

HEBER PUBLIC UTILITY DISTRICT

REPORT TO BOARD OF DIRECTORS

MEETING DATE: February 15, 2018

FROM: Laura Fischer, General Manager

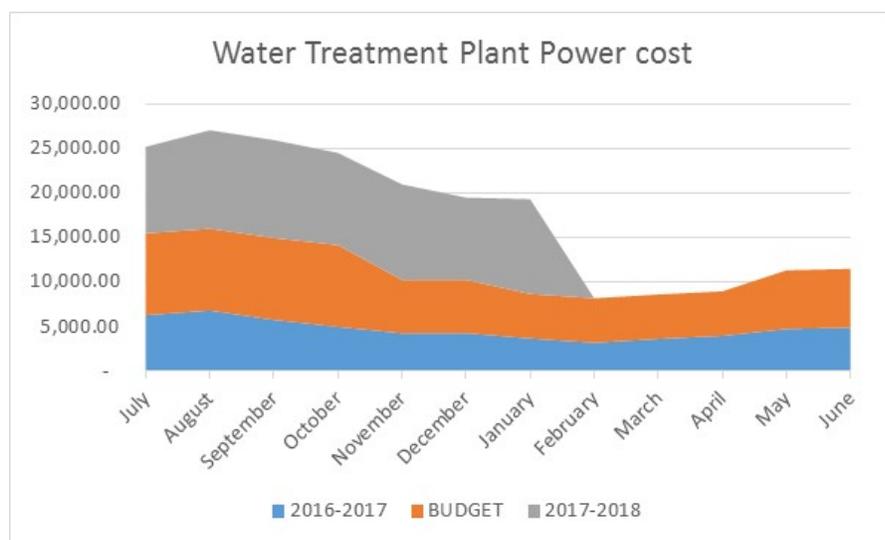
SUBJECT: Information Only Regarding Power Cost Increase at Water Treatment Plant

INFORMATION ONLY:

Background:

The water treatment plant improvement project, which was recently completed, included the installation of the TTHM removal system. This system include one blower motor that runs 24 hours per day, and four aerator motors running 24 hours per day.

When we designed this system, we understood and the State Water Board Engineers agreed, that the aerator motors would not have to run 24 hours per day. They were to be run longer in the summer and less in the winter due to the weather conditions. However, when the project was completed, the State Water Board informed HPUD operators that the aerators must run 24 hours per day. This has caused a very significant increase in our power costs. You can see the increase in the chart below.



HPUD staff and our Engineers have taken several steps to petition the Water Board to reduce our power costs. Our request includes these facts:

One of the aerators is not needed to remove the TTHM in our water system. It was installed as a redundant system in case one of the aerators failed. We state that only three aerators should be required.

Additionally, we have been collecting data that indicates the THM byproduct does not exceed the MCL or EPA recommendation during the cool winter months and thus, treatment is not needed when the byproducts are not exceeding MCL level.

Fiscal Impact:

Although the chart shows that our power costs have risen, it doesn't clearly show the fiscal impact to our water fund. Since June 2017 when the TTHM removal system was placed on line our power costs have gone up between \$9,000 and \$10,000 per month. Should the State not allow HPUD to turn off some of the aerotors the negative impact to our budget will be \$50,000 by the end of Fiscal Year 2017-18.

Staff is not recommending a budget modification at this time. We have been monitoring this issue and have reported it to you in January. We propose to take the following actions to reduce our expenditures in FY 2017-18 so that we do not have to make a budget adjustment.

- 1) Petition the State to allow HPUD to reduce the run time, or the number of aerotor motors that must be run.
- 2) Reduce spending in the following line items:
 - a. Capital Outlay – Office Electronics (\$5,000)
The project that was budgeted will not be completed this Fiscal Year
 - b. Distribution Maintenance and Repairs (\$20,000)
The Plant is new and under warranty
 - c. Other Equipment Repair and Maintenance (\$10,000)
Minimal repairs will be needed as the plant is new
 - d. Accounting and Auditing Fees (\$10,000)
We were refunded prior year expenses
 - e. Temp Employment Services (\$5,000)
We will not hire temp employees to assist with some projects
- 3) Transfer unused funds from the line items listed above to the power expense account at the water treatment plant.
- 4) Investigate the possibility of installing solar panels to power the blower and aerotors.
 - a. I have reached out to a solar energy company to determine what the cost/benefits would be to install a small solar panel section to power at minimum 80% of the required power to run the entire system 24 hours per day. I have submitted our power cost history and they will provide me with some information within a couple of weeks. Additionally, I have received a copy of the County's Request For Proposal for a power agreement that they used to secure the company that has the solar panels installed on the parking lot and the roof top at County administration building.

During the development of the Fiscal Year 2017-18 Budget staff recommended increasing the power expenses at the water treatment plant by \$15,800 based on the amount of hours we were told the aerotors would have to run and that there would be only three aerotors.

As you can see this is a financial concern for HPUD and we are working quickly to get a resolution from the State Water Board Engineers. I will keep you updated on the situation. In the short term, staff will continue to make changes to our operations and maintenance spending and the line item budget to account for the increase in power costs.

Board action is not required to move funds between one line item to another as long as the total budget amount is not exceeded. However, staff must report to the Board any changes, modifications and justifications for them. Please consider this informational report as notification of line item budget modifications (listed above), which will not exceed the budget amount.

Respectfully Submitted,

Laura Fischer,
General Manager