

CITY OF WILLIAMS CITY COUNCIL

ANNOTATED MINUTES
AGENDA ITEM

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May 25, 2017
COUNCIL ACTION

I. PROCEDURES

A. Call to Order

Mayor Moore called the meeting to order at 6:30 p. m.

B. Pledge and Invocation

The pledge and invocation were forgone.

C. Roll Call

Mayor John W. Moore, Vice Mayor Don Dent, Council members Bernie Hiemenz, Frank McNelly, Lee Payne, and James Wurgler (arrived at 7:14) were present and constituted a quorum. Councilmember Dawn Trapp was absent. Present from City Staff were City Manager Skylor Miller, Finance Director Keith Buonocore, Chief Building Inspector Tim Pettit, Sanitation Foreman Jeff Pettit and City Clerk/HR Director Pamela Galvan.

D. Approval of Minutes: May 11, 2017

Councilmember McNelly made a motion to approve the minutes of May 11, 2017. Councilmember Payne seconded the motion, and it carried 4-0.

E. Adopt Agenda

Councilmember Vice-Mayor Dent made a motion to adopt the Agenda as presented. Councilmember Hiemenz seconded the motion, and it carried 4-0.

II. EXECUTIVE SESSION

Councilmember Payne made a motion to go into executive session. Councilmember McNelly seconded the motion, and it carried 4-0.

CONVENE TO EXECUTIVE SESSION AT 6:33

Update from counsel regarding potential settlement in RKID v. City of Williams. The Council may vote to enter into executive session pursuant to ARS §38-431.03 (A)(3) for legal advice or (A)(4) for negotiations in pending litigation.

Councilmember Payne made a motion to reconvene to a regular meeting.

Councilmember Hiemenz seconded the motion, and it carried 4-0.

RECONVENE TO REGULAR MEETING AT 7:04

PRESENTATIONS

- None

III. PUBLIC PARTICIPATION

- None

IV. CONSENT AGENDA ITEMS

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A. Approval of Purchase Orders: K. Buonocore

- *None*

V. NON-CONSENT AGENDA ITEMS

B. Discussion and possible action regarding proposed settlement agreement in RKID v. City of Williams.

Vice-Mayor Dent made a motion to approve a settlement agreement that came out of mediation with RKID construction and the City of Williams dated May 3, 2017. Councilmember Hiemenz seconded the motion, and it carried 4-0.

C. APS conversation study presentation and discussion.

John Haro, Barbara McMinn, P.E. and Brenda Hazlet represented APS and participated in discussions.

Brenda handed out an updated study; December 2016.

John Haro introduced himself and his colleagues thanking the Council for their time to have a discussion regarding Williams' future plans with conversion. This discussion is to help mitigate some of the current capacity issues Williams is experiencing.

Barbara McMinn began with the high-level study of Williams as of December 2016.

The City requested APS to conduct a Five-Year Planning Study of our distribution system to determine what facility additions, upgrades and changes are anticipated within the study period. This information will be used by the City to better understand our electric needs and budget for those needs.

Williams has three substations, Garland Prairie, Kaibab and Williams; Williams being the main and serving at two different voltages; 4.16kV and 12.47kV (more typical.) The City's growth is predominantly occurring on the 4.16kV system within the City center. This presents a problem as the Williams Substation 69/4.16kV transformer is heavily loaded and unable to accommodate this growth.

To free up capacity on the 4.16kV system for the areas experiencing growth, system voltage conversions of 4.16kV areas adjacent to 12.47kV areas are necessary. To date, two system conversions have been completed and a third is designed and ready for construction pending funding. The planned effort must continue to allow growth to continue, with the end goal of converting the entire system to the 12.47kV.

- It is recommended that the City have a backup transformer.
- The area needs to be walked to gain a true cost assessment of transformers.

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- 200 of the transformers are dual voltage, relatively new and will help drop the conversion cost significantly, as well as the design fee. (Around \$100,000 design fee.)
- The conversions have to be done in stages. (Additional discussion of the staging process.)

Councilmember Payne inquired on the burying of power lines.

- In the future, if we are replacing water main lines we might consider contacting APS to run the overhead power lines (conduit) underground; sharing the cost with APS of digging the trench to bury the lines.

Councilmember McNelly asked about changing the transformers on the poles to accommodate larger power.

