

PAROWAN POWER BOARD MINUTES
MAY 19, 2022
CITY OFFICES – 35 EAST 100 NORTH – 5:30 P.M.

MEMBERS PRESENT: Jeremy Franklin (Power Superintendent), Jared Burton (Chairman), Matt Gale (Council Representative), Sharon Downey (Council Representative), Cleve Matheson (City Manager), Mollie Halterman (Mayor), Greg Evans, Heather Shurtleff (Substitute Secretary).

MEMBERS ABSENT: Kyle Hansen.

PUBLIC PRESENT: KC Jones.

CALL TO ORDER: Jared Burton called the meeting to order at 5:30 P.M.

DECLARATION OF CONFLICTS WITH OR PERSONAL INTEREST ON ANY AGENDA ITEMS: None.

APPROVAL OF MINUTES: Matt Gale moved to approve the minutes of April 21, 2022. Greg Evans seconded the motion. All members present voted in favor of approval. The motion carried. The minutes were approved.

PAINTED HILLS RV PARK DISCUSSION – Jeremy introduced KC Jones. KC said their goal was to get the RV park up and running by August 12th but they have challenges in addition to the vault. He said right now it looks like they can get everything, with the exception of transformers, and it will be close to that time frame. Jeremy said that is a big thing not to have. KC said they can do everything else and then the transformers afterward. He said it is critical that they are at least open by Labor Day weekend for the Iron County Fair. They got a slow start for a lot of reasons.

Jeremy said the city is primary metering the RV park with one master power meter. The problem we are having is when it was ordered in March there was a 25-week lead time which means it should be here in August or September. Jeremy said he has been pondering what we can do to help them. His thought was potentially to set another JBox and feed through to their transformers with no meter, then look at other RV parks to find the average daily usage of one RV; KC would keep track and do an estimation of what they are using. Jeremy said he thinks the only way would be to do an estimation. Jared said the only concern would be long term, and that's not the case. Jeremy said the estimation won't be dead on but they will be getting a bill and paying for the power, and it will help to open the RV park earlier. He said it won't be a lot of work on our part; it is basically a plug and play. KC said they will stay in touch. Jeremy said he will keep checking on the lead time for the transformer. Greg Evans agreed to go forward with Jeremy's ideas. Jeremy said we could discuss this further in July.

KC said if that wasn't enough to ask for, he has another reason for being at the meeting. He said it took about 6 months for the annexation process. After that they came to the conclusion that to load balance properly, they will need to pull 3-phase in there. He said the cost on the electrical

side doubled from \$300,000 to \$600,000 due to what costs have done and because of the time it took them to get through the process to get approved so they could get started.

KC said the purpose of him coming to the meeting is to see if there is a chance that the city has the ability to help them cover some of the costs of getting the power from the road to the meter panel. KC said they are going to do a JBox and he thinks that meter could potentially be used for future development if anything were ever going to develop on the east side of 1200 West. Jeremy said the meter itself will just meter the RV park; we will not charge the RV park for the JBox we install in the middle that we are going to put in for future development. Jeremy said the quote to power them is only their material. KC said they are going to do the digging and conduit. Jeremy said we are doing the wire, terminations, metering cabinet, stuff like that. The finalized estimate was \$35,200; \$26,000 of that was for the metering cabinet. Jeremy said he had very little labor included.

Sharon Downey arrived at 5:38 p.m.

Matt Gale said the only problem he has is the city has already suspended the impact fees for the RV park, which for both phases was \$272,599.01. He said that savings should have helped them with this. Jared Burton asked if our policy says a new commercial business can either have no impact fee or get a rebate; Jeremy said it is just the impact fees are suspended. Matt said the city suspended the impact fees as an incentive for new businesses to come to Parowan. KC asked in lieu of them paying \$600,000 would the city do all the power for the \$275,000; isn't that typically what an impact fee is. Jeremy said there is an impact fee and a connection fee. The impact fee is how your development impacts the rest of the system; the connection fee is the cost to get the customer service. Matt said the city has waived the impact fees for KB Express, Bear Valley Precision Casting, Jim Jense, Dave Harris' new part of his building and the airport.

KC said their business will have a tremendous impact on Parowan with sales tax, transient tax, property tax, and it would feel appropriate to waive that because it's important to get development here and money being spent here. Matt said he can't talk for the other council members, but if we do this for KC, we would have to do it for everyone. Jeremy's concern is if we waive the \$36,000, that is basically what it is costing the city, and in a sense, the residents would be paying for part of the equipment to get the RV park service. The city is footing the bill for the material, and that puts that onto the residents because they are who pays our bills. KC said they will do a lot to contribute to Parowan, well over the \$36,000. He said he should have come prepared to show what the economic benefit the RV park is going to be over the next 5 years; that number is insignificant, even this is insignificant when it comes to what they are going to do. KC said not that it makes it right or wrong, or is justification for what he is asking for, but they will bring quite a benefit to the community and Parowan.

After clarifying what she has heard, Sharon said she agrees with Matt, we can't suspend the electrical fees when we have already suspended the impact fees. Jared asked if this is something we need to vote on to take to the City Council, or just do it in this meeting.

