

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56

MINUTES OF THE SPRINGVILLE CITY WATER BOARD

Tuesday, December 11, 2012
6:30 a.m.
110 South Main Street
Springville, Utah 84663

ATTENDANCE

Councilmember
Richard Child

Secretary
Marcie Clark

Board Members
Alton Beck
Lynn Panter
Nile Hatch
Calvin Crandall
Rollin Hotchkiss

City Staff
Brad Stapley – Public Works Director
Shawn Barker – Water Superintendent

Guests: Richard Parmenter, Jeff Wright, Harold & Janice Reeb,

The minutes from November 13, 2012 were reviewed. Mr. Hatch motioned to approve them. Mr. Beck seconded the motion. All members approved.

Mr. Stapley distributed an updated spreadsheet – “Canyon Water Users Water Rate Analysis - PRV Station,” along with Canyon Water User Rates. He quickly reviewed the state law which states that whatever the City charges for utilities must be just and reasonable. Mr. Stapley advised the Board to remember that when considering any new charges. He said the first decision that needs to be made by the Water Board is what is the credit period? Mr. Stapley explained that 27% of the average water bill goes to Capital Improvements. Mr. Stapley suggested going back to when the current penstock was installed in 1987. Mr. Hotchkiss expressed his frustration on why we’re even considering going back. Mrs. Reeb suggested that it might be because the City was collecting 27% of their water bills to go toward Capital Improvements, but they weren’t taking responsibility for the maintenance in the Canyon. Mr. Stapley stated that the canyon residents were paying double rates for water between 1991 and 2005. Should that be taken into consideration? Mr. Hatch reminded the group that it was double commercial rates, not residential rates. The average monthly water bill for canyon users has been about \$19.86. That does not include a resident that has an \$11,000/month bill, because it’s an anomaly. Mr. Stapley explained the basis of the costs as outlined on the spreadsheet, including the PRV Stations, the new chlorination station, Bartholomew Tank, and water penstock. Mr. Stapley stated that the tank seems to be confusing everybody. He figured the costs of Bartholomew Tank based on what size tank the state would require for just the canyon residents, which would be roughly 45,000 gallons. The tank is currently 1.34 million gallons. The percentage to the canyon users would come out to be 3.35%. Each of the ratios is based on numbers of use. Mr. Stapley did not include fire flow because that would have increased the numbers.

Mr. Stapley explained the credit period. The question now is what does the water board think is appropriate to bill canyon water users. Mr. Beck doesn’t think we should give a credit because that money should have gone to capital improvements and maintenance in the canyon. Mr. Hatch thought that previous water rate structures (before 2005) did not include capital improvement costs. He thought they came out of the general fund. Mr. Stapley agreed. He doesn’t know what percentage of water rates went to maintenance or capital improvement back then.

Mr. Hotchkiss asked Mr. Stapley to review the different scenarios of costs. In the upper left hand corner of the spreadsheet there is a red box. Inside that box are the percentages that come out of the basic ratios that Mr. Stapley put together in the lower right hand corner. That says what percent the city is paying and what would be assigned to the canyon water users. That’s the basis for what cost would be coming out of the model. There are four different areas to look at: PRV Repairs, Chlorination Station Capital Cost, Bartholomew Tank, and Water Penstock. Then within that we’re looking at credits. Mr. Stapley put a credit period of 25 years. That number can be changed if we

January 8, 2013

Approved

1 want. All the different scenarios are in the lower left part of the spreadsheet. The Canyon Group Cost is now down
2 to \$17.20 per month, as Mr. Stapley has refined the spreadsheet. The first four listed are the actual costs; the next
3 two are credits that could be given. The Water Board now needs to take some action on what would be appropriate to
4 bill the canyon water users. Mr. Hotchkiss asked if the water board's recommendation to spread chlorination costs
5 throughout the City should change, now that the PRV issue has come up. Mr. Stapley explained the replacement
6 interval column of each facility in the canyon. Mr. Hotchkiss questioned whether or not the city has been reserving
7 money for the facility replacements in the canyon. Mr. Hatch explained the tiered rate that was put in place in 2005
8 was for city residents. Canyon users only went to that in 2012. They went from double billing to single billing at
9 commercial rates. So in 2005, residential rates jumped up and canyon rates went down. So double billing vs. single
10 billing is a complicated one because of the separation in 2005. His analysis said that canyon users rarely got up into
11 upper tiers. They were probably paying in commercial rates about what they would have paid in residential rates
12 with tiers. The structures themselves don't lend themselves to comparison but their consumption patterns do.

13
14 Mr. Hotchkiss explained that to give credit for the double billing would be to question motive on why the City
15 decided to do that.

16
17 Mr. Beck brought up the policy that states any repairs done on the PRV Stations is the canyon user's responsibility.
18 Unless that is rescinded, the policy will stay in force.

19
20 Mr. Stapley has found consistent information from the City towards the canyon water users. Harold Mitchell,
21 previous City Attorney, has written many letters to canyon residents where he refers to the Policy.

22
23 The board members went through each cost in the lower left section of the spreadsheet. Mr. Hotchkiss thanked Mr.
24 Stapley for all his work on this issue. Mr. Stapley explained that a decision does not have to be made today.

25
26 Mr. Beck recommended that we subtract the chlorination costs of \$8.93 from the \$25.59 per month. Mr. Stapley
27 explained that the PRV Stations in the Canyon cost a lot more than those in the City and they only benefit a few. Mr.
28 Wright expressed his concern on paying more when Hobble Creek Haven doesn't have a PRV Station that the City
29 installed or maintains. Mr. Stapley explained that the Canyon Water Users are part of a rate category. He doesn't
30 want to fragment out parts of the canyon.

31
32 Mr. Hotchkiss presented the meeting schedule for 2013. Mr. Crandall motioned to approve. Mr. Hatch seconded.

33
34 Mr. Hotchkiss asked the group if they wanted to have a longer meeting next time to get this issue resolved. Everyone
35 decided to meet for two hours on January 8, 2013.

36
37 Mr. Crandall made a motion to adjourn. Mr. Panter seconded. All were in favor.

38
39 *Adjourn* – This meeting adjourned at 7:34 a.m.
40
41