

# City of Green River

460 East Main Street, Green River, Utah

City Council Minutes  
Regular Meeting  
Tuesday, April 30, 2013

**ATTENDING:** Mayor Pat Brady, Council Members Kathy Ryan, Kent Johnson, Penney Riches, Philip Engleman and Gary Riches; Employees Conae Black; Citizens Mike McCandless, Emery County Economic Development Director.

**CONDUCTING:** Mayor Pat Brady, the meeting began at 6:33 p.m.

## **ORDER OF BUSINESS:**

1. Discussion and planning for the Community Development and Renewal Agency. Mayor Brady said Mike McCandless has been invited to attend this meeting because Attorney Craig Smith has suggested that the City find out as much as we can about the desires and wants of the future oil refinery. We need to find out what they want from the city and what they are willing to give back to the city. Craig Smith gave an example that perhaps the city could recover the attorney expenses through either the annexation of the industrial park or through tax increments. Mike McCandless said there is law that states an annexation cannot take place just for the increase in tax revenue so we need to be cautious of that. The key need for the oil refinery from the city will be culinary water services. They are not planning on building anything on the north side of the railroad even though they have the right of way for a road and the road has been roughed in. They are going to build their own highway access onto their property. They are in the process of working with UDOT engineering for that.

When he first started working on this project he contacted Jones and Demile and Johansen and Tuttle Engineering and asked if they could give him some estimates on a road, a ten and thirty six inch water line so they had some numbers to work with when they presented to EDA.

At the time he first got involved with this project they looked at another piece of property seven miles further to the east. To put in a water line for the entire seven miles would cost approximately 1.5 million dollars. Part of that cost would be to boost the water pressure and they planned on at least two to three booster pumps between the town and the site location.

Emery County designed the industrial park for about 3,000 acres and the design began even before the nuclear power plant came on board. There are two approaches the city can take on the water line. You can design it just for the needs of the oil refinery or design it to meet the future needs of the entire industrial park. He felt a ten inch line is adequate but plan a location for a water storage tower in order to have the water capacity for fire flow for any for seeable problems. You do not want to have to rely on a pump for fire flow if something happened. If you are running water for a toilet and drinking water then there won't be a problem but if there is a fire then the system will fail. If or when the nuclear power plant happens and a tower is in place then the city can deliver them water and they will not have to them get their own water treatment plant. He did not think the oil refinery will need a lot of assistance from the city other than the culinary water. There are other utilities they will need but they will work with Rocky Mountain Power and Emery Telecom for their services.

Conae Black asked about the roads. Mike McCandless said the new road is a part of their plan. Highway 24 will probably be mostly used for employee access to the refinery. Mike McCandless said Green River City had a fairly aggressive impact fee. Conae Black said right now it is \$1,000 per ERU and she didn't even know how much it would be for industrial use and would need to get with the city engineers to figure that out. Mike McCandless said there was a lot of thought put into the impact fees but it was designed for single family dwellings and motels. He said the refineries water usage will be about 40 gallons a minute. Conae Black said she received a phone call from Kim Green today who is the Business Development Manager for WoodRock. She asked questions like where the nearest hospital was etc. Mike McCandless said he has asked WoodRock to do an emergency preparedness plan and give that to Captain Kyle Ekker and Karen Smith. Mike McCandless said as far as the question goes on what does the city want from the oil refinery he will give the following advice. The biggest area where the city will have a direct correlation between what the oil refineries

project impacts will have on the city and what they need to do is emergency response. You will not be able to fight a fire out there without water. In most cases you will want to fight above the fire. You will want to have some tools or resources there. The city will need to be relatively aggressive in identifying those needs and potential partnerships with the refinery.

He said the same thing to Blue Castle Holdings. He has said that Green River City should expect a hundred foot ladder truck on their dime because it is their project. Something that is directly attributable to the project would be very reasonable to ask for assistance from WoodRock. Conae Black said Kim Green wanted the City Council to come up with some community outreach projects some of which may be on going. If the Council came up with more than one then she asked that they prioritize them. Kent Johnson suggested a skate park. Conae Black told Kim Green that she would ask the Council but she will probably get six different ideas. Mike McCandless said he didn't know how much they are going to give but after he finished the meeting here last December and went to dinner that night the principal person from that organization asked what they could do to help both the city and the Epicenter and thought about giving \$200,000. They just threw out those numbers but the reality is a lot can be done with that because you could leverage your money. Penney Riches asked if any of their employees will live in Green River or will they commute. Mike McCandless said the refinery would like as many as possibly live in Green River. A lot of that will have to do with availability of property. They will start training about nine months before they are in operation. For the first phase there will be 20 to 35 employees and 7 to 10 of those will be from the outside. Those will be the engineers and professionals. The rest will come from anywhere that will be traditional type of skills such as trucking or rail skills. The first thing up and running will be the rail a year or so before the rest of the facility. They will be aggressively marketing the rail spur. He has been amazed how supportive Union Pacific has been on the upper level. Kent Johnson said they like making money and they can do that by moving big bulk items. Mike McCandless said some things that the city needs to think about are how the city can provide some incentives to make people want to live in Green River. In his opinion the biggest obstacle is property. Kent Johnson said the city owns some property in Elgin and perhaps they could sell that to a developer. Mayor Brady spoke of the Mancos Rose and Book Cliff Lodge that is up for sell. Mike McCandless said for the level of pay that the refinery employees will be getting they are going to want to build homes and that will be the driving factor as to whether they will stay or not. Another section of property is the A/OK RV Park next to the golf course. Mike McCandless suggested that the city become aggressive in enforcing some zoning ordinances and get these other properties cleaned up.