- The conductors we have are adequate to meet the demand. There was explanation of power loads.

Councilmember Payne asked on how long the conversions will last. How do we stay ahead of the curve for our children to ensure we don't arrive here again?

- Barbara McMinn recommends one conversion per year.

John Haro said once this is resolved, we work with Barbara's team and review loads and develop long-term strategic plans to ensure we don't end up in this kind of scenario again.

Barbara's team looks at a five-year and ten years plans for the entire system, not just Williams's area. This will be continually monitored.

There was discussion on growth and how it is handled.

Skylor Miller pointed out what he and the Finance Director had proposed, was to fund all of the design for these phases in this up and coming fiscal year. If we spend our \$100,000 of conversion money that is available on design, we now know the numbers so can start planning and staging these over the next several years.

Councilmember McNelly asked about the Kaibab substation needs.

- Over the long-term it needs to be converted from a temporary to a permanent substation. John Haro is going to look into cost and the current agreement in relation to whom is responsible for the Kaibab transformer changeover.

D. KR Saline report presentation and discussion.

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John Woner from KR Saline expressed that he was present to explain the integrated resource plan. This is a requirement of the Federal Hydroelectric Power contract. This is done every five years and we provide annual updates. This was last done in 2008, this is our second. It is an allocation and usage report on the City of Williams power.

The major reason behind integrated resource is to talk about conservation. The City was asking questions about how to mitigate future expenses; system conservation is a great way. It will allow us to grow the system without increasing the demand by changing out light bulbs, etc. Skylor had added in the plan a consumer education program, tips on the City's website, also some leaflets. Skylor pointed out that it's not in this coming budget.

Points of presentation:

- Goals and Objectives
 1. Provide reliable electric power at lowest practicable cost, consistent with sound business principles.
 2. Enchanted customer financial stability by providing services which provide long-term stability in electric power rates.
- Load and Resource Information
- Historical and Five-Year Load Forecast
- Supply and Demand Side Resources
 1. Williams anticipates that after 2017, the City will require additional resources to meet its monthly power and energy requirements through the short-term and long-term planning periods, and that additional resources will be needed.
 2. Williams is in the process of implementing several Demand Side Management activities. These activities are ultimately expected to include the distribution of promotional leaflets, bill inserts with conservation tips, posting tips on website, and a light bulb exchange or rebate program.
- Identification and Comparison and Resource Options

Williams will continue to look for additional opportunities for energy saving from evolving technological advances in energy efficiency and apply for grant funding when available.

- Designation of Options

If additional resources are needed, the least cost option is identified from a cost benefit analysis. This information will be considered by Williams' City Council in public meetings and combined with other information to select an Action Plan for the City, which conforms to the regulations and guideline of the Energy Planning and Management Program.

- Action Plan

Williams has determined that to provide reliable electric power at the lowest practicable cost, consistent with sound business principles, the City will continue using its long-term entitlement of Parker-Davis power to partially supply its projected long-term power equipment's. The City recently executed a Power Sales Contract with the Authority which provides for an allocation of Hoover power, adding an additional resource. Williams is currently evaluating other possible alternatives to replace APS supplemental

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power, as well as the availability of less costly resources and the potential for additional Demand Side Management activities. The City's Resource Action Plan enhances customer financial stability by providing services that will enhance property values and provide long-term stability in electric power rates.

- Environment Effects

Williams is required, to the extent practicable, to minimize adverse environmental effects of new resource acquisitions and document these efforts in the Integrated Resource Plan. Williams has secured an additional long-term allocation of Hoover power which will become effective October 1, 2017. No additional adverse environmental effects are associated with this acquisition. Under the City's current resource plan, it now utilizes hydro resources to meet a portion of its electric loads. Such purchases are environmentally beneficial since they enable the City to cut down on its steam generation purchase from APS.

- A resolution will be presented to Council at the next scheduled meeting to approve/adopt the Integrated Resource Plan form KR Saline.
- Our agreement with APS expires at the end of this year.
- The proposed plan is to switch from APS to Southwest Public Power Agency.
- Presented a draft letter to submit to Southwest Public Power Agency, Inc.
- Skylor would like staff to have time to further research and staff meeting is warranted and then make a more comprehensive report to Council.
- We have six months to get this together.

