

**PARK CITY COUNCIL WORK SESSION MINUTES
SUMMIT COUNTY UTAH
NOVEMBER 15, 2012**

Present: Mayor Dana Williams, City Council Members Alex Butwinski, Liza Simpson, Dick Peek, Cindy Matsumoto, and Andy Beerman

Diane Foster, Interim City Manager; Mark Harrington, City Attorney; and Thomas Eddington, Planning Manager

Steve Rush, Kevin Keystone and Brian Bowles, Rocky Mountain Power; Les Bell and Mike Volarty, ICPE; Steve Preston and Bill Miller, Iron Horse Apartments; Jesse Shetler, Park Meadows resident, Mark Fischer, property owner; John Phillips, Park Meadows resident representing the Fireside HOA; Mary Wintzer, property owner; and Tim Brenwald, Powdr Corp

Rocky Mountain Power Substation expansion/relocation. Planning Director Thomas Eddington stated that the objective was to discuss the Council's support for the relocation, as well as any conditions or additional information needed with regard to the potential relocation. Mr. Eddington presented images and provided a brief overview of both the existing and proposed sites. At a previous meeting the City Council had a number of design questions, at which time Rocky Mountain Power was able to show initial perspectives and photo shop images of what the site might look like. Since that time stakeholder meetings were held at The Yard and the Staff has worked with Rocky Mountain Power on the idea of possibly moving the substation back on the relocated site and rotating it a little. Mr. Eddington reviewed images that were updated since the last meeting.

Cindy Matsumoto asked about three poles shown in front. Mr. Eddington believed those were for the overhead option that brings the lines in and drops them down into the substation. Whether the lines are underground or above ground, there would still be some poles.

Alex Butwinski asked if money was unlimited, whether they could underground power all the way to the station, and if it would still have to go vertical up a 55 foot pole. Kevin Keystone with Rocky Mountain Power explained why a 55 foot pole is still required with undergrounding. Because of the topography of this particular site, the ground pole sits at street level. Where the steel structure sits is down in the ground. Mr. Keystone pointed out that the distribution is all that goes underground. Lower voltage underground distribution was being proposed for all the options in either location. Mr. Butwinski had commented on the power line design on 11th East. Mr. Keystone explained the difference between the one proposed and the one on 11th East. He noted that the 11th east substation was rebuilt four or five years ago. Mayor Williams asked if 11th East has been a continuous site for 25 or 30 years. Mr. Keystone replied that the original site was built

around 1920 and was the original track system of Salt Lake. It has been modified through the years into what it is today.

Andy Beerman understood that even if the lines were undergrounded, it would still have to be daylighted and run up the poles to come into the station. He asked if that was due to an efficiency issue or lack of technology. Mr. Keystone stated that technology known as Gas Insulated Substations (GIS) is used when there is a high significant cost to the value of land. However, the cost of GIS technology is 8-10 times higher than what was being proposed. Dick Peek asked for the incremental cost of doing the option of three poles in front. Mr. Keystone estimated the difference to be \$3-5 million. Referring to a rendering, he noted that if they used the GIS technology, it would remove the three poles out front and the three H structures in the back. Mr. Beerman asked if the GIS technology had been done anywhere in Utah. Mr. Keystone answered no. He stated that Rocky Mountain Power did an evaluation four years ago on an upgrade south of the E Center, and found that the incremental cost was not worth the benefit. The GIS technology is typically used in Casinos along the Las Vegas Strip. It is also used in cities such as Tokyo where there is high density with high loads.

Liza Simpson clarified that the cost would be \$8 million above the normal price of doing the substation, and that number is only for what is inside the walls. The cost does not include undergrounding the lines into the substation or out of the substation. Cindy Matsumoto understood that it was \$3-5 million additional, and that could increase to \$8 million with the undergrounding. Mr. Keystone showed exactly where the GIS would be used. The transformers and remaining pieces would not change. Ms. Simpson stated that she had asked for clarity because the number was not far off from the basic relocation cost. Mr. Keystone noted that it would be above and beyond the relocation cost. Mr. Beerman remarked that if it was also above and beyond the cost to install the poles and all the structures there would not be a savings.

Diane Foster noted that the consultants were in attendance and she asked them to introduce themselves. Les Bell with ICPE stated that he was hired by the City to confirm cost estimates and projects. Mr. Bell stated that he worked on a GIS substation at Caesar's Palace in Las Vegas and the cost was overwhelming. Mike Volarty, also with ICPE, stated that he has been working with Matt Cassel on some of the issues.

The Council and Rocky Mountain Power discussed various scenarios and options related to the substation.

