

THE EAGLE'S VIEW

EAGLE MOUNTAIN CITY NEWS



OCTOBER 2014 - VOLUME X - ISSUE 10

WWW.EAGLEMOUNTAINCITY.COM

CITY STAFF AND ADMINISTRATION HAVE BEEN WORKING HARD TO WRAP UP THE REMAINING DETAILS OF THE PROPOSED UTILITIES SALE.

As we begin to discuss those details in coming days, I would like to make a personal request from each of you. I ask that you would, for the next month, devote a small amount of your time to better understand the proposed utility sale, and plan to get out to the polls on November 4th to vote on the issue. I make that request with the full understanding that it is my duty to provide you with the details and explanations so that you may understand what is truly at stake here.

From where I sit, I believe the proposed sale of the utilities is one of the biggest decisions Eagle Mountain has ever faced. This decision will surely play a significant role in our future. I do not intend to lobby for your support or for your rejection of the ballot proposition. I do intend to lobby for your participation in the dialogue and in casting your ballot. Up to election day, I intend to provide updates related to the sale via my blog. There are two details I want to provide you here. Currently, the natural gas prices have moved up, thus increasing the cost the City pays for the gas it delivers to residents. The cost to the residents has not been raised, and as a result, we are currently subsidizing customer gas charges. If we retain the utilities, we will be looking at raising gas rates as early as next year. This is important for residents to be aware of when comparing current rates.

I would also like to clarify that Utah State law requires the sale of an electric utility to a private company to be on the ballot. There is no such requirement or allowance for the sale of a gas utility. This is primarily because there are very few municipally owned gas utilities in Utah. Because of this, only the electric utility sale will be on the ballot, though a vote to sell the electric utility will result in the sale of both. In short we will sell both gas and electric, or sell neither.



Mayor Pengra assisted the Lehi Area Chamber of Commerce at the ribbon cutting for one of Eagle Mountain's newest businesses, Eagle Vision, located at 3535 Ranches Pkwy.

Soon, you will receive in the mail a voter information pamphlet with two opinions that have been presented about the ballot measure for the utility sale. Both statements are written by Eagle Mountain residents—one statement in favor of the ballot measure, and one against. These arguments also appear on page 3 of this newsletter, along with a statement from the City on page 4, as is required by Utah State law. Additionally, the rebuttal on page 4 was written by the same author as the "against argument" This too is allowed for by state law. I would like to remind every resident that these statements are the sole opinion of the authors, and that their accuracy or opinions are not expressly agreed upon by the City. I appreciate the authors of each statement for participating in this process as we work toward the best solution for Eagle Mountain's future.

I look forward to digging in to details about the utilities sale and answering any questions you may have.

Thank you for your patience!

MAYOR CHRIS PENGRA
www.mayorsvoice.com
mayor@emcity.org

What requires a building permit?

The International Residential Codes, (IRC), the Building Code mandated for the State of Utah, requires builders, homeowners or their agents to obtain a permit when building a home or when:

- changing load bearing wall configurations
- converting storage space to living space
- finishing a basement
- finishing a bonus room area
- retaining walls over 4 feet in height
- sheds w/ electric or plumbing (any size)
- sheds over 200 square feet
- carports
- garages
- decks attached to a home
- any structure attached to a home

Not sure if your build fits into this criteria or need an estimate on the cost of a permit?

Call 801-789-6614

The purpose of obtaining a building permit is to ensure:

- The structure is engineered to the minimum safety requirements.
- The heating, cooling and glazing (glass), meet the minimum energy efficiency standards.

Did you know?

- When a contractor submits a permit to build a home they do not always show the basement to be finished as living space, only as storage. When a homeowner decides to change the use of the basement area to living space, commonly called "finishing the basement", a permit is required.
- Most homeowner insurance policies require a permit on all "living space". Finishing a basement without a permit is considered an unpermitted build. Insurance companies can decline partial or all coverage to the home if the damage can be linked to the work on an unpermitted build.
- Safety and increased longevity of your homes and structures is the Eagle Mountain Building Department's goal. Inspection services are kept to the minimum cost to lessen the economic impact of improvements.
- When a home is sold, if it has been determined that work was done without obtaining a building permit the sale may be jeopardized. It is very costly and difficult to get a building permit for a basement when work is covered up and completed.



Trick or Treat Village
Saturday, October 25-Nolan Park
10 a.m. to 2 p.m.

Free Admission

Bring the kids for trick-or-treating at the local business booths

Animal costume contest

Cookie decorating with the Senior Council

Take home a free pumpkin (while supplies last)

Monster Mash by Gotta Dance, Dance Studio

NEWS BRIEFS

Bag the Leaf

Eagle Mountain City is again offering a Bag the Leaf program for fall. Residents are encouraged to clear leaves and other debris from the tops of catch basins abutting their property during the fall leaf collection period to help prevent localized flooding conditions during the fall and winter months.

