing on the appeal on all challenged specs (but the easements)
2. Bid of less than \$7,000,000 to bury
3. Donation of \$700,000 from VOLT
4. All easements donated
5. Bond amount of a minimum of \$3.5 million

A bond for **\$5,316,906.00** is the best-case scenario if Midway City loses the appeal but the lengths are corrected in the bids. This would still require VOLT's donation as well as a donation of all easements.



# NUMBERS IF VOLT DONATES \$1.5 MILLION

	Inside City Limits (5280 ft)	Fish Hatchery to West Edge of City Limits (5810 ft)	Fish Hatchery to the Substation (7510 ft)
<b>Reduced Spec Bid</b>	\$6,300,000.00	\$6,900,000.00	\$8,960,795.00
<b>Costs Above Ground</b>	\$2,771,291.00	\$2,883,094.00	\$3,331,311.00
<b>VOLT Donation</b>	\$1,500,000.00	\$1,500,000.00	\$1,500,000.00
<b>TOTAL</b>	\$2,028,709.00	<b>\$2,516,906.00</b>	\$4,129,484.00



# BOND COSTS - \$3.5 Million

Annual Impact on \$100,000 FMV Home \$11.84

Monthly Impact on \$100,000 FMV Home \$0.99

Annual Impact on \$100,000 FMV Business \$21.53

Monthly Impact on \$100,000 FMV Business \$1.79

Total Bond \$3,230,000

Total Interest \$ 992,376

Total Paid \$ 4,222,376

Total paid for a home valued at \$400,000 over 20 years: \$947.20



# BOND COSTS - \$6.5 Million

Annual Impact on \$100,000 FMV Home \$21.70

Monthly Impact on \$100,000 FMV Home \$1.81

Annual Impact on \$100,000 FMV Business \$39.45

Monthly Impact on \$100,000 FMV Business \$3.29

Total Bond \$5,955,000

Total Interest \$1,829,392

Total Cost \$7,784,392

Total paid for a home valued at \$400,000 over 20 years: \$1,736.00



# APPEAL COSTS

To Date: \$61,068.00  
VOLT contribution: \$15,000.00  
TOTAL: \$46,068.00

ESTIMATED COSTS TO COMPLETE APPEAL: \$30,000.00





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[Editor's notes:

This text guided a verbal statement made by Councilman Simonsen on the August 4<sup>th</sup> Council meeting. What was actually spoken likely differs slightly.

Amounts mentioned in the text are partially hypothetical but otherwise based on information that was understood as current at the time of writing. The points made were not intended to require specific amounts but were more based on broad generalities that would apply to any situation and relied on rough relative amounts for illustration.]

Custodian  
Auto mechanic  
Truck driver  
Miner  
Bus driver  
School lunch cook  
Teacher  
Nurse  
Hairdresser  
Farmer  
Policeman  
Excavator  
Public works employee  
Grocery store clerk

I just listed a bunch of jobs. This list happens to be made up entirely of things that people in my family do for a living. But more importantly it is a list of things that need to be done in every city. And even more importantly than that, it represents the glue that makes our society work, and it represents the backbone of rural Utah. It represents good hard working people that get up and go to work every day, don't complain, and are generally willing to give as much as they get. Unfortunately, the paychecks that go along with these jobs can often be limiting. I'm well aware of that. And I know this is one thing that is creating a divide in our nation. And it is something we can't just ignore.

In addition to that, although we have only limited control over the pace of growth and change in our valley, I think it is important that we are aware of the burdens that come with the growth, and who it affects. When a town like ours burns through 50 years worth of growth over the course of 5 years, the costs of growth come just as fast, and that doesn't allow time for some to adjust to the burden. They have no time to adapt, there is no time for things to naturally sort themselves out. There is a squeeze that hits some families harder than others. In Midway I don't think this is any of our fault, but it is real. I don't think there are easy answers. I do think we need to be careful and thoughtful as we navigate our course. We need to consider all citizens even though some may not be in the majority. Whatever money we spend needs to be spent in the wisest way possible, and not every good idea is always the best idea. This is also something we must consider. Many citizens are frustrated and although I know city councils like ours do the best we can we need to check ourselves and make sure we are considering all angles. We can't always solve all problems but we should be looking for what we *can* do.

In these divisive times, I admit it seems sometimes like the people are moving further and further apart. There is less and less willingness to listen to other viewpoints, less and less willingness to compromise. I will tell you that this troubles me. The American phrase "united we stand, divided we fall" is both a motto and a warning. I'm not willing to get in line as another one-sided member of this public. I am willing to compromise, I am concerned about other viewpoints. I am willing to agree to disagree and to

work together with love and respect on something else where we do agree. I would urge this council and this citizenship to consider these thoughts and to seek compromise when we find ourselves divided. I know there are those on every side who may not appreciate this, who say compromise is failure. You may choose your own path, but I would again ask you to heed the warning and consider what YOU can do to aid our failing nation. We are at least the sum of our parts, if not hopefully more.

