
MINUTES OF THE SPRINGVILLE UTILITY ADVISORY BOARD MEETING HELD ON WEDNESDAY, APRIL 13, 2022 AT 6:30 A.M. AT SPRINGVILLE CITY HALL, 110 SOUTH MAIN, SPRINGVILLE, UTAH.

Committee Members in Attendance: Cl. Craig Jensen, Cl. Jason Miller, Chairman Mark Lamoreaux, Vice-Chairman Rollin Hotchkiss, Clair Anderson, Travis Ball, Carl Burrows, Bryan Boshell, Kenny Condie, Calvin Crandall, Nile Hatch, Kellen Hyer

City Staff: Director Leon Fredrickson, Director Brad Stapley, Jeff Anderson, Shawn Black, Brandon Graham

Guest: Macy Boshell (Springville Youth City Council)

The meeting minutes were transcribed from a recording by Board Secretary, Kami Ashby.

CALL TO ORDER

The meeting was called to order by Director Fredrickson at 6:30 a.m. The members were in attendance as noted.

1. Introduction of Board Members and Staff: The Board Members introduced themselves in the following order; Director Stapley, Travis Ball, Rollin Hotchkiss, Cl. Jensen, Kenny Condie, Calvin Crandall,

Cl. Miller, Kellen Hyer, Bryan Boshell, Mark Lamoreaux, Carl Burrows, Nile Hatch, Clair Anderson, Brandon Graham, Director Fredrickson, Shawn Black, Jeff Anderson. Springville Youth City Council member

Macy Boshell was introduced to the members.

2. Election of Utility Board Chairman and Vice-Chairman: The Board chose to place the existing Water Board Chairman, Mr. Hotchkiss, and the existing Power Board Chairman, Mr. Lamoreaux, in the positions.

Mr. Anderson nominated Mr. Lamoreaux for the Chairman position. The nomination was seconded by Mr. Condie. The nomination was passed by unanimous vote. Mr. Lamoreaux informed the Board that he is over the Bayview Landfill in case of a possible conflict.

Mr. Crandall nominated Mr. Hotchkiss for the Vice-Chairman position. The nomination was seconded by Mr. Boshell. The motion passed by unanimous vote.

Mr. Lamoreaux assumed control of the meeting.

3. Approval of Meeting Dates and Location: A proposed Letter of Recommendation to the City Council regarding the Utility Board meeting dates, time, and the location was included in the Utility Board packet. The proposed meeting date and time is the second Wednesday of the month at 6:30 a.m. with the location being the multi-purpose room at City Hall. The motion to approve the Letter of Recommendation as written was made by

Mr. Hotchkiss and seconded by Mr. Hyer. The motion passed by unanimous vote. The Letter of Recommendation was signed by each member and will be submitted to the City by Ms. Ashby.

APPROVAL OF THE MINUTES

1. Power Advisory Board Meeting Minutes - March 9, 2022: The meeting minutes were included in the Utility Board packet for review. A motion to accept the meeting minutes as written was made by Mr. Ball. The motion was seconded by Mr. Anderson and then passed by unanimous vote.

2. Water Advisory Board Meeting Minutes - March 9, 2022: The meeting minutes were included in the Utility Board packet for review. A motion to accept the meeting minutes as written was made by Mr. Hatch. The motion was seconded by Mr. Crandall and then passed by unanimous vote.

COMMITTEE BUSINESS

1. Power Resource Updates

- a. Discussion: Renewal Options for Whitehead Power Plant Peaking Resource - Mr. Black presented a brief background on the Whitehead Power Plant (WHPP) and Springville City Resource availability, utilizing a PowerPoint presentation. In 2011, Springville Power operated with a 70% coal resource portfolio, along with natural gas, hydroelectric, and market purchases. Staff diversified to mostly natural gas and 7.5% coal in 2017, including wind and solar in the portfolio. The 2021 portfolio includes 40% natural gas, hydroelectric, wind, solar, market, and other minor resources. The power market underwent a change to market power in 2021 with power costs reaching an extreme high. Power Staff is currently working on obtaining additional resources to keep the power rates where they are by increasing baseload resources which will remove some of Springville's exposure to the spot market for power. Staff is also working on purchasing additional natural gas hedges until 2032 to secure production costs. Springville has a current baseload of 21.8 MW with an expected peak of over 75 MW within the next five (5) years. Baseload is the constant power needed for citizens with peaking being the usage over baseload during daytime hours.