Penney Riches said there are a lot of homes in town that are unlivable. Mike McCandless said that is costing you more in tax dollars. Mayor Brady said that was one of the purposes of the housing plan is to find out where we are at. Conae Black said we also need to look at our zoning ordinances. Right now they are really large lots and do not allow for any density.

Mike McCandless said Emery County needs to take a look at that also. The county does not want to have a situation where there are people building all around them. The biggest issue with the county is they want them to be serviced by culinary water and not by a cistern. You will still have to provide emergency services and a road to those who build outside of city limits. Kent Johnson said if you change zoning ordinances to where you start compacting people in then they will want to live outside of city limits. Mike McCandless said there is a metal fabrication manufacturing business worth about 100 million dollars that is looking to locate in the industrial park. They had already targeted Green River even before he had started talking to them. They would complement the oil refinery. They would be able to utilize the rail system and would not be competing with them. Gary Riches asked what kind of incentives has the State offered the oil refinery. Mike McCandless said the State has never offered any kind of incentive to a natural resource based company. It took them several months but they were successful in getting an incentive. There are two types of incentives from the State, the Industrial Assistance Fund (IAF) which is like a cash credit and the Economic Development Tax Increment Financing (EDTIF). The key to both of these is they are post performance. They do not get a nickel unless they actually build what they say they are going to build and generate the taxes they say they are going to generate. You apply and the State will evaluate which of those two tools will fit your situation the best and then work through the incentive. The incentive could work out to be between 5 to 12% of the total cost of the project. In most cases now the EDTIF program is a better alternative. EDTIF basically means the State will look at how much money they are going to get in sales tax revenue, anticipate property tax revenue and anticipate licensing of vehicles and other tax revenues. They look at the whole big picture over a period of about 20 years. The State knows that if that company did not place there they would not have the income. He gave an example of the tax revenue to be \$30 million dollars and the State will give back a percentage of that \$30 million dollars because if they did not come then that income would be zero. That was invented by Carbon and Emery County nine years ago. Because the State had never given incentives for a project like this they had to convince them that there

project. The competition for this project is not like other projects. The refinery company could either spend that money in Utah or another state. That was the argument they had to get them the State incentive. It took a lot of meetings a lot of time but the State finally made a decision to offer \$12.5 million dollars. Out of \$300,000 total spent they are going to give \$12.5 million back. That makes a huge difference to their investors.

Those investors want to get started on all phases sooner because it quickens the time that they get their money back. For investors that is better than cash money. He doesn't know what their expected income will be but he anticipates that it could easily generate 5 to 6 million dollars in income. The County is supposed to provide them with some kind of incentive as well. The State does not care what that incentive is, it could just be \$20 they just want to know that the local communities are in favor of the project. We told the State that Emery County is already in discussions about creating an EDA area; they are in discussion with the Economic Development Administration area in Denver about having them help with infrastructure and that the county would at least consider helping with some road projects through the Special Service District. Emery County has not promised anything but has said these are the avenues that Emery County will look at as a way to help make this project happen. He said he was hoping that the oil refinery could come up with as much as \$500,000 for the water line but he just doesn't see it right now. The way he is pitching the water line right now is that it is the refineries obligation and if the city and taxing entities do create an EDA they can write the refinery a check and pay them some money back to offset those costs, they can help the refinery develop other resources or they can spend it on other projects within the community where the refinery created an impact. In most cases the communities split that increment benefit with the applicants and the community. He spoke of some EDA areas in Carbon County. Conae Black asked Mike McCandless if he thought we would have a difficult sell with Emery County School District on establishing an EDA. Mike McCandless said no, he held an educational meeting with Craig Smith and Susie Becker already. The secret will be helping them understand the math. He said because the oil refinery project is so big the state will assess the value of the property. He feels it should be valued at \$300,000,000 but the state will only assess \$150,000,000 which is still more tax revenue than what you had. Once the refinery has their air quality permit then they will close on their property and he has advised that they send a letter to the city requesting annexation.

