



MINUTES
Springville City Council Work/Study Meeting – December 01, 2015

MINUTES OF THE WORK/STUDY MEETING OF THE SPRINGVILLE CITY COUNCIL HELD ON TUESDAY, DECEMBER 01, 2015 AT 5:15 P.M. AT THE CIVIC CENTER, 110 SOUTH MAIN STREET, SPRINGVILLE, UTAH.

Mayor Wilford W. Clyde presided. In addition to Mayor Clyde, the following were present: Councilmember Rick Child, Councilmember Craig Conover, Councilmember Christopher Creer, Councilmember Chris Sorensen, City Administrator Troy Fitzgerald, Assistant City Administrator/City Attorney John Penrod, Assistant City Administrator/Finance Director Bruce Riddle and City Recorder Kim Rayburn.

Also present were: Public Safety Director Scott Finlayson, Administrative Services Manager Rod Oldroyd, Buildings and Grounds Director Alex Roylance, Recreation Director Corey Merideth, Power Director Leon Fredrickson, Power Generation Superintendent Matt Hancock, Power Shawn Black, and Museum of Art Representative Natalie Peterson. Excused from the meeting Councilmember Dean Olsen.

MAYOR AND COUNCIL DINNER – 4:45 P.M.

The Mayor and Council will meet in the Council Work Room for informal discussion and dinner. No action will be taken on any items.

CALL TO ORDER

Mayor Clyde welcomed everyone and called the meeting to order at 5:15p.m.

COUNCIL BUSINESS

1) Calendar

- December 08 – Work/Study Meeting 5:15 p.m.
- December 15 – Work/Study Meeting 5:15 p.m., City Council Meeting 7:00 p.m.
- December 24 – Christmas Eve
- December 25 – Christmas Holiday (City Offices Closed)
- December 31 – New Year’s Eve

Mayor Clyde asked if there were any questions or additions to the calendar, and reminded the Council of the Employee Christmas luncheon on December 17, 2015 at Noon. City Administrator, Troy Fitzgerald asked the Mayor and Council for a date that they would like to schedule a Budget Priority and Review meeting. The Council agreed on the afternoon of January 28, 2016. Administrator Fitzgerald addressed the New Councilmember swearing in ceremony. He explained that the term begins on January 4, 2016 at Noon. He explained that the ceremony could be held on January 5, 2016, before the Council Work Session Meeting, at which point the new Councilmembers can be sworn into office. The Council agreed to holding the swearing in ceremony at 5:30 p.m. and starting the work session at 6:00 p.m. Tonight’s agenda was then briefly discussed.

2) Discussion on this evening's Regular Meeting agenda items

- a) Invocation – Councilmember Child
- b) Pledge of Allegiance – Councilmember Creer
- c) Consent Agenda
 2. Approval of City purchase orders required to be signed per Springville City Purchasing Code
 3. Approval of Minutes – September 15, 2015 Regular City Council meeting
 4. Approval of a bid award to Wheeler Machinery Co. for installation of two Natural Gas Engine Generators – Leon Fredrickson, Power Director
 5. Approval of a bid award to Souvall Brothers Construction Co. in the amount of \$94,928.00 for construction of a dry parts storage building for the Power Department – Leon Fredrickson, Power Director

3) DISCUSSIONS/PRESENTATIONS

a) Whitehead Power Plant Project Presentation – Leon Fredrickson, Power Director

Power Director, Leon Fredrickson, introduced several Power Board Directors, as well as vendors from Wheeler Machinery. Director Fredrickson explained that it is time to move forward with the opportunity to provide additional natural gas generation at the Whitehead Power Plant for a reasonable cost. There will be some larger facilities that will be connecting to the power system in the next year, and the City needs to be ready to meet those needs. The time was then turned over to Superintendent Hancock.

Power Generation Superintendent, Matt Hancock, explained that the project of looking into an engine generator at the Whitehead Power Plant has been in the works for several years. He stated that the City's needs have changed over the years, and presented two photos of the current infrastructure at the Whitehead Power Plant. He noted that the plant has infrastructure for three generator sets. When the plant was first built, there were three EMDs in those spots; however, they were decommissioned in 2004 due to lack of efficiency. Staff is seeking the Council's support for installing two natural gas engine generators at the plant.

Using a Power Point presentation, Superintendent Hancock reviewed the resources that are needed for the project. He explained that the department has identified a need for additional generation units, which will provide intermediate power for the City's peak base load operations. The units will fill the 2.2 to 4.0 megawatt resource need which has been identified for the upcoming years. Staff is planning to use one to two of these units 24/7 to provide heat for the wastewater plant, as well as the Whitehead utility center. The units will help mitigate the electrical imbalance market for system-wide power operations. Superintendent Hancock explained that recently PacifiCorp put together an EIM market that staff anticipates will go down to the user level at some point. Therefore, the City needs to watch the summing of their loads very closely, either positively or negatively, as it will be managed by PacifiCorp. If and when things are not brought into compliance, extra charges will be applied. The power from these units will reduce the City's overall emissions output at the Whitehead plant by about 30%. The carbon monoxide emissions will be reduced as much as 90% out of the plant. The proposed generators will also be used to do automatic generation control, which will help the dispatchers balance the system and mitigate expensive power more efficiently, particularly during the summer months.

One of the primary goals that staff has had is to move forward with this project without incurring debt. This goal has been met through effective resource management, which will further stabilize the City's power rates without having to raise rates. On September 15, 2015, the Power Department requested proposals from engineering procurement and construction companies to supply and install two natural gas engine generators. Two qualified firms submitted successful estimates; Haskall Corporation representing GE Jenbacher, and the Wheeler Machinery Company representing Caterpillar. Superintendent Hancock stated that both companies and manufacturers were excellent choices that met all of Springville's requirements, and he thanked them for their submissions. The decision came down to efficiency and the price per installed kilowatt.