Mayor Williams noted that projects associated with moving the substation would generate a greater demand for power. Based on that fact, he asked if Rocky Mountain ever considers reducing the cost of relocating the substation. Mr. Keystone pointed out that since another

viable option is to expand inside the existing footprint, there would be no way to make an argument for a cost reduction as a reasonable economic approach. Rocky Mountain Power has never had a situation where the cost was reduced. Mayor Williams questioned why a billion dollar economic improvement to the City was not worth the \$3-4 million to move the substation. Steve Rush stated that other rate payers would have to bear the cost if a reduction was given to Park City and that would not pass the Public Service Commission. Mr. Butwinski asked why the revenue increase for Rocky Mountain Power was not in the equation. Mr. Keystone stated that under the established process Rocky Mountain Power must have a signed guaranteed revenue contract in order to spend those funds. There is a mechanism in place to credit the revenue funding towards a specific entity. The entity would have to guarantee the specified load, and even if the load was not delivered it would need to be compensated. Mayor Williams asked if there was a specific time limit on the guaranteed load. Mr. Keystone replied that the contract takes the delivery as soon as the substation is built.

In looking on Google Earth, Dick Peek thought the 11th East substation looked remarkably compact. Liza Simpson asked for the square footage of the 11th East substation. Mr. Keystone recalled that the 11th East substation was approximately 180' x 190'. The Council and representatives from Rocky Mountain Power discussed the location and design of the 11th East substation. In terms of the Park City substation, Mr. Keystone noted that the design proposed for the relocated site could be accomplished on the existing site. The challenge with the existing site is access and the ability to turn equipment around. Mr. Keystone stated that the functionality of the 11th East design could not be replicated on the existing Park City site.

Mr. Eddington presented slides showing how the substation would fit into the Bonanza Park Plan Area. He showed the impacts that would occur if the Substation was left in its current location. It would also require a significant redesign for the Bonanza Park Area Plan.

Diane Foster stated that the Staff would come back with a financial analysis to confirm the numbers mentioned this evening. She clarified that they were not looking for an answer this evening on whether or not to move the substation. It was an ongoing process; however, in order to get through a CUP process and have the substation in place by 2015, the Council will be asked to make that decision in January. The Staff would like to know from this meeting what additional information the Council would like to see at the next meeting. Alex Butwinski remarked that visual impact was an obvious concern and screening is an important factor to consider in the studies. He asked who had paid for the screening on the 11th East site. Mr. Keystone replied that Rocky Mountain Power paid for all the improvements because the site had to be expanded to meet their needs. An expansion would not be required for the existing Park City site to fit the facilities.

Liza Simpson was confused as to why having transmission lines on the east side of Bonanza was more costly than on the west side of Bonanza. When the Staff comes back with more definitive numbers, she would like to see aesthetically pleasing fencing options regardless of where the power station is located. Ms. Simpson thought fencing would be a significant piece of the cost and a factor in determining whether or not to put the lines underground.

Steve Rush stated that Rocky Mountain Power was willing and able to build on the existing site. With the possibilities presented at lower Iron Horse, they were trying to make sure that it technically fits. He understood the expectation of focusing on other issues, but their primary focus is whether it can work, the best way to make it fit using the footprint as best as possible, and to create space for landscaping.

Dick Peek wanted to see option for GIS and buried lines at the new location. He would like to see GIS in the existing location, and the type of screening that Rocky Mountain Power would provide. Mr. Rush stated that per the current arrangement being discussed, if they build on the existing site, very little needs to be done with the property. The relocated site would have to be prepared to meet Rocky Mountain Power requirements. If Park City adds additional requirements, he was unsure who would bear that cost but it would not be Rocky Mountain Power. Mr. Peek clarified that he wanted to see the cost of what he requested for both the existing and the new site, so the Council could consider that information in making the decision moving forward. Mayor Williams questioned why they would ask Rocky Mountain Power to do additional work and research when the City is still trying to find funds to relocate the substation. Mr. Peek did not believe it would cost much for Rocky Mountain Power to provide different options. Diane Foster recalled that in conversations with Matt Cassel, the challenge is not being able to dig over the flood plain in the new location and they would need to research that further.

Andy Beerman wanted to see the same information Mr. Peek had requested. Ms. Simpson clarified that her direction regarding the fencing was to Staff and not Rocky Mountain Power. Ms. Simpson also requested a cost estimate to create the new access road through the parking lot in Prospector to the lower Iron Horse condos. She needed to pin down the numbers associated with all the pieces in order to make a decision.