The Council approved the purchase and installation of two (2) Caterpillar engines in 2016. The four (4) remaining DeLaval R-4 engines are considered "dinosaurs" in today's society, with nameplate dates of 1967, 1978, and 1986. The Engineers to work on the engines have all retired. All of the parts to repair the engines are built from drawings and are not available as a stock parts. They were purchased as used, when installed in 1986, and have been upgraded over the years by Staff. The CAT engines run entirely on natural gas with the DeLaval engines starting on diesel and switching to natural gas. The WHPP operates as a summer peaking resource and emergency resource. Staff has been working towards replacing all of the DeLaval engines with the CAT engines to keep uniformity in parts and training. Parts from K-4 will be harvested for repairs on K-1, K-2, and K-3 until full engine replacement for the plant is complete. The CAT engines produce power at a lower cost than the R-4 using less fuel to create equivalent energy output. The Department has reserves available to purchase the two (2) CAT engines but may use municipal bonds to fund the purchase, if necessary.

The following recommendation to the City Council was made by Mr. Ball and seconded by Mr. Anderson. The motion was passed by unanimous vote.

It is the recommendation of the Springville Utility Board to the Springville City Council that the Council invests in the purchase of two (2) additional Caterpillar engines to be installed at the Whitehead Power Plant and remove the existing DeLaval K-4 engine with parts being removed to maintain the remaining DeLaval engines.

2. Public Works Overview

a. Public Work Enterprise Divisions Overview

- i. Solid Waste: The solid waste market is constantly changing. The division has a good system in place, providing service to residential customers only. A major concern for the division is growth. The cost for a new garbage truck is approximately \$300,000.00 with an additional \$60,000.00 to \$90,000.00 yearly for a skilled driver. The division currently services 15,000 cans a week, with four (4) trucks in service, Monday to Thursday. All trucks are serviced on Friday. China chose to no longer accept recycling from the United States, the service is now being offered in the States at an increasing rate. The division is in the process of adding a truck and driver.

- ii. Waste Water: The current major concern facing Wastewater is the public backlash against over-treated water being sent to Utah Lake. The public is concerned that the treated water is what is causing algae problems in the lake. This is not the case. The current plant was constructed in 1955 and has many upgrades over the years to meet usage and regulations. The plant is meeting phosphorus regulations. A Master Plan update of the Wastewater Treatment Plant will be happening in the FY2023 budget.
- iii. Storm Water: This is an EPA-required program for municipalities. This is included as part of the Public Works Master Plan and is scheduled for review. Staff watch the changing regulations and work closely with developers to make sure the requirements are met. They also work closely with the irrigation companies to maintain some waterways for stormwater collection.
- iv. Water: Springville has water. This may be a concern long-term due to drought conditions, the surface water is disappearing. The City has enough water and irrigation rights to see Springville through build-out. The City owns sixty-five hundred (6,500) acre-feet of SUVMWA (Southern Utah Valley Municipal Water Association). The City can lease that ownership to other municipals if needed. Payment for those shares has been deferred until a decision can be made on where the City needs to be for the future.

All divisions are looking forward ten (10) to twenty (20) years and planning for growth, including projects that are being completed under a bond that will be repaid with future growth.

REPORTS

1. Resource Cost Report

- a. Power Resource Cost Report - FY2022, as of February 28, 2022: The Colorado River Storage Project (CRSP) resource was received at \$49.37 per MW. This was higher than usual due to lower than normal water levels and production. Market power purchases were received at \$57.00 per MW, following the increasing cost trend. San Juan Power Plant produced at \$49.33 per MW, this cost is lower than in previous months. The annual blended cost for resources is \$63.03 per MW.

Cl. Miller was excused from the meeting during the report.

2. Rate Revenue Report

- a. Power Rate Revenue Report - FY2022, as of March 31, 2022: The report was included as part of the Utility Board packet. The year-to-date comparison from last year shows that kWh sales are up 4.2% with revenue collected at 78.79% of the budget with 75% of the fiscal year elapsed.
- b. Water Rate Revenue Report - FY2022, as of March 31, 2022: The report was provided to the Board at the meeting. Water rates are extremely dependent on heat, rain duration, and politics around water conservation. The projected water revenues are currently \$488,000.00 less than expected. That is about 9.8% less. This will change as the weather warms up. The Department has reserves available if necessary. Impact fees are \$130,000.00 less than expected due to a lack of permits.

The Board was asked to review all items not covered during the meeting at their convenience.

ADJOURNMENT

The motion to adjourn the meeting was made by Mr. Crandall with a second by Mr. Boshell. The meeting adjourned at 7:35 by unanimous vote. The next meeting is scheduled for May 11, 2022.