

1 **MINUTES OF THE SPRINGVILLE CITY WATER BOARD**

2
3 Tuesday, November 10, 2015
4 6:30 a.m.
5 110 South Main Street
6 Springville, Utah 84663
7



8
9 **ATTENDANCE**

10
11 Councilmember
12 Richard Child

Secretary
Marcie Clark

13
14 Board Members
15 Alton Beck
16 Nile Hatch
17 Calvin Crandall
18 Rollin Hotchkiss
19 Rod Andrew

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

20
21
22 The minutes from the October 13, 2015 meetings were reviewed. Mr. Andrew made the motion to approve the
23 minutes. Mr. Hatch seconded. All were in favor.

24
25 Cl. Child mentioned the recent award that Springville received for the Wayne Bartholomew Park, where the
26 Pressurized Irrigation (PI) Pond is. Utah Construction & Design named it as one of the Most Outstanding Projects in
27 Utah for 2015.

28
29 Mr. Stapley met with Mr. Hatch and Administrator Troy Fitzgerald last week and they came up with a model for PI
30 base rates that is a little bit different than previously discussed. He drew a diagram on the whiteboard:
31

East
Base 1
Culinary Tiers
X = 100%

West	
Base 2	
Culinary Tiers	Secondary Tiers
X = 100%	X = ____ %
+ ____ %	

32
33 Base 1 and base 2 could be the same or could be different. Culinary tiers as they exist today could be raised based on
34 inflation in the next budget year. They looked at having two tiers in the west fields – one culinary, one secondary.
35 They looked at “true break over points” for secondary.

36
37 We are currently anticipating 1,566 residents that can hook up to secondary water. Mr. Stapley posed the question:
38 If we only get 1,000 of them to hook up, leaving 566 that don’t hook up, what will that do to the City in the long run?
39

40 In the meeting, Mr. Stapley, Mr. Hatch, and Mr. Fitzgerald started to move away from mandatory connections and
41 penalizing people because we can do that in the rate structure. We then can look at 1) what that does to our rate
42 structure and how much revenue we’re bringing in as it relates to CIP and 2) what does it do in the long term as it
43 relates to water supply.

44
45 Mr. Hotchkiss would like to figure out what connections do for water supply before we talk about money. If we
46 didn’t have secondary water, would we have to drill another well? Mr. Stapley stated that we’re going to have to
47 drill another well no matter what.

48
49 In coming up with ways to explain the “big picture” to the City Council and the residents, board members asked
50 questions such as:
51 If we didn’t have secondary, would we drill two wells?

1 At what point do we need a water treatment plant?
2

3 Mr. Stapley stated that we wouldn't have enough culinary water if we didn't have the secondary water system.
4

5 Mr. Beck asked if it is legal to set the rates at any rate we want. Mr. Stapley said it is.
6

7 Mr. Hatch explained his research on rates.
8

9 Mr. Hatch used his consumption data for 2002, 2003, 2004 and then recently received data from 2011, 2012, 2013
10 and 2014. The City purges their data after three years. They were looking at who is carrying the burden with the
11 tiered rates? Are the tiers working? He was able to name the households that will have PI and figure out how much
12 consumption is household (culinary) vs. secondary (PI). What should we do to the rate structure to the east (non-PI)
13 and what should the secondary rates look like for the west fields? Should the rates be the same? We're expecting
14 one third of homes will not convert. What tier structure will they have to give them incentive to convert? Mr.
15 Stapley explained the City Council has changed their direction – they wanted the City to hook everyone up and they
16 didn't understand how much was involved with that. The Water Board needs to figure out an incentive for them to
17 hook up.
18

19 Mr. Barker explained that his crews have identified over 400 PI connections that have been covered up with concrete.
20 The standard was to put a single PI line on the property line and split it to two properties. Culinary water lines are
21 typically in the center of the property and sewer is close to it. Mr. Barker is looking at changing the standard so PI is
22 in the middle of the property. Residents may be paying between \$250 - \$1000 to connect to PI.
23

24 Mr. Hatch stated he crunched some numbers assuming everyone converted to PI. He figured if secondary tiers were
25 at 90%, there would be about \$35,000 of revenue loss, with 1000 residents hooking up.
26

27 Mr. Stapley stated that eventually we'll have 7,500 connections at build out. Having a few residents not connect is
28 not that big of deal. Mr. Hotchkiss mentioned that the rates could also change over time.
29

Hookups	% Initial Participation	Culinary Tier	Secondary Tier	System Culinary Loss per Year
1566	100%	100%	90%	-\$35,000
1000	64%	110%	90%	-\$10,000
	100%	100%	100%	\$0
1000	64%	120%	90%	+\$3,000

30 100% participation is equal to a -\$35,000 shortfall.
31
32

33 Mr. Hotchkiss addressed the shortfall. One of our goals is to erase that \$35,000. If we look at the alternative of not
34 having secondary water and having to drill more wells and going to an filtration plant, we can then compare how
35 much money we would have to pay in that scenario. That would be a lot more than \$35,000. It could be a million
36 dollars that we'd have to bond.
37

38 Mr. Stapley explained that with a secondary system, we are short 7,060 gpm of culinary water at build out with a
39 secondary system with 3 wells.
40