Andy Beerman asked if there was a maximum height for screening walls based on equipment needs and access. Mr. Keystone noted that the same question was asked during the development of the Gateway. They went through a number of renderings and actually looked at a façade on the front that was between 20 and 25 feet. Mr. Keystone stated that the challenge for the Park City site is the need for a support structure, which takes up more space. Rocky Mountain Power is required to build to a

certain seismic criteria because they are a critical service. There are options, but it involves more than just vertical height. Mr. Beerman asked if the GIS option could be entirely enclosed in a structure. Mr. Keystone stated that it could be done; however, it adds another dimension from the standpoint of cooling the transformers. If enclosure limits the airflow, they would have to provide cooling systems. Another problem with full enclosure is removing equipment when it fails. Mr. Rush commented on other implications related to full enclosures.

Diane Foster remarked that the City Council would have opportunities for future discussions and funding options. The intent is to have a holistic funding discussion with the City Council to help set priorities; followed by a funding discussion on the substation. Mayor Williams thought they needed to be careful about spending tax dollars. Another option is for the City to work with the developer and for the developer to pay because he gains the benefit. The City would need x-amount of additional density in order to justify the expense of paying for it. Mayor Williams referred to a conversation in a joint meeting with the Planning Commission about possibly allowing 8-10 story buildings. He believed that is where this was going. He was progressively more concerned about what BoPa would turn into as an exchange for the relocation. Diane Foster stated that the Staff would be presenting a range of funding options. She asked the Council to remember that this was a 50-100 year decision and there would be bonding options from a 15-20 year perspective.

Liza Simpson asked if Mr. Eddington was satisfied with the numbers on tax revenue. Mr. Eddington replied that the Staff was fairly satisfied with the numbers. Based on the discussion this evening, he would scrutinize the numbers more closely. He noted that the rough calculation did not include all of the perceived impacts if the substation remained in its current location. He believed the actual impacts would be greater. Mr. Eddington anticipated less development in the Bonanza Park Area Plan if the substation stays in its current location. He summarized that the Staff would research costs for the access road, as well as for increased heights and facades and other opportunities.

Liza Simpson stated that they have worked very hard to create something vibrant in the Bonanza Park area, and she would like to know the costs in terms of reduced revenue and projected revenue. Cindy Matsumoto referred to the slide with the red building and asked for the height of the building. Mr. Eddington believed it was approximately 25 feet. Dick Peek thought it would be interesting to see a rendering with that scenario in its current location with GIS. Ms. Matsumoto remarked that if they can save \$2-3 million dollars by not moving the substation, that money could be used for screening. Mr. Peek agreed. He also suggested that they could create a funding mechanism for that area of Bonanza Park to help pay for it.

Mayor Williams called for public input.

Steve Preston spoke on behalf of the Iron Horse Park Apartments. His motivation is to preserve the safe and pleasant atmosphere of the Iron Horse Park Apartments for the numerous residents who live there. In reviewing the design criteria for both substations and transmission, he noticed a number of things. One was that it would avoid residential neighborhoods. There was also criteria based on proximity to parks and waterways. Mr. Preston stated that there were approximately 417 within the Iron Horse Park Apartments; 225 adults and 192 children. He noted that the City was talking about putting a substation into one of the highest density areas in Park City. Ten percent of Park City's population lives in that area. Mr. Preston pointed out that when the Iron Horse Park Apartments were developed, numerous restrictive covenants were recorded against the land with several organizations and with the lenders. He requested that the City resolve some of the impacts and suggested a connection across Prospector Square so the residents and school children do not have to weave through the maze of a substation to get to their property.

Bill Miller noted that a portion of the land for the substation site is actually part of the condominium project. He had documents from the Title Company to support his claim. In addition an easement was given and no one could move it. Mr. Eddington stated that he and Matt Cassel were researching that property question.

Jesse Shetler, a Park Meadows resident and a local businessman stated that many of his questions were answered during the discussion this evening. There are many issues and it appears that the City Council is prepared to address them. Mr. Shetler was interested in opening an establishment in Bonanza Park. He is very pro-commercial and he believes it is important to move the power substation so the Bonanza Park Development can maximize its potential, which would include a large residential element. Mr. Shetler had confidence in the City Council and he looks forward to future meetings.

Mark Fischer stated that this decision has been a long time coming. Because it is a 50-100 decision, he encouraged everyone to take the necessary time to get it right, even if it extends beyond January. He was very concerned about the issues expressed by the other speakers and they need to realize that this is a once-in-a-lifetime decision that will dramatically alter or eliminate the idea of Bonanza Park if the substation is not moved. Mr. Fischer felt that fact needed to be weighed against the other options. He thought a crossing from Prospector across the Rail Trail should be considered. It would avoid the concern of children on the road and it would provide a quicker access to school. It would also take traffic off of Bonanza Drive and it would solve the problem with the Iron Horse intersection. Mr. Fischer stated for the record that if the substation is moved to the new site, his property would not be condemned. He looks forward to working with the City and he promised to be open and considerate of the neighbors in an effort to come up with the best solution.