Mike McCandless wanted to mention the status of getting natural gas to Green River. After dozens of meetings during the legislation Senator Okerland put together a draft bill. Natural Gas cannot be brought to a lot of the rural areas because Questar's rates are escalating really fast. He uses his own home as an example. He does not have natural gas. It is only 1000 feet away from a natural gas line. He bid on putting a natural gas line to his home with Questar three years ago and the price came in at \$4,800. A little over 1 ½ years ago he bid on it again and the price had escalated to \$16,000. He bid it out twice last year while and the price went to \$28,000 and now it is up to \$32,000. That is for a ¾ inch plastic line buried through native soil without a road or any other obstructions. If that is the scenario we will never catch up. Hank Diesel from WoodRock called Questar and asked how much it would cost to get natural gas to the oil refinery and they quoted him \$38.5 million dollars.

Mayor Brady asked where the closest line was. Mike McCandless said Crescent Junction but when they last bid it from that location the cost was 7 million dollars. There is a gas line that is actually significantly closer. There is a high pressure line in Solitude Wash. Even if you calculated cost per mile it cost less to put in the road to Lila Canyon mine per mile than it cost to bury a natural gas line. He said they drafted a bill that forces Questar to have competitive bidding. They think that Questar is exceeding their ability because they are a monopoly.

The bill states Questar has to allow others, a municipality, business or individual, the opportunity to put in a bid. Questar went to Senator Okerland and asked them not to go to legislation because they were going to do that anyway. The legislation has been out now for about a month and they have never followed up. Questar is now on the agenda for the Interim Public Utilities Commission so that every month from now until the next legislation session they have to come and report their progress which is actually more painful because they are not doing anything. They are investigating the possibility of having another someone develop a natural gas pipe line between Solitude Wash and Price with the intent of serving Green River and other business deals in that area. Assuming this came about Green River City would be able to make a decision to either become a natural gas provider or have Questar be the provider. There are resources to help the city with becoming a municipal natural gas provider.

Another issue that he wanted the Mayor and Council to be aware of is trails. He serves on the Board for the State that gives grants for trails. He knows that in the past the city has looked at a trail between the museum and the geyser. There is a process that will fund and help with the planning for that trail including getting right of ways. They are

attentively trying to get to Green River on the 4<sup>th</sup> or 5<sup>th</sup> of June.

Penney Riches asked about the status of the Fossil Point. Mike McCandless said he asked BLM this morning about the road and signs. They said they are waiting for the Recreation staff to establish a route. There was other discussion on the museum.

2. Budget work session. Conae Black said she has put in all of the City Council budget requests and it doesn't look too bad. She added budget notes. Mayor Brady explained his budget request for a bridge and kiosk. He would like a nice "Welcome to Green River" sign placed right after you come off of the I-70 exit on the west end of town just past the railroad bridge and on the other side of the sign a "Thank you for coming" along with a mural. He would also like a kiosk placed at the Amtrak railroad platform with information on it. She brought up the conditions set by Zions bank on the medical center bond. With the entire budget requests and the transfers requested it leaves the General Fund in the red by \$195,820. The revenues and expenditures in the General Fund need to balance out. She said we could pad the revenue side a little bit more. She put in the budget for a new fire house again this year even though we may not be able to do it. She said once the Capital Facilities Plan is in place the city will prioritize all of their projects. Class C Road that money is tied up and that budget needs to balance. Kathy Ryan had requested \$25,000 in capital improvements but that money is just not there until the debt is paid off. Kathy Ryan said she will just have to keep that money in there for emergency repairs. The Enterprise funds budget looks good there are not any problems. The museum fund looks good with hiring a director and putting in \$50,000 for new landscaping. Conae Black explained that the General Fund has a fund balance or left over money for the 2013 budget year that can be appropriated for the 2014 budget year to allow for the street improvements and some of the deficits from Mayor and Council requests.

3. Discuss/approve/deny bid for repairs to Farrer Street. There were two bids received. Double E Constructions bid was \$46,342.40. High Desert Excavation's bid was \$26,391.95. There was some discussion on the large difference between the two bids. Kathy Ryan said the two major differences was the price on the hot mix and the rock. Dan Harrison bid for hot mix was from Nelson Construction and Double E Construction's bid was from LeGrand Johnson. High Desert Excavation is able to supply the rock from their gravel pit. Kathy Ryan told the engineers that she expects to have inspections and a quality job with Dan Harrison present. **MOTION:** Gary Riches moved to approve the bid from High Desert Excavation. Kent Johnson seconded the motion. **VOTE:** Kathy Ryan, Kent Johnson, Penney Riches, Philip Engleman and Gary Riches voted aye. The motion carried.

**MOTION:** Gary Riches moved to go into an Executive Session. Penney Riches seconded the motion. **VOTE:** Kathy Ryan, Kent Johnson, Penney Riches, Philip Engleman and Gary Riches voted aye. The motion carried.

The meeting adjourned at 8:19 p.m.

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Pat Brady, Mayor

Conae Black, City Recorder

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