

Strawberry Point City Council
Special Meeting July 24, 2017

The Strawberry Point City Council met for a special meeting on Monday, July 24th, 2017 at 5:00 p.m. at the Council Chambers of City Hall. Mayor Bente presided and led the Pledge of Allegiance. Council members answering roll call were Evans, Johnson, Kuehl and Hansel. Council member Rowcliffe arrived at 5:10 p.m.

Johnson moved to approve the agenda as presented. Evans seconded the motion. A roll call vote was taken. Ayes: Evans, Johnson, Kuehl and Hansel. Nays: None. Motion passes.

CONSENT AGENDA

UNFINISHED BUSINESS

INFORMATION

NEW BUSINESS

Paul Foxwell, Executive Vice President and General Manager of Allamakee-Clayton Electric Cooperative addressed the Council. The purpose of his presentation was to review the proposal that was submitted to the City.

Mr. Foxwell first reviewed the proposed distribution service facilities maintenance support agreement. Currently the City has an operations and maintenance agreement which began in May 2013. The proposed agreement would replace the previous one. It is important to note that this proposal is for the distribution system – and does not have anything to do with the City’s electric generation plant. The proposed agreement would encompass many things – some highlights are: 1) Routine operations and maintenance services by Cooperative personnel which includes two days per month with two employees and a basket truck for eight hours. 2) Supervisory oversight and technical assistance and support. 3) Assistance in development of the City’s annual electric system operating and capital budget. 4) Compliance, Training and Safety classes, under the proposed agreement, City employees would be welcome to participate in the safety meetings and trainings held by Allamakee-Clayton. 5) Assistance with regulatory compliance matters such as the annual ME-1 report. The cost associated with this new proposed support agreement would cost \$34,155 for the first year. The costs would be subject to annual review.

The second item discussed was in regards to a proposal from STAR Energy Services. Allamakee-Clayton is one of seven member-owners of this organization. STAR put together a proposal regarding field data collection and system inventory. This again, is in regards to the City’s distribution system (lines and poles), not the electrical generation plant. Under the proposal, STAR would conduct a distribution system inspection. During the inspection, inventory for replacement would be identified. At the end of the inspection, the City would then have GPS readings/locations for each pole. A GIS map of pole locations would also be provided. There are other optional services offered which include items such as infared inspection, which would result in a thermography report and would include photos and notes on anomalies. Without the optional services offered, the proposal for just our pole and line inventory is estimated to cost \$11,000.

The next topic Mr. Foxwell reviewed was in regards to another proposal from STAR Energy Services. The City has not raised its electric rates in almost 10 years, with the last increase taking place in 2009. The proposal would be for an electric rate study. This is estimated to cost \$4,120 and would take approximately 2 – 3 months to complete. The study would entail collecting data from the City, reviewing that data and calculating cost-of-service values. Once the study is completed, the City would have a report with the results of the study, along with recommendations for rate changes. Foxwell stated that from what they reviewed the City’s existing rates are inadequate to support the City’s system.

Lastly, Foxwell outlined the methodology used to determine a valuation of the City’s municipal electric utility. In their opinion, the City’s distribution system (excluding the generation plant) is valued at \$2,217,718.00; the generation plant is valued at \$978,855.00; in sum the total value is: \$3,196,573.00.

This total is also the amount which Allamakee-Clayton offered to the City to purchase the entire system. The offer was passed on by the City earlier this year.

Citizens present then made inquiries as to the current status of the generation plant and what was the reason for the recent power outages the town has experienced. City Administrator Osweiler wanted to make sure to be clear about the recent outages as the two outages in July were the result of two different issues. The outage experienced on July 5th, was initially thought to be caused by an issue inside the City's distribution system. However, after further investigation and with the help of the personnel dispatched from Allamakee-Clayton, it was determined that the cause was likely a switch and possibly a programming issue inside the generation plant. In order to restore power to the entire City, it was decided to bypass the generation plant and have power fed directly from Allamakee-Clayton. At no time during the events on July 5th, did the City lose power from Allamakee-Clayton. In order to verify the problem, the City called upon Ziegler to come out and download the information from the generation plant. Ziegler was unable to provide that service until Monday, July 17th. At that time, a representative from Allamakee-Clayton worked with City staff and the personnel from Ziegler to download the information, and distribute it to the appropriate parties for review. We are currently still awaiting on those results. The City continued to receive power directly from Allamakee-Clayton bypassing the City's generation plant. On July 19th, NE Iowa experienced significant storms, including a tornado. Allamakee-Clayton's system was significantly impacted by this storm. Since the City was receiving power directly from Allamakee-Clayton, the City lost power. Once it was determined that Allamakee-Clayton had significant damage and/or issues to address, City staff opted to utilize the generation plant to supply power to the City. Since the City's generation plant was still not 100% functional, the result was that only a portion of the town was able to receive power. What has been referred to as the "South" or "2nd" circuit, was unable to receive power due to the switch issue. Had the City not utilized the generation plant, the entire City would have been without power for the twelve hours (approximately) that Allamakee-Clayton was "down".

Citizens then stated that they felt the City could have done a better job informing the citizens of what was going on with the generation plant. They felt that had the citizens been informed that the events of July 5th resulted in the City obtaining power directly from Allamakee-Clayton, they would have understood what was going on when the storms hit and took out power on July 19th.

There was much discussion on whether the generation plant could even be fixed at this point. Many felt that the City had already spent too much money on the generation plant and it was not worth putting more money into it. Dan Stelpflug, Director of Operations & Engineering at Allamakee-Clayton stated that he believed there was value in the system and he believed that with some programming changes the plant could work and be functional. Additionally, there was much discussion on rate structures. If the City was to sell the system, it was determined that the current rate structure would change and would likely increase for everyone.

After much discussion, Council determined that before any decisions regarding maintenance agreement proposals or rate studies – the City needs to fix the generation plant. Council will wait to hear back from Power Systems, who is analyzing the data downloaded from the plant. The City will then determine how to proceed once those recommendations are made.

OTHER BUSINESS

With no further business, Kuehl moved to adjourn at 6:47 p.m. Rowcliffe seconded the motion. Motion passes.

Alison Osweiler, City Clerk/Administrator

Jeff Bente, Mayor