



MONROE CITY COUNCIL MEETING
Tuesday, August 8, 2023, at 7:00 pm
Minutes

7:00 p.m.

1. The regular meeting of the Monroe City Council was called to order by Mayor Parsons at 7:00 p.m.

2. The Pledge of Allegiance was led by Councilmember Cartwright. A prayer was offered by Councilmember Buchmiller.

3. Roll Call

Mayor Johnny Parsons

Councilmembers:

Dane Buchmiller

Janet Cartwright

Michael Mathie-absent

Perry Payne

Erica Sirrine

Public Works Director Devin Magleby

City Recorder Allison Leavitt

Power Foreman Josey Parsons

Kyler Nielsen – Jones and DeMille Engineering

Cody Deeter – EFG Consulting

4. Consider a motion to approve the minutes of the meetings held July 11, 2023.

Councilmember Payne moved to approve the July 11, 2023, Regular City Council Meeting Minutes as submitted. The motion was seconded by Councilmember Buchmiller. A roll call vote was called. Voting yes: Councilmembers Buchmiller, Cartwright, Payne, and Sirrine. The vote was unanimous. The motion carried. 4-0

5. Citizen input – Limit of 3 minutes per comment

6. Approval of July 2023 warrant register, cash disbursements, adjustment journal and aging report.

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Councilmembers reviewed and signed the July 2023 warrant register, cash disbursements, adjustment journal, and aging report.

7. Business

a. Consider Electric Power Surcharge

Mayor Parsons explained that there has been a lot of conversation about energy costs, and the increase in rates power customers of Monroe City are having to pay. Mayor Parsons asked Power Foreman Josey Parsons if he would gather some information for tonight's meeting to help explain what has been happening in the power market that has caused our costs to drastically increase.

Power Foreman Josey Parsons explained that volatility in the electric industry has played a huge part in why we are experiencing such large increases to our purchased power costs.

Our main energy sources have been affected by conditions that are basically out of our control. We have experienced a reduction in hydro power due to drought conditions in 2022, reduction in natural gas generation due to an extended plant outage in the fall of 2022, and reduction of coal generation due to the reduction of coal supply.

Power Foreman Josey Parsons reviewed the graphs with the Council and those in attendance that showed our monthly resources and how much power has had to be purchased outside of our resources. These purchases are referred to as pool purchases and this is where the power is usually very expensive. The graph showing Monroe's average cost through UAMPS went from just under \$5 MWh in 2020 to just over \$8 MWh in 2022. Our average dollars billed through UAMPS went from \$600,000 in 2020 to just over \$1,000,000 in 2022. This data shows that our costs just for purchased power have increased significantly.

Mayor Parsons also explained that everything pertaining to the power department has increased, just as everything else in our everyday lives like gas and food. Transformers, power poles, supplies, and employee costs have all increased, some as much as three times what they were just a couple of years ago.

Power Foreman Josey Parsons stated that UAMPS has between 50-52 members and nearly 90% of them have had to implement some type of extra charge to cover their increased purchased power costs.

Power Foreman Josey Parsons explained different scenarios that have played a part in why our power costs have increased drastically. One being that our peak usage was in the winter when our CRSP allocation covered the peak. Now our peak usage occurs in the summer and our less expensive power resources are unable to produce the same amount of power as in the past, which is causing us to purchase higher priced power from the pool to meet our demand during peak usage times.

82 Monroe does receive power from different sources including coal, hydro, natural gas, and wind. Our
83 portfolio is diversified but when you reduce or remove coal and hydro energy generation the others
84 are very expensive and not as reliable.

85 Jon Youd, a citizen, stated he is very concerned that his power bill increased by 20% in January 2023
86 and now with the surcharge it is now 60% more than what he paid last July. The Council explained
87 that in January 2023 the Council did increase rates by .02 per kWh because our expenses had
88 increased and the rate we were paying for purchased power had been on a steady increase. In
89 September 2022 we experienced one of the highest power bills ever and then again in December
90 2022 and January 2023 our power costs continued to increase dramatically. Because it became
91 apparent that the City was selling power for less than what they were purchasing it something had to
92 be done. In March 2023 the Council voted during Council meeting to activate our purchased power
93 adjustment (surcharge) at .04 per kWh to help recoup some of the losses the City had suffered. In
94 hopes that the power industry would settle down and prices would level out the Council chose to do
95 a surcharge versus another rate increase at this time.

