



SPRINGVILLE UTILITY ADVISORY BOARD
REGULAR AGENDA
ELECTRIC OPERATIONS CENTER
MULTI-PURPOSE ROOM
777 NORTH 425 WEST, SPRINGVILLE UTAH

FEBRUARY 8, 2023 - 6:30 A.M.

Monthly Utility Board meeting, held in the Electric Operations Center Multi-Purpose Room. 777 N 425 W Springville, UT 84663. Convened at 6:30 a.m.

Board Members Present:

Mark Lamoreaux, Calvin Crandall, Ken Condie, Bryan Boshell, Kellen Hyer, Carl Burrows, Clair Anderson, Nile Hatch.

Staff and Council Members Present:

Shawn Black, Power Department Director, Brad Stapley, Public Works Director, Councilman Jason Miller, Tyson Bartlett, Jason Riding, Jake Nostrom, Brandon Graham.

Approval of Agenda:

The agenda was unanimously approved as distributed.

Approval of Minutes:

The minutes of the previous meeting (12/14/22 and 1/30/23) were unanimously approved as distributed.

***Note - There is no recording for this month's meeting. Minutes were assembled by Rachel Orme, who attended the meeting in person.**

New Business:

Power Fuel Factor Adjustment - Presented by Shawn Black

The price in the Rocky Mountain West is much higher than in other areas of the country. According to data published by the US EIA, wholesale US electricity prices were volatile in 2022. Some of this was due to extreme weather events. The limited availability of coal to substitute for higher priced natural gas also contributed to higher electricity prices. As coal plants close, there are not enough energy sources to replace them.



A good example of the market volatility: Natural Gas increased to almost \$50/dekatherm in December of 2022, and then decreased to \$3.50/dekatherm in January of 2023.

The question is, why isn't Springville Power currently generating power? Generating costs are almost 10 times higher than buying. It is not in the City's best interest to generate at this time.

Fuel Factor Adjustment Explanation - The budgeted cost is \$64.50. Recouped over the next 6 months, there will be a rate increase. Other cities, such as Lehi and Logan will also be doing this. Rock Mountain Power has asked to raise customer service charges from \$8.00 to \$29.50 per month over the next 5 years.

Shawn Black shared EIA and inflation numbers on residential power rates with the Board. Shawn also shared a residential rate comparison chart with the Board.

Mark Lamoreaux asked the Board if there was a motion to approve the hedge. Calvin Crandall motioned to approve, and Clair Anderson seconded the motion.

Public Works Department Discussion - Presented by Brad Stapley

Brad introduced the new Superintendent of the Water Division to the Board. The new Superintendent is Tyson Bartlett. Tyson has worked for the City for many years.

Brad shared with the Board that Water Tank 2 is in good condition, but that Tank 1 is not in good condition. This is after draining and inspecting the interior of each tank.

Brad shared that Public Works is reviewing a 20 year plan. Important factors that are considered when creating and reviewing such a plan are looking at inflation, the projected growth of the community, as well as the current rates that the Water and Sewer departments are charging.

Inflation has had very real effects on the 20 year plans. Brad mentioned to the Board that the answer to inflation is to double the base rate. This move would be to maintain current levels of service. This base rate increase does not take new development into account. Public Works is going to present these numbers, and their plan to increase the base rate to administrative leadership, as well as to the City Council.



Currently, the Water department has revenues of approximately \$7.5 million. The department operations are \$5 million. This leave \$2.5 million available for capital projects. The Water department needs \$4.8 million to complete necessary projects to ensure an acceptable level of service.

There is a deficit in Waste Water as well, of approximately \$4 million. There are several maintenance items for the Waste Water Treatment Plan that need to be executed to ensure an acceptable level of service.

The question was raised to the Board about the upcoming Lakeside Landing project. Should the City bond to assist in the Lakeside Landing development, or should the developer shoulder the cost to bring utilities west to the site? The City does not have the money to front development.

Jake Nostrom, Assistant Public Works Director, mentioned to the Board that even though there is a deficit in the Water and Waste Water department revenues, some of these revenues will be replenished with the collection of impact fees. The costs to get utilities to the development are accepted to be in the \$5 million dollar range for sewer alone. For culinary water, there will be an additional \$2-3 million in costs.

Ken Condie shared with the Board that there are cities in Texas that build infrastructure out to prospective developments. It may be beneficial to reach out to these municipalities to see how this is being financed in other areas.

Adjournment

The meeting was adjourned at 7:30 a.m.

Minutes submitted by Rachel Orme, Public Works Executive Assistant