Councilmember Wurgler asked Mr. Woner from his prospective, will this in any way alter our relationship with APS. He didn't think so.

Skylor said we have multiple agreements with APS the O&M agreement, and the Power Purchase agreement, which is combined with transmission. We are moving towards a power purchase agreement and a transmission agreement. We are diversifying our power, currently we are buying from Hoover and Parker-Davis potentially adding SPPA (Southwest Public Power Agency, Inc.) We are diversifying to obtain the best rate. We still have a transmission agreement with APS. We have an O&M agreement with APS and other agreements that are mutually exclusive that are not bundled.

- Mayor Moore pointed out that Vice-Mayor Dent and Councilmember McNelly have worked on this in the past with KR Saline. This gets pretty complicated and Vice-Mayor Dent has years of experience dealing with electric and APS. He would like them to take care of this. KR Saline is our representative and is to make recommendation to us on what we should do with this.
- Vice-Mayor Dent pointed out that this is the City doing its due diligence for the residents.

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- Mayor Moore asked about wind and solar powers, do they have an effect on all of this. Mr. Woner responded yes, both good and bad. Dependent on existence of wind and sunshine; and fluctuations in usages. There are many factors.
- Mayor Moore asked that this be on the next Council agenda for decision.

E. Council will discuss and may decide to renew the IGA-Purchasing Agreement with Central Arizona Fire and Medical Authority. C. Pearson

Councilmember McNelly asked if this is a yearly deal.

Fire Chief Pearson responded that this will be an auto renew contact. It is coming before Council because there was a name change. The fire departments merged. Some verbiage was changed to read instead of it having a term; it now reads that it is auto renewing. It allows us to terminate the agreement at our discretion, but allows it to renew year to year.

Vice-Mayor Dent made a motion to enter into an IGA-Purchasing Agreement with Central Arizona Fire and Medical Authority. Councilmember Hiemenz seconded the motion, and it carried 5-0.

VI. REPORTS, CURRENT EVENTS AND INFORMATION ITEMS

F. Mayor and Council:

Mayor Moore noted that there was a meeting with the Fire Department and staff regarding the fireworks for the 4th of July. It was an operations meeting that went well. Another meeting is scheduled for the 19th of June.

Mayor Moore also mentioned that there was an article in the Flagstaff Daily Sun that was positive and provided a good review of Williams.

Councilmember McNelly spoke to Mike Cowen about the recent car show in town and how well it was.

G. Staff Reports:

Skylor Miller reported the concert program is going well.

Completed:

- Edison and Grand Canyon Blvd the new valley gutter is done.
- The Softball field curb and sidewalk.
- The animal control kennel slab is poured.

Underway:

- Retaining wall for sanitation.
- Pat Carpenter and Skylor are talking about and working on getting quotes together for pulling the equipment and catering the Santa Fe Well. Once there are findings they will be brought to Council.

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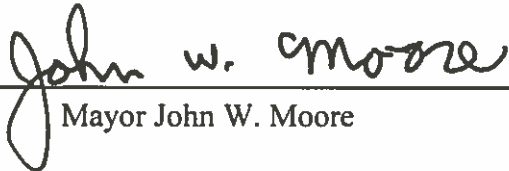
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- Williams Little League is planning a volunteer work weekend June 2-4th. The City will provide paint and supplies. Tim Pettit is putting together the paint scheme to paint the park tan, brown and green to include towers, posts, bleachers and various other structures.
- The 2nd Annual Memorial Softball Tournament is Saturday and Sunday.
- The Aquatic Center opens this weekend.
- The Jack Fuller Roping is at the rodeo grounds May 27 and 28th.
- Williams High School graduation ceremony is tomorrow night.

VII. ADJOURN

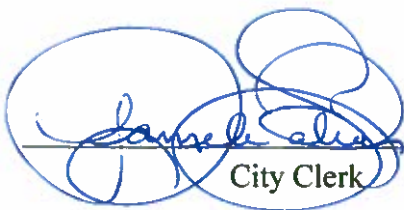
Councilmember Payne made a motion to adjourn the meeting and Councilmember McNelly seconded the motion, and it carried 5-0.

Mayor Moor adjourned the meeting at 8:11 p.m.



Mayor John W. Moore

ATTEST:



City Clerk