KC said a second option is if we aren't able to suspend, can we defer it so they can get up and running and generating cash flow and then pay it off, so it's more of a deferment. Jeremy said

that would be a City Council decision. Sharon asked what time frame is KC looking at to defer it; KC said they are flexible, but maybe by 12 months. Jeremy said if they choose to defer, he would suggest to not defer it past June 30, 2023 because that is when the new fiscal budget year begins. Sharon said she didn't know how the City Council will decide on this because if we do this, others will ask for it too. Matt asked if it would just be the \$34,000 for the power; KC said yes.

Jared Burton made a motion to take deferring the connection fees for the RV park to the City Council, knowing that the Power Board is not for waiving the connection fees. KC asked if they were ok with deferring it. Jared said if the City Council decides to approve it, he is ok with it, it's Jeremy's budget. Matt asked Jeremy if they would they be able to sit on that. Jeremy said if we purchased the metering cabinet, that would take his maintenance and material line down by \$26,000 which makes that line smaller which could put other projects on hold. Jeremy said he thinks budget wise it could work. Jeremy said the Council will want to know what recommendation the Power Board has made.

Jared Burton moved we will not waive the connection fee for the RV park. Sharon Downey seconded the motion. All members present voted in favor of approval. The motion carried.

Greg Evans moved to take deferment to the City Council to be paid before June 30, 2023. Matt said he would rather not vote here if voting in council. Matt and Sharon abstained from voting. There were not enough voting members to make a motion. No motion was made.

KC will talk with Callie to get this on the action agenda for the next City Council meeting.

KC Jones left at 5:55 p.m.

There was a discussion about not wanting to waive the connection fee or deferring it. It was said that we don't know if they will sell it or go out of business before it is paid back. Jared said it could be a great revenue for the city, but the not all residents like the RV park and want it here. The committee felt good about their decision.

RED CREEK HYDRO INSURANCE FOLLOW-UP – Jeremy Franklin said he heard back from the insurance company and they won't cover the stator which is \$59,080 because they think it is age degradation. The company doing the work said we would be dumb not to go forward. Jeremy said his recommendation is to find a way to do it; we are already putting over \$200,000 into it through the insurance. Jeremy said he can add another \$60,000 to the budget hydro lines to get it done.

Matt Gale moved to put the \$59,080 into the 2023 fiscal year budget to pay for the stator. Greg Evans seconded the motion. All members present voted in favor of approval. The motion carried. Roll call vote: Matt Gale - Aye, Sharon Downey – Aye, Greg Evans – Aye, Jared Burton - Aye.

RATE SURVEY STUDY – Jeremy Franklin said he thinks it is time to have the rate study done. He said the cost will be \$19,500 which does not include solar; solar maybe \$2,500. Jared

said we have put so much time and energy in this board toward solar he feels we need to include it. Jeremy said if we want to do it, do it after July 1, 2022.

Sharon Downey moved to have Utility Financial Solutions (UFS) do the rate survey study for \$22,000. Greg Evans seconded the motion. All members present voted in favor of approval. The motion carried.

Jeremy thinks this is a good thing to do. It's been 9 years since our late rate study. There was a discussion about the last rate study. Jeremy said the kilowatt hour rate hasn't changed in the 16 years since he has worked for the city. He said to him it seems that everyone is going to a tiered rate; this study will let us know if we need to go to a tiered rate. Jeremy explained how that works.

OTHER BUSINESS: Jeremy said hopefully he is going to do a PO for a new bucket truck. He said he has been saving 3 years for it, and will not get it until 2025. It should be going to the next City Council meeting. The PO should be enough to go forward without a down payment. The bucket truck will cost \$303,000.

STAFF & MEMBER COMMENTS: None.

PUBLIC COMMENTS: None.

ADJOURN: Matt Gale moved to adjourn the meeting. Sharon Downey seconded the motion. All members present voted in favor of adjournment. The meeting adjourned at 6:14 p.m.

Minutes Approved at September 28, 2022 Meeting



Jared Burton, Committee Chair



Stacy Gale, Secretary

EVIL WATER IMPACT FEES (CURRENTLY SUSPENDED)

POWER	1400 AMP		102,950.00 (120/208 THREE PHASE)
WATER	PHASE I	68 SPACES x 256.88	17,467.84
	PHASE II	136 SPACES x 256.88	34935.68
		SUB TOTAL	<u>52,403.52</u>
SEWER	PHASE I	68 SPACES X 178.91	12165.88
	PHASE II	136 SPACES x 178.91	24331.76
		SUB TOTAL	<u>36497.64</u>
POLICE	PHASE I	12.21 ACRES X 1180.54	14414.39
	PHASE II	17.65 ACRES X 1180.54	20836.53
		SUB TOTAL	<u>35250.92</u>
FIRE	PHASE I	12.21 ACRES X 1469.03	17936.86
	PHASE II	17.65 ACRES X 1469.03	25928.38
		SUB TOTAL	<u>43865.24</u>
PARKS			<u>1631.69</u>
TOTAL			<u><u>272,599.01</u></u>