41 Mr. Crandall argued that secondary water shouldn't be cheaper if it's not cheaper. Culinary water users shouldn't
42 have to subsidize secondary water. He suggested we go back to City Council and ask them where they will make up
43 the \$35,000 for the water budget. Mr. Stapley explained that everyone has a stake in the secondary system.
44

45 Mr. Beck asked where the water shares go when developers develop land. Mr. Stapley explained the process under
46 Utah Law. Those water shares are figured into the amount of water needed for buildout.
47

48 Mr. Stapley - What do we want to do with the rates for residents in the west fields?
49

50 Mr. Beck suggested we let them know in the beginning that if they don't hook up in the beginning, the base rate
51 percentage will raise each year.
52

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1 Cl. Child asked if it would be cheaper to put in a new connection and dig up the street rather than tearing up
2 driveways and concrete. Mr. Barker said they will have to look at all the options a little closer. The water crews did
3 some of that in Pheasant Meadows. It is still costly; around \$2,500 per service.
4

5 Mr. Andrew explained how Spanish Fork implemented their secondary water. They tore up the road and ran a trench
6 down the road and put in the service and he had to connect. He didn't have an option to connect and an inspector had
7 to look at it. It was all at his cost.
8

9 Mr. Hotchkiss asked if we are comfortable with the idea that connections will *not* be mandatory. Mr. Stapley said the
10 money the City will lose is not that big of a deal right now; we have to choose our battles. Mr. Hotchkiss asked "the
11 capital spent on making it mandatory is not worth it? Mr. Stapley responded that the City could lose more than that
12 with just one lawsuit from an angry citizen.
13

14 Mr. Hotchkiss stated that we discuss policy on the Water Board and we spend a lot of time talking about pricing.
15 Those pricing recommendations go to the City Council and they do what they want. But the policy that we discuss
16 and push forward is really important. That dictates what the City Council is going to do; their parameters they can
17 work under. He doesn't want to spend so much time on numbers in this meeting as much as making sure we're
18 comfortable with the direction we're going. Are we ok with playing this game? Mr. Crandall is not. Mr. Crandall
19 wants secondary to pay for itself.
20

21 Mr. Andrew stated that we're spinning our wheels if the Council directs us to do what they want.
22

23 Mr. Stapley would like the Water Board to give all the information to City Council and make a recommendation to
24 them. He expressed frustration with the board members.
25

26 Mr. Hotchkiss suggested giving the Council a table with all the information and tradeoffs and putting an asterisk on
27 what the Water Board recommends. City Council needs to understand the consequences of each decision. Last time
28 we recommended a \$3.00 raise on the culinary base rate, but we didn't really give City Council a consequence if they
29 didn't do that. Mr. Stapley said his recommendation/consequences on the \$3.00 increase were given to
30 Administration, but were not conveyed to City Council because of other things going on in the City, which have now
31 passed.
32

33 Mr. Hatch used his formula to come up with different scenarios to consider. On the table for WEST Base 2, he put
34 culinary water at 10% above the 100% and secondary water at 90%. The estimated culinary revenue loss would be
35 \$10,000 / year. The percentages will go down as more people connect. If there is 100% participation for secondary,
36 and we keep it at 90%, there will always be a loss for culinary. If we put culinary water at 20% above the 100% and
37 secondary water at 90%, with 64% participation, we will make \$3,000 / year.
38

39 Mr. Stapley discussed the 5-year plan for maintenance costs on the water system. He wants a base rate that will
40 always make money. He will bring that information to the Water Board next month. Mr. Stapley stated that Mr.
41 Hatch's work is critical; it tells us that the problem we thought was a huge problem, isn't that big.
42

43 Mr. Andrew asked if we know what the impact will be to each individual. Mr. Stapley responded that Mr. Hatch's
44 program will tell them that. We want to encourage residents to connect to secondary water. Mr. Hotchkiss stated
45 that the value in this exercise was to show us that the numbers aren't as scary as we thought. Mr. Hatch said the
46 secondary water tiers will be the same as culinary tiers. Mr. Hotchkiss asked if the Water Board was comfortable
47 with having the boundary for tier adjustment the same for both culinary and secondary.
48

49 Mr. Stapley stated that we need to go to City Council with 1) making connections mandatory or not, 2) are we going
50 on private property, and 3) are we helping them with their boxes. There are two different boxes: one with the meter,
51 the other with an isolation valve and a filter.
52

53 Mr. Beck made a motion to recommend the second scenario on the table (64% participation, 110% culinary, 90%
54 secondary). Mr. Andrew seconded. Mr. Hotchkiss, Mr. Andrew, Mr. Beck, and Mr. Hatch were in favor. Mr.
55 Crandall was opposed.
56

57 Mr. Hotchkiss gave a commendation to Mr. Hatch for all his work.
58

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Approved

1 Mr. Hotchkiss would like to see all additional costs from Mr. Stapley next time. He would still like to know how
2 much it would cost the City if we didn't have the secondary system.
3
4 Mr. Hatch still wants to address the culinary water base rate for residents on the east side because it's not covering
5 our aging infrastructure.
6
7 Mr. Hatch moved to adjourn. Mr. Beck seconded. All were in favor.
8
9 *Adjourn* – This meeting adjourned at 7:31 a.m.
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