The success of the City's leaf bag collection program depends on the cooperation of our residents. Without your contributions, the City would not be able to provide an efficient and cost effective leaf collection program. This is an opportunity for all of us to keep Eagle Mountain City clean, safe, and beautiful.

Following are details about the program:

- City will provide free leaf bags to residents.
- Pick up bags at City Hall or The Ranches HOA office.
- Bags available through November 28 while supplies last.
- Curbside pick-up weekdays. You may email Larry at ldiamond@emcity.org to notify us when you have bags ready for pick up.

Program guidelines:

- City provided bags as well as other small to large plastic garbage bags may be used.
- Bags shall not exceed 40 pounds and must contain leaves only. Heavier bags will not be collected.
- The City will not collect any bag(s) that contain household waste, green waste, branches, limbs, rocks, animal waste, dirt, sod or other restricted bulky waste. If a bag contains any unacceptable materials, crews will place a notice on your bag(s) and leave them for you to remove.
- Place your bag(s) curbside. Bags should not be placed in the street, gutter, ditches, or any drainage way.
- Leaves should not be raked into the street. Homeowners/renters will be subject to fines for placing debris in the roadways.
- Questions? Contact Larry Diamond with the Storm Drain Department at ldiamond@emcity.org.

In accordance with Utah State Code, following are For and Against arguments for Proposition 8 on the November 4 election ballot regarding the sale of the City's electric utility. The arguments for or against a ballot proposition are the opinions of the authors. Eagle Mountain City does not express any opinion as to the accuracy of any statement or facts contained herein. (Arguments continued on page 4)

Vote FOR Proposition 8
By Royce Van Tassell
Eagle Mountain Resident and Vice President of the Utah Taxpayers Association

My wife and I moved to Eagle Mountain ten years ago. We like being away from the hustle and bustle, yet being close enough to get to Wal-Mart in just a few minutes. We like the parks, trails, friends and fun.

Unfortunately, recent federal mandates mean our power rates will go up. As Eagle Mountain voters, we get to decide whether they go up a little, or a lot. If we vote FOR Proposition 8, they will go up a little. If not, power rates will go up a lot.

Voting FOR Proposition 8 means selling the power utility to the experts at Rocky Mountain Power (RMP), so they can do what they do best – make, buy and sell electricity. Voting FOR Proposition 8 also means the Mayor, City Council and city staff will do what they do best – focus on roads, parks and public safety. Eagle Mountain simply cannot match RMP's access to capital and its size in the national energy market. As Eagle Mountain continues to grow, we need proven private sector experts like RMP to expand our power utility.

RMP's offer will eliminate the city's electric utility debt. To ensure the company treats customers fairly and provides reliable electricity at reasonable rates, Utah's Public Service Commission will continue to regulate RMP. RMP will maintain continuity as it merges the city's power infrastructure with RMP's state and regional infrastructure by offering jobs to affected city employees at their current or better salaries.

I haven't heard anyone complaining about the proposed sale, which is usually a reliable sign that the City Council is on the right track. Mayor Pengra is FOR Proposition 8. Our member of the State House of Representatives, David Lifferth, is FOR Proposition 8. The City Council voted 4-1 FOR Proposition 8.

Don't forget – Mayor Pengra, Representative Lifferth and the new City Council members won last year's elections because they are determined to save taxpayer dollars. Pony Express Days was smaller this year. And the city won't be buying more statues to adorn City Hall any time soon.

Both as a resident of Eagle Mountain and as vice president of the Utah Taxpayers Association, I'm glad Mayor Pengra and the City Council are stingy with our tax dollars. They have a sacred obligation. In deciding whether to vote FOR Proposition 8, we need to make sure they uphold that obligation. As I look at Proposition 8, I'm confident they have.

Eagle Mountain is a great place to live. The city has done a great job of building a wonderful community. As we continue to grow, we need a private sector partner to own, operate and grow our power utility. That's why I hope you'll join me in voting FOR Proposition 8.

Vote AGAINST Proposition 8
By Ashly Lower

Should the sale pass, your utility bills will go up and your water rates and property taxes will soon follow because we will be selling the biggest source of revenue we have (that pays the bonds plus keeps your property taxes low, water rates lower, and much more).

VOTE AGAINST the city making a quick buck at the expense of citizens and VOTE AGAINST selling our future of low rates and low taxes.

Don't let scare tactics persuade you. Even with new energy regulations, we get power from UMPA & our UAMPS membership which provides us with rate security/stability, which is why other local cities aren't interested in selling.