96
97 Mr. Youd asked that if this was not a rate increase then when would the surcharge be removed. The
98 Council explained that until we recoup our losses, we cannot remove it. At the end of June 2023 our
99 purchased power costs were \$400,000 more than budgeted and we had collected nearly \$167,000 in
100 the surcharge. Mr. Youd stated that Monroe's rates are substantially higher than Rocky Mountain
101 Power (RMP) right now, Mayor Parsons acknowledged this and stated that RMP is a huge company,
102 and they have the ability to absorb increased costs better than we can. However, for many years our
103 power was much cheaper than RMP, and we are now going through a rough time, and we can no
104 longer sustain the lower rates. Mr. Youd asked that if we cannot keep our rates low why don't we just
105 turn our power over to RMP. Mayor Parsons explained that the power department helps our general
106 fund and has been an asset to the community for many many years and it is imperative that we work
107 hard to keep our power department.

108
109 Mathew Mills stated that he is one of Monroe's biggest power users as a farmer and he sits on
110 Monroe's Utility Board and when they met to discuss this issue, he voted to recommend for approval
111 the first .02 per kWh power rate increase, and then again, he voted to recommend approval of the
112 .04 per kWh surcharge. This has cost him thousands of dollars, but he understood that this is what
113 was needed to pay the bills.

114
115 Mr. Mills understands the different reasons why we are experiencing jumps in power costs, but he
116 wants the City to be more proactive and put pressure on UAMPS to get this power situation figured
117 out. Mr. Mills stated that he loves this community, it is his home, and we need to find a solution
118 because Monroe is only going to grow, and we need to find more power. We do not want to be
119 consumed by RMP. Mayor Parsons explained that he recently attended a meeting with the County
120 Commissioners where they were discussing Salina wanting to develop a large housing project, and it
121 was said then that RMP had informed them that at this time they were unsure if they could deliver
122 the power needed for this project.

Mayor Parsons explained that UAMPS is working hard on developing a nuclear plant in Idaho. Billions of dollars have been spent trying to get this going. Power Foreman Josey Parsons explained that they are working on obtaining other sources because we are going to lose our coal resource before there is a comparable resource available. Power Foreman Josey Parsons stated that wind power and solar power are good sources of power, however they are not dependable and cannot be used to cover our base power load needs. Mr. Mills stated he understands this, and he is not bashing on the City he just wants the City to be the squeaky wheel with UAMPS, so they really understand our situation and needs.

Mr. Youd stated that buying power is outside of what he knows, but as a general citizen he thinks better transparency is needed. It was stated that a newsletter was sent out in March 2023 before the surcharge was implemented, which there was a typo which stated .4 per kWh instead it should have been .04 per kWh. The council stated that yes this was an error, but when customers received their bills, they could call the office to verify the amount of the surcharge, there was no intent to mislead our customers. Mr. Youd would like more information, such as, here is our shortfall, here is what we have collected, and this is how long it is going to last. Mayor Parsons explained that we cannot put an end date to the surcharge because we are unsure on what the upcoming power bills are going to be.

Councilmember Payne stated that the Council meets twice a month, and the agendas are posted. He and the Council would more than welcome citizen input. More often than not no one is here unless they are upset about a decision the Council has made and it would be nice to hear other suggestions before a decision is made.

Shaun Derbro, a citizen, asked how long the power contracts are for, do they renew every few years or how does this work. Power Foreman Josey Parsons explained that the contracts basically last as long as the project is operating. Like IPP we were in a contract with them until they decided to abandon production of coal energy, so our contract will end with them in 2025. Hunter Power is set to be decommissioned, but we do not have a date for this. We are trying to find another source to purchase coal from. We recently redid our contracts with CRSP for a 20–30-year period. Our PV wind, which is a small part of portfolio ends around 2040.

Power Foreman Josey Parsons explained that we have contracts with our sources for so much power, and it has been a bit confusing that if we have a contract for so much power then they should deliver us this much power. But when they cannot produce power due to lack of resources then they have no power to sell. So instead of getting our contract amount they are sending us a percentage of the power produced. It was asked if this loss could be made up, but it was clarified that we are only paying for the power we receive.

There was a discussion that a lot of our coal now is going overseas, and the United States is making it a goal to be carbon free, which will eliminate coal and natural gas as an energy source.

Councilmember Buchmiller stated there is a whole lot of things outside our control, but with visiting with Power Foreman Josey Parsons we do purchase power from other sources periodically and we have tried to look at trends and guess what extra power we are going to need. This worked until this

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past year when everything skyrocketed. It appears that maybe purchasing more than what we think we are going to need will help in not having to pay the really high prices on the open market.

