

MINUTES  
THE TOWN OF PATAGONIA  
COMMITTEE TO STUDY THE FEASIBILITY OF CREATING A MUNICIPAL  
ELECTRIC UTILITY MEETING,  
JANUARY 17, 2012  
6:00PM

CALL TO ORDER: Chairwoman Gilbert called the meeting to order at 6:02pm.

**PRESENT: Deborah Fain, Jim Rowley, Carolyn Shafer, Jerry Rodman, Fred McKee, Gary Gay, Ted Piper, Chairwoman Meg Gilbert.**

Staff: Dave Teel, town manager, Abbie Zeltzer librarian.

MINUTES APPROVED: January 3<sup>rd</sup>, 2012 Meeting

- A motion was made to approve the meeting's minutes by Deborah Fain and 2<sup>nd</sup> ed by Carolyn Shafer. All members present voted Aye.

FUNDING REPORT: Abbie contacted SEAGO, Bonnie Williams, CDBG Program Manager and heard back from Randy Heiss, Executive Director. They mentioned 2 funds  
1) Electric Co-operative Association has funds available if SSVEC wanted to do a feasibility study.

2) USDA funds – these don't apply to our situation.

Jerry looked into a few more areas :

3) NADB (North American Development Bank) – They have up to \$500,000 for projects. Feb 15<sup>th</sup> is the deadline for the next application cycle. They seem to be looking for developed plans, “shovel ready”. Water projects have priority but other possible projects include: clean air initiatives, energy efficiency and renewable energy projects, including solar. To qualify you have to be a certain distance from the border and a low-income community. We would qualify. They fund projects in Mexico and the US, being an ancillary to NAFTA. Patagonia received funds from NADB to rebuild our sewer plant. This could be helpful to us implementing a program once all our research is done, perhaps next February.

One idea put out was; we could use a couple of these sources and work with SSVEC on a big solar project.

4) GADA (Greater Arizona Development Authority) a division of WIFA (Water Infrastructure Finance Authority)- GADA leverages its approximate \$11 million fund to lower the costs of financing and help accelerate project development for public facilities owned, operated and maintained by a political subdivision, special district or Indian tribe. GADA has both financial and technical assistance programs. Jerry talked to Sally Sutton. They could help us with smaller projects like solar electricity for the sewer treatment plant.

5) ACF (Arizona Community Foundation) – Local Sustainable Matching Fund Grant \$25,000 – 75,000 available for building energy efficiency projects. The funds could be matched by our local foundation or other sources. The town would need to have a Sustainability Director, Jerry Rodman was suggested for the position. Application deadline is March 5<sup>th</sup>. The Network will host a conference call to provide more information on the fund and review the selection criteria on January 24<sup>th</sup> at 2pm Eastern (noon here). You may register by clicking:

<<http://go.madmimi.com/redirects/aec1a39f4c65def517d46011de728189?pa=6833867279>>

Several committee members, including Jim, Jerry, Fred, Dave and others will dial into this conference call and collect information about this funding. One question is: Could SSVEC match the grant?

It was mentioned we could extend the contract with SSVEC to allow enough time to utilize these grants.

The conversation turned to creative solutions to getting the expertise we need to do a feasibility study without huge expense. The UofA is working with power companies. They have an extension service, Fred mentioned the name Mark Apple. Perhaps we could get a UofA grad student or two to help with feasibility study including economic development and renewables.

Task: Fred will get a contact at the UofA, and proceed with getting info.

ASU has a program in sustainability and Wayne Porter graduated from it. It was proposed that we could come up with a stipend if needed if someone were to volunteer to help us.

Task: Carolyn will contact Wayne and find out if he is interested in helping us or if he knows of others from ASU that might.

Task: Jerry will find out more about American Power Association, continue investigating funding opportunities.

It was suggested we look into the National Association of Municipal Utilities.