WHAT YOU LOSE WITH THE UTILITY SALE

- KNOWING THE RISKS:
 - o Feasibility Study – Did you know the city hasn't conducted a 3rd party feasibility study which shows the risk & benefits of each option?
- LOW COST & LOCAL SERVICE:
 - o Questar Rates are 33% higher in winter (with our low rates, gas is still one of our most profitable utilities).
 - o RMP projects to increase their rates 12% from 2014-2018 so even though their rates are close to our current rates they will continue to go up, usually 2%-10% per year.
 - o Water Bills will go up due to the city paying \$220,000/yr. more in Electric costs for the Water Dept. rather than it being subsidized.
 - o Property Taxes are likely to increase due to the loss of \$700,000+ contributed to the general fund each year from these utilities.
- LOCAL CONTROL:
 - o Selling means we give control to FOR-PROFIT corporations that will make the decisions for us. We lose control of our rates, service, & self-reliance.
- OPTIONS: ONCE WE SELL IT'S GONE FOR GOOD:
 - o We could always decide to sell in the future when our city has more residents/revenue (that option isn't going away).
 - o If we sell now we won't have the option of getting them back.
- COMMUNITY IMPROVEMENTS AND ASSETS
 - o Community improvements: Even if the loss of revenue could be made up somewhere besides taxes wouldn't it be better to have that over \$700,000 invested in our community instead of just covering losses?
 - o Assets: The sale will mean a loss of a publicly-owned asset, which will grow in value and produces steady cash transfers to the general fund, all for a one-time payment.
 - o Our Gas/Electric infrastructure is already built out to support a lot more growth.
- FUTURE PAY OFF OF BONDS & LOWER RATES:
 - o Gas & Electric pay \$2.6 million towards bonds each year & still had around an extra/excess \$850,000 in the 2014 budget.
 - o There are 2 bonds, the much larger of which will be paid off 2024, the other by 2031.
 - o By 2026 we should have less than \$3 million remaining from these bonds, imagine how low our rates will be then.
 - o It will be harder pay the general fund bonds due to the strains of selling our biggest sources of revenue.

In accordance with Utah State Code, the following is the City's statement regarding the sale of the electric utility system:

Utah Power & Light (UP&L) was formed in 1912 from several smaller electric companies in Utah, Idaho and Western Colorado. Its name was changed to Rocky Mountain Power ("RMP") in 2006. RMP with Pacific Power and PacifiCorp Energy make up the three business units of PacifiCorp. RMP provides electricity to customers in Utah, Wyoming and Idaho. Pacific Power provides electricity to customers in Oregon, Washington and California. PacifiCorp Energy contains the electric generation, commercial and energy trading functions, and the coal mining operations of the company. In the aggregate, the company serves 1.76 million electric customers over six states. PacifiCorp owns 74 power generating plants with a generation capacity of 10,595 megawatts. These plants include coal, hydroelectric, natural gas, wind and geothermal facilities.

Eagle Mountain City currently obtains 100% of the City's power resource needs through power purchase agreements and participation in Utah Associated Municipal Power Systems and the Utah Municipal Power Agency. If Eagle Mountain retains its gas and electric utilities, the City will need to secure additional resources which will require additional investment of capital. Such investments could complicate and possibly prevent future considerations of selling the utilities. In short, the more capital investment in resources the City makes, the more difficult it may be to sell the utilities should it become desirable in the future.

As the City continues to grow, operation and management of the City's gas and electric utility and compliance with State and Federal regulations will become more complex and expensive. Although resources are available to assist the City, RMP's size and broad customer base naturally create economies of scale with respect to resource management, billing and operations. In addition, RMP's ability to service large customers and the perception that RMP may be able to provide more consistent long-term rates may assist the City with respect to economic development.

The sale of Eagle Mountain's gas and electric utilities would also have a significant impact on the reduction of the City's debt. By paying off all bonds associated with these utilities, the City would reduce its debt by over 50%. The City's outstanding debt associated with the gas and electric utilities is approximately \$26 million.

There are numerous benefits and risks with both selling the City's utilities and retaining the City's utilities. The City encourages all residents to carefully consider all the benefits and risks.

Rebuttal to City Statement
By Ashly Lower

We can say that economies of scale bring lower rates all we want, but facts show a much different story.

Rocky Mountain Power has increased their rates over 25% total in the previous 5 years. 2011 alone had an 11.5% increase, and 2012 had a 6.1% increase (2009, 2010, and 2013 increases ranged from 2.2% to 3.1%). This will be our new reality if we sell the utilities.

According to the 2012 EIA Report with Residential Rates for Utah Municipal Power Companies (of the 15 reported) & Rocky Mountain Power: Utah municipal power residential rates on average are cheaper by more than 8% when compared to Rocky Mountain Power rates. 11 of the 15 municipal power companies reported were priced below Rocky Mountain Power (ranging from 5.5% to 29.5% lower), and 4 were priced above (3 of which were less than 2% difference & Payson being highest). There are many Utah city power companies that do not generate their own power and most that do only generate a small percentage of the total usage.

Just like Rocky Mountain Power, UAMPS also has many different plants. The main difference is they are nonprofit. We still have access to all these resources, but without the need to pay taxes & shareholders.

VOTE AGAINST the city selling one of our biggest assets & revenue sources at a price that will leave residents paying the difference with higher gas/electric bills, higher water rates, and increased property taxes or lower levels of service.



VOTE

Election Day
Tuesday, November 4
Polls are open 7 a.m. to 8 p.m.

Early Voting
October 21-31 at City Hall

More info on the City website, News section