Mr. Mills stated that he understands that we are against a wall here and when he hears Power Foreman Josey Parsons state that UAMPS is treating all their members the same, but some of them have lower rates than us, he thinks we need to be visiting with these other cities to see what they are doing to keep their rates in line.

Mayor Parsons explained that no one wanted to put the surcharge in place, but when it became apparent that we had no choice, the Council discussed if we should charge more and recoup the losses quickly or lower the surcharge and collect it over time. It was decided that using a lower rate for a longer period of time would be the best, so this is what we did. We have now collected the surcharge for four months and we are now in the process of reevaluating to see what changes can be made.

Mayor Parsons thanked those who came tonight and participated in the meeting to express their concerns. The Council and City employees are trying to make the best decision possible to figure this out and the input tonight from those in attendance has been beneficial. He stated there will be many Council meetings where this issue will be discussed.

b. Consider nuisance ordinance violation penalty

Mayor Parsons reviewed with the Council that Monroe City's Family Food or Recreational Production Ordinance allows one horse per 5,000 square feet. At the time of the complaint Josh Wilson had six horses on his property located at 135 E 400 N, which the lot size is .32-acre so there should be a maximum of three horses at one time on his property.

Mr. Wilson explained to the Council that at this time he only has four horses and will do his best to relocate one of the horses. Mr. Wilson explained that his daughter works with horses, and he was just not able to rotate the horses as planned, which caused him to have more horses than allowed.

Mayor Parsons explained that the City received complaints from neighbors which prompted the City's actions and that he does not want to involve the Sevier County Sheriff's Department. Mr. Wilson stated that he will work harder to keep the limit of three horses at a time. Mayor Parsons stated that if Mr. Wilson tries to limit his horses to follow the ordinance, that at this time no further action will be taken. Mr. Wilson agreed to work on the situation with the understanding that if the if the City continues to receive complaints further actions may need to be taken.

c. Culinary Water Study Update - Parker Vercimak, Jones and DeMille Engineering (JDE)

Kyler Nielsen with Jones and DeMille Engineering (JDE) stated to the Council that earlier this year they completed a culinary water master plan for Monroe City to identify any deficiencies within our system, included in this study was an analysis of our impact fee. He introduced Cody Deeter, with

EFG Consulting, who has helped with the impact fee analysis and is here to present the completed impact fee analysis to the Council.

Mr. Deeter explained that for tonight he will only focus on our impact fees, and they will come later to discuss our current water user rates.

Mr. Deeter, giving a slide presentation, explained to the Council how an impact fee amount is determined and needed.

The Impact Fee Act by state statute is described as a fee that is intended to charge the person or entity that comes on to your system the financial impact they have on the infrastructure of your water system.

The methodology of the study was to look at demand, current level of service, excess capacity, new facilities, funding, and impact fee

Demand: In 2022 our ERCs equaled 1,139 with an average annual rate growth of 2.78%, our ERCs in 2032 would increase to 1,498.

Level of Service: Include water rights, source, storage, and distribution. As of now we have excess capacity of water rights and source. There is no excess capacity in our storage, and we are able to distribute the minimum service pressure of 40 psi.

Excess Capacity: State Statute requires that a cost be associated with water rights and source. Unfortunately, we do not have this information, they were acquired many years ago. We only have the cost of 11 ERCs that were acquired by City in the last 25 years. We know we have excess capacity but are unable to include these costs in the impact fee, since we do not have a cost associated to them.

New facilities: 1,000,000-gallon storage tank would cost \$2,350,000 (today's rate) and would add capacity to serve an additional 2,545 ERCs (77% to growth)

Distribution system improvements: Upper pressure zone would be \$1,060,000 (today costs) would add capacity for 1,250 future ERCs. The lower pressure zone would be \$1,740,000 (today costs) to add capacity for 1,625 future ERCs.

Mayor Parsons asked if the City was to drill another well, would we be able to use our current water rights. Basically, the answer is yes but we would need to work with the state to accomplish this.

Impact Fee: Excess capacity could only be about \$3 due to the lack of historical costs for our water rights. If we were to obtain the actual costs in the future this could be increased.

Future facilities including additional storage tank and distribution improvements would cost an estimated \$9,646,420 including debt interest, divided by projected growth cost per ERC equals 5,324.