Superintendent Hancock provided overviews of the bids, and explained that the timeline on the installation of these units was a critical part of staff's analysis. Wheeler came back with an aggressive timeline of completing the project in 32 weeks, which will put the units online in August 2016. The fiscal impact of purchasing and installing these engines has been positive. Over the last three years, the department has dedicated a portion of its reserves to purchasing these assets. The Power Department has saved about 90% of the funding needed to complete the purchase and the installation of these two engines. The remaining 10% has been allocated from other reserves, thereby eliminating debt from this project. In putting together this project, staff knew that fuel was going to play a major part; therefore, they looked at what their wholesale budget could handle. Staff has determined that the budget will be able to handle \$5.50 per dekatherm natural gas for up to ten years. Superintendent Hancock commented that fortunately the natural gas market is very cheap, as it is a great time to be looking at forward fuel. He concluded by stating that staff is requesting the Council's support for this project.

At Mayor Clyde's request, Superintendent Hancock reviewed the infrastructure that is currently available at the Whitehead Power Plant. The old EMD generators were about 2.7 megawatt units; however, they were dirty, two cycled diesel units and the heat rates on them were not meeting the market's needs. The units were decommissioned and sold. Superintendent Hancock described the materials that the plant is permitted to use currently. The only issue that the Power Department will have with installing the generators is that they will need to use best available control technology. Councilmember Sorensen asked Superintendent Hancock to elaborate on how the generators will reduce CO2 emissions by 30%. Superintendent Hancock replied that they are comparing the efficiency of the new generators to that of the EMDs prior to being decommissioned.

Administrator Fitzgerald explained that the project is below what was put into place for the budget. Approximately \$2.5 million was brought forward this year from the reserves in order to bring balance to the budget. Assistant City Administrator/Finance Director, Bruce Riddle, added that the auditor is still compiling the financial statements, but as of now the budget is in the ballpark of \$13 million. Administrator Fitzgerald added that after the dust settles near the end of this budget year, the City will have about 30% of operating reserves.

Councilmember Sorensen inquired on the warranties that are available if one of the generators goes down. Mr. Steve Green answered that the RFP requires a two year warranty to cover defective workmanship and/or materials. As long as the systems are not abused, the contractor will cover parts and labor of any failed part on the unit. The warranty does not cover routine maintenance such as oil changes, filters, spark plugs or fuel. Mayor Clyde asked about what the City would do in the event of a grid shutdown, and what would be used as a backup. Superintendent Hancock replied that the Power Department has a protocol in place in the event that this scenario takes place. The facility has a 60,000 gallon diesel tank farm that will be used if there is any type of interruption in natural gas. The

generators can run on either type of fuel, and would be used on a rolling basis to power different areas at various times. Administrator Fitzgerald added that as individual departments, they have developed emergency contingency plans. Furthermore, staff would like to discuss the idea of bringing on a staffed Emergency Preparedness Representative. There was further discussion between staff and elected officials on the matter.

4) MAYOR, COUNCIL AND ADMINISTRATIVE REPORTS

There were no Mayor, Council and Administrative Reports.

5) CLOSED SESSION

The Springville City Council may temporarily recess the regular meeting and convene in a closed session to discuss pending or reasonably imminent litigation, and the purchase, exchange, or lease of real property, as provided by Utah Code Annotated §52-4-205

COUNCIL MEMBER CHILD MOVED TO GO INTO A CLOSED SESSION TO DISCUSS PROPERTY AT 6:00 PM. COUNCIL MEMBER CONOVER SECONDED THE MOTION.

A ROLL CALL VOTE WAS TAKEN WITH COUNCIL MEMBERS CHILD, CONOVER, CREER AND SORENSEN VOTING "AYE". THE MOTION CARRIED. COUNCILMEMBER OLSEN WAS ABSENT.

The Council ended the closed session and returned to the Work/Study meeting at 6:23 pm.

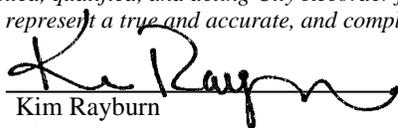
Grounds Director, Alex Roylance, reminded the Mayor and Council that winter recreation was not funded last year, with the intent of declaring the winter recreation items as surplus and discontinuing the program. Staff is planning on keeping the gates at Jolley's Ranch locked up and installing "no trespassing" signs. Mayor Clyde was concerned with the backlash that this may cause with the public. Director Roylance explained that their experience has been that after Christmas break, the property is only used on Saturdays. The decision to discontinue the program was made last year. The City's snowmobile is dead and there isn't any money in the budget to get it replaced and/or staff the property. They would need approximately \$40,000 in order to keep running the program. Councilmember Sorensen requested that staff update all media sources to inform the public of this change.

6) ADJOURNMENT

COUNCILMEMBER CONOVER MOVED TO ADJOURN THE WORK/STUDY MEETING OF THE SPRINGVILLE CITY COUNCIL AT 6:28 PM. COUNCILMEMBER CREER SECONDED THE MOTION, ALL VOTED AYE.

This document constitutes the official minutes for the Springville City Council Work/Study meeting held on Tuesday, December 01, 2015.

I, Kim Rayburn, do hereby certify that I am the duly appointed, qualified, and acting City Recorder for Springville City, of Utah County, State of Utah. I do hereby certify that the foregoing minutes represent a true and accurate, and complete record of this meeting held on Tuesday, December 01, 2015.


Kim Rayburn
City Recorder