FEASIBILITY STUDY RFP (Request For Proposals) REPORT: Gary presented the draft "Scope of Work". Gary pointed out two processes will need to be funded: 1) the feasibility study and 2) the implementation plan. This RFP is only for the first process. He also said that the needed technical information would be supplied to the contractor by the town not SSVEC. The following is a list of the expected tasks:

1. Review existing energy usage and related documentation provided by the Town. The deliverable will be a study chapter reviewing the characteristics of the energy usage by type, areas of interest, rates, with graphic description and narrative descriptions.
2. Provide a cost comparison of the projected rate structure from SSVEC over the next

25

years, as it compares to the rate the study develops for a Patagonia owed utility.

3. Provide a detailed list of the staffing requirements for the Town to operate the utility including, required staffing, labor rates, benefits, equipment needed and other capital costs.
4. Projected costs for operation and maintenance of the utility if it is contracted out by the Town. A list of contractors that have the capability of doing so.
5. Estimated fair market value of the SSVEC infrastructure.
6. Franchise fee history around the area and projected franchise fee the Town could obtain from SSVEC or other provider.
7. Effect of the Town's ownership on reliability of the power supply.
8. Suggestions for renewable energy employment into the power system. Would auxiliary supplemental power generation, such as natural gas generation be an option?
9. Is connecting to Unisource an option for improving service and/or increasing our franchise fees
10. Legal steps necessary to implement the recommendations.
11. Suggestions for implementation of the plan if the study turns out to be favorable to the Town.

PREPARING FOR MARSHALL MAGRUDERS VISIT: Review our questions.

- 1) What are the steps to become a municipal electric utility?
  - a) What are the legal steps?  
Does the ACC require anything and how would we go about getting that done?
  - b) What are the dangers and pitfalls of becoming a municipal electric utility?
- 2) When does it make sense to negotiate with the Utility companies? And How should we go about it?
- 3) When can we get Marshall back to help with the next phase?
- 4) Cost considerations; a) Is it feasible to hook up with Unisource?
  - b) How is the value set on the power lines?
- 5) What happens if we don't re-up with SSVEC by the end of the current contract date?

Task: Meg will call Lars to ask him to videotape the visit.

PLANNING THE FIELD TRIP: We called Kevin and the date is set for Feb. 6<sup>th</sup> 2pm to meet with the Town Manager and Utility Director of Safford. Fred, Kevin, Jim, Ted and Bob are going.

Task: Kevin will try to get a tour with Thatcher the same day.

Some questions: Have you been able to keep your rates down? Did you do a

feasibility study? Do you have a copy for us to see? Would you do it again?  
What are the advantages, disadvantages? How do you negotiate with the utility companies?  
Is the electric utility run as an Enterprise Fund (self sustaining)?  
Does the General Fund get any revenue from the Utility? If so, how can it be done legally?  
Does the General Fund have to supplement the Utility?  
Does the Utility supply power outside the city limits? If so, is the rate structure the same?  
How much debt does the Utility have?  
How is maintenance taken care of?  
What is the pay rate for all employee's of the Utility?  
What is the % of the total budget that is set aside for Debt Service Fund and Capital Reserve Fund? % of Rate?  
Is the distribution network City owned by Municipal Property Corp. or leased? If leased what % of the rate goes to the lease?  
What are the size of, job titles and pay scale for the maintenance installation crew?  
What equipment is needed by the maintenance crew, cost of each piece and estimated life until replacement?

TIMELINE REPORT: We are ahead with the RFP by several weeks and many less dollars. We are behind but on track with Marshall's visit and the field trip.

FUTURE AGENDA ITEMS: Review field trip  
Review visit with Marshall  
Review recruitment of ASU and UofA possible grad student volunteers and or Wayne.  
Review Grant info – info gleaned from phone consult with ACF, more info on American Power Assoc.,  
Review what Fred and Jerry come up with regarding Green Communities.  
Discuss how to proceed.  
Schedule our next meeting.

NEXT MEETINGS: Our next meeting is February 7<sup>th</sup> Tuesday at the library, 6pm.  
Meeting with Marshall Magruder is February 8<sup>th</sup>, 6pm at the Library.

MOTION TO ADJOURN: Carolyn made the motion and Deborah 2<sup>nd</sup> it. All said Aye at 7:40pm.