John Phillips, representing the Fireside HOA, agreed with the speakers from Iron Horse that the large population base is important to consider and mitigating impacts to them is the most important element. Mr. Phillips understood that the City believes that the end result would benefit the residents because moving the substation would allow for creating a vibrant community in the Bonanza Park area. After hearing the discussion, he believes they are all on the right track. In his personal opinion, it is a good location for the substation and for the future development of the area. It can be positive for those living in the immediate area as long as the impacts are mitigated. He asked the City Council to make sure there are contingencies to address unintended consequences that may arise.

Cindy Matsumoto asked if Mr. Phillips lives in the area. Mr. Phillips stated that he is currently a homeowner in Park Meadows. He lived in the Bonanza Park area for approximately four years and he is still very involved with that community. He is a Board member of the Fireside HOA. Cindy Matsumoto asked if the Fireside Board had taken a position on the substation. Mr. Phillips replied that the Board members have attended community meetings and they are very comfortable with the direction the developer and the City is headed. This is a culmination of everyone working together and with that cooperation it could benefit everyone.

Mary Wintzer, an owner of the Iron Horse District, stated that she and Mark Fischer have discussed this matter at length. As a commercial property owner she did not feel that moving the substation would benefit her project. However, as a citizen at large, she asked that the City obtain view corridor studies coming down Iron Horse to see how it would impair the view. Ms. Wintzer remarked that it is extremely important to consider the concerns expressed by the Iron Horse residents and that size of population. If impacts could be mitigated without destroying Mr. Fischer's plans for Bonanza Park, the impacts should be to commercial buildings and not residential. Ms. Wintzer commented on the importance of understanding the real numbers because the cost is significant for taxpayers. If the Council is undecided and the substation stays in its current location, she asked that they look at ways to make it palatable so it does not destroy what Mr. Fischer has accomplished. If the substation is moved the City needs to find a way to fund it so the taxpayers are not bearing the burden. Also, if the substation is moved to enhance Bonanza Park, some of the revenue must go into mitigating the impacts.

Tim Brenwald with Powder Corp. stated that the Company hopes to one day develop property in partnership with Mark Fischer. It provides an opportunity for the City to look at new infrastructure as well as new roadways. Mr. Brenwald thought power lines were overlooked in the discussion. When power lines come in and go to one station or the other, there will be significant visual impacts. He thought that issue needed to be discussed in greater detail.

Steve Rush agreed with Mark Fischer about the timeline and the importance of this decision. He explained that the timeline projected by Rocky Mountain Power was based on the fact that the substation must be in service by the fall of 2015. They were not insensitive to the importance, but they have to look at the reality of the time it takes to go through all the City processes.

Mr. Butwinski asked about staging on the existing site and how that would affect Mr. Fischer. Mr. Keystone explained the construction sequencing and dismantling of equipment in the timeline of when the load is down. Typically construction can start in March and goes into September. In terms of staging materials, all the equipment would be staged at a Rocky Mountain Power facility. He assumed staging would occur at the Park City Service Center in the Snyderville area and transported to the site. Mr. Keystone did not think they would need to use Mr. Fischer's property.

Mr. Butwinski asked how long Rocky Mountain Power has known that the substation needed to be moved or rebuilt. Mr. Keystone replied that they started the project with a timeline approximately 2-1/2 years ago. They have been working with Staff for the last 18 months on choosing a site and going through a number of exercises to narrow it down to the two locations proposed. Mr. Rush stated that substation would have needed to be in service sooner if the economy had not slowed down.

Mr. Butwinski noted that the City Council received the information six weeks ago and now they are being asked to make a decision by the end of the year. He did not feel the Council was given a fair amount of time to evaluate all the options and consider the costs. Mr. Rush stated that Rocky Mountain Power has worked with Staff and evaluated a number of sites, and he believed the City Council was made aware of that at the time. He wanted it clear that Rocky Mountain Power did not have a preferred site and that the decision is up to the City Council. However, Rocky Mountain Power has a responsibility to make sure that in 2015 they have the ability to provide power to the residents of Park City. They were being responsive to the options and trying to work with the City.

Liza Simpson pointed out that the City has been talking about this for months and the Council received the evaluation of suggested sites months ago. She understood Mr. Butwinski's concern and she was certain that if they were not ready to make a decision until February that Rocky Mountain Power could work with that time frame. Ms. Simpson was open to any suggestions for outreach to the citizens to get them involved in understanding the decision the Council is faced with making. Mr. Butwinski clarified that his comments related to the limited time the Council was given to obtain and evaluate the necessary information to help make their decision.

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The meeting for which these minutes were prepared was noticed by posting at least 24 hours in advance and by delivery to the new media two days prior to the meeting.

Prepared by Mary May, Secretarial Services