With that as backdrop, I do feel that citizens should be consulted any time the government considers taxing something. I think it's wrong and inappropriate for a government to pick and choose what should be taxed and what should not be taxed without getting input from the citizens. This is not something I think we can jettison any time we find it inconvenient. I think it's something we must always do. I also think the government needs to be responsible and efficient, and keep taxes as low as possible. The government should ensure that if the citizens are asked about paying a tax for something the process is transparent and as efficient as possible. The government does need to be concerned with the greater good and does also need to at times acknowledge and accommodate minority concerns in the communities they serve.

With that in mind, the City Council already adopted a compromise proposal regarding the possibility of burying the power lines. The key facts of that compromise were based upon the idea that the systemic cost to the average household would be minimized and limited. The placement of the lines would ensure that the beauty of the city's entry corridor would be protected, in essence to ensure our investment would not be wasted. And those citizens who were most interested in the project and perhaps most financially able to fund it could step up and shoulder a greater portion of the burden, voluntarily, in order to promote their vision and lighten the load for the rest. I think each of these points is critical and in the interest of compromise and in recognition of a very important subset of our community who may not be as willing and able to shoulder the cost, I would stand by each of them. I'm not concerned about the specific timelines. Things take time and things change, sometimes we have delays or unexpected turns. Bumping dates is normal and perfectly acceptable to me. But as we adapt to *some* changes we also need to not lose track of where we were headed.

I would add that I never believed the cost would be \$10/month. I believed it would be significantly less than that for the average homeowner. But we did lack certain key facts and our best guesses were not always actionable or presentable. I feel it's better to talk about a worst case scenario or middle ground scenario than the best case when we have high uncertainty. So yes the \$10/month figure that was put before the public was a very reasonable representation of the facts as we knew them. I had felt that number was probably higher than reality but it's better to err on that side. Again, we owe it to the citizens to be as honest, efficient, and responsible as we possibly can, and I feel we need to do what we can to seek the lowest costs possible not only because it reduces the burden on the most needy but because it reduces the burden on all of us. Therefore, if we see \$6 being attainable then we should of course present that as the option if we can. Again I say this because there are those in town who may not care if it is \$6 or \$10, but there are those who care about every dollar, and the city needs to consider that. As many will tell you, if it was only \$10 on this one item that would be one thing. But it isn't, it's \$4 here, \$10 there, \$50 more next year, and these line items add up. We need to invest every dollar wisely and as a council we need to hear that message.

I have reviewed the numbers from Dec. 2019. The scenarios I was looking at were between \$6-\$10 per household, where household was based on the power meters. The bonding approach is better I think, and the cost is based on property taxes, so the distribution is a little different. This approach should spread the burden out better. Indeed these estimates are showing that if we had about a \$4M bond the cost could be closer to \$6 per household per month for a \$350k primary residence value. In my view

this is in line with our prior course, and does represent a compromise. It is a reasonable figure to propose to the voters, and should be proposed to the voters as long as we are clear that we have to meet certain other criteria in order to end up funding the project with taxpayer dollars.

These additional criteria remain:

\* We must have a voluntary contribution from a citizen group such as VOLT in the amount of \$1.5M or more to offset the cost. This amount is basically a compromise that allows those strongly in favor to speak with their dollars and must be paid prior to commencement of the underground project. This amount is entirely voluntary and if nobody supplies it then this means the project does not move forward. Midway City is simply stating we are not willing to move forward if we don't have that monetary component from a voluntary source. I think this is important and can't be sidestepped.

\* We must ensure that our entry corridor is protected, and no "ugly" things are put there. We cannot spend big money on a project designed to promote our beauty and at the same time accept that ugliness. This is non-negotiable for me and I hope the council will embrace that.

Without question underground lines would result in a nicer and more pleasant view wherever the above ground lines would be visible, but it is arguably not a necessity and it comes with a price tag. I also think it is worth considering that although the lines are for everyone, some few properties really will pay a higher price. Maybe some are ok with that and maybe some are not. Some may feel we should distribute that burden more evenly. This is also something I consider. Considering it doesn't mean there is only one right answer. Different circumstances often lead to different "right" answers. But I think all should consider it.

I feel the taxpayers should consider these things and have a chance to cast their vote. If you get that chance, I say to you: choose wisely!