The fee water impact fee schedule with the new information would be:

A single-family home	\$5,327	1 ERC
Multi-family	\$3,995	.075 ERC
Commercial	\$5,327-\$133, 164 depending on meter size	

Mr. Deeter explained, now that the Council has the information the next step is to hold a public hearing so the Council can receive comments from the public about the new impact fee. The public hearing will be posted per state code and the new draft ordinance will be made available for the public to review. After the public hearing the Council will then consider adoption of the new ordinance and if adopted the new fee will go into effect on the effective date stated in the ordinance.

The Council decided to hold a public hearing on October 10, 2023. City Recorder Allison Leavitt will work with Mr. Dieter on preparing the public notice and ordinance for the public hearing.

The Council thanked Mr. Deeter and Mr. Nielsen for their time and information shared with the Council this evening.

8. Other Business

a. Staff Reports

City Recorder Allison Leavitt –

*Public Power Picnic will be held August 28, 2023. This date will not conflict with the Sevier School District employee barbeque. The last couple of years it has been on the same night and we are hoping that by changing the date more residents will be able to attend our event.

*Area ward bishops have contacted the City to see if we have service projects, they could do in conjunction with the 9/11-day service program. Councilmember Serrine asked about work at the Monroe View Red Hill Park (hot pots) and Family Dollar parking strip. City Recorder Allison Leavitt stated that Park Foreman Kaycee Barker would like plastic and gravel put down around the south side of the baseball field. These ideas will be relayed back to the bishops.

Power Foreman Josey Parsons –

*Many UAMPS participants have hired UFS to conduct a utility finance rate study, and he thinks that this might be good for Monroe to do. The cost is approximately \$30,000.

*To his knowledge all UAMPS participants have had to add a purchase power adjustment to their customers bills to cover the cost of purchased power.

Public Works Director Devin Magleby-

*Irrigation water is off at the pond as of tonight due to a leak. Hoping to have it repaired by tomorrow and the water will be turned back into the system as soon as possible.

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298 b. Department Business – Council
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300 Councilmember Sirrine –

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302 No further business.

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304 Councilmember Buchmiller –

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306 *Councilmember Buchmiller thanked Power Foreman Josey Parsons for his presentation tonight and
307 the information he shared with the public and the Council.

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309 *Mathew Mills stated that he is one of Monroe’s biggest power consumers and he sits on the Utility
310 Board and was part of the recommendation to the Council to increase rates and impose the
311 surcharge on every customer. He understands the burden of these increases and would just like to
312 urge the Council to communicate with UAMPS that it is imperative that they work harder on finding
313 more affordable power for its participants.

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315 Councilmember Payne –

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317 No further business

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319 Councilmember Cartwright –

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321 *City received the \$100,000 donation from Steve Creamer for paving the “damn” cemetery roads.
322 Public Works Director Devin Magleby has contacted Micklane Farmer, Jones and DeMille Engineering,
323 to work on some bid documents so we can put the job out for bid. It may be spring 2024 before we
324 can complete the job.

325
326 *Met with Gavin Creamer, winner of the gun raffle for the cemetery roads, at Jorgensen’s to award
327 him with the gun.

328
329 Mayor Parsons –

330
331 *Interested in water meters that can transmit to users’ phone how much and when they are
332 consuming water. Public Works Director Devin Magleby stated these types of meters are a different
333 make than the power and water meters we already have installed. He is not sure if we want to have
334 two different makes of meters.

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336 *Scott Parsons, Green Valley Lawn Care, is planning on spraying weed killer in the fall. This is the new
337 spray that should only require one application each year to maintain weeds. The weeds have been
338 ridiculous this year.

*Apparently the bucket truck that Power Foreman Josey Parsons and Streets Foreman John Draper went to Nephi to purchase a few months ago has been repaired and the owners contacted Streets Foreman John Draper to see if the City was still interested. If the truck has been repaired, it still seems to be a good deal and if Streets Foreman John Draper can make arrangements, they will go look at it again and purchase if everything is good.

9. Adjournment

There being no further business to come before the Council for consideration, Councilmember Payne moved the Regular Council Meeting adjourn at 8:47 p.m. The motion was seconded by Councilmember Sirrine. The vote was unanimous. The motion carried. 4-0

The next regular City Council meeting is scheduled to be held on Tuesday, August 22, 2023 starting at 7:00 p.m. at Monroe City Office.

Approved this 22nd day of August 2023.



Allison Leavitt
Monroe City Recorder



Johnny C. Parsons
Mayor

