

**MINUTES
CITY OF FALLON
55 West Williams Ave
Fallon, Nevada
February 10, 2023**

The Honorable City Council met in a special meeting on the above date in the Council Chambers, 55 West Williams Avenue, Fallon, Nevada.

Present:

Mayor Ken Tedford
Councilwoman Kelly Frost
Councilwoman Karla Kent
Councilman Paul Harmon
Chief of Staff Bob Erickson
City Attorney Mike Mackedon
Deputy City Attorney Trent deBraga
Public Works Director Brian Byrd
Deputy Public Works Adrian Noriega
City Clerk-Treasurer Sean Richardson
Deputy City Clerk Elsie Lee
Deputy City Clerk Michael O'Neill
Captain Ron Wenger
Captain John Riley
City Engineer Derek Zimney
Director of Tourism Jane Moon

The meeting was called to order by Mayor Ken Tedford at 9:00 a.m.

Mayor Ken Tedford led the Pledge of Allegiance.

Mayor Ken Tedford inquired if the agenda had been posted in compliance with NRS requirements.

City Clerk-Treasurer Sean Richardson advised that the agenda was posted in compliance with the NRS requirements.

Public Comments

Mayor Ken Tedford inquired if there were any public comments. He noted that comments are to be general in nature, not relative to any agenda items. No action may be taken on a matter raised under this item until the matter has been specifically included on an agenda as an item upon which action will be taken.

No comments were noted.

Consideration and possible action to determine the City of Fallon's options and participation in the Utah Associated Municipal Power Systems (UAMPS) Carbon Free Power Project (CFPP). The three options are to continue in the project, reduce the City of Fallon's entitlement share, or withdrawal from the project.

City Clerk-Treasurer Sean Richardson greeted the Council. As a member of UAMPS, we have been involved in this Carbon Free Power Project since the beginning. In the last year, the Carbon Free Power Project included 27 UAMPS members. For the member's protection, UAMPS negotiates, what they call, Development Cost Reimbursement Agreement. This reimburses the majority of the expenses, if certain bench marks are not met. During the past year, the project had an economic competitive test failure, when the cost of the energy price went up significantly. They mentioned that the cost was not due to project design, but due to significant increases in commodity prices and interest rates. Now, the members of the Carbon Free Power Project have three options. The first option is to continue in the project, under a new Development Cost Reimbursement Agreement. This new agreement includes an adjusted cost of the consonants; the energy rate, which is significantly increased from the old rate. The group pushed UAMPS to renegotiate a subscription clause into the agreement. If the project doesn't reach a certain subscription amount, that amount of 80%, that would fail another test and allow us another offramp to this project. The other option is to reduce our entitlement share in the project. The last option would be to withdraw completely from the project. If we were to withdraw right now, we would not receive the reimbursement benefits from the current Development Cost Agreement, since the project is still scheduled to move forward. I believe the current members, in the Carbon Free Development Project have already passed a resolution to move forward. As of yesterday, at our last meeting, there was only one entity that has chosen, out of the 27-members, to withdraw this year. I believe, more than half have already agreed to move forward. The due date, that the resolution has to be passed for UAMPS, is next Friday, the 17th.

Mayor Tedford inquired if there were any questions for City Clerk-Treasurer Richardson. I believe that we got into this because it is a good project. As you know, we already purchase alternative sources of energy from UAMPS. We were in wind, years ago. As you know, we buy geothermal, solar energy from CYRQ, and we are involved in other solar power energy with UAMPS. We have been, in what I would call, clean coal, from UAMPS for years but there is a lessening of that in our country and in our state. We got in this Carbon Free Power Project, several years ago, with these other 28-members, now down to 27-members, and us, for a good reason. To secure stable power for our citizens and I think that it is something that we should continue to ride out with UAMPS, for at least the next coming year, and find out how things are going at the next offramp. It is my recommendation, and staff's recommendation, to continue down this road. Does public or Council have any comments or questions?

Councilwoman Kent inquired on the company that backed out of the project. Do we know what percentage they were involved?

City Clerk-Treasurer Sean Richardson stated that it was a City that backed out. I believe, they had approximately 1.3, so about 1,300 KW of entitlement share. The entitlement share is less than ours, and a pretty small percentage.

Deputy City Attorney Trent deBraga added that before Council was the Schedule I listing the member's entitlement shares. It was Morgan, who withdrew from the project, and their development cost share percentage was 1.2%. We have been informed, at our last UAMPS meeting, that Los Alamos, who was at 1.86%, increased to 8.6%. Of course, all of the

other members have remained with the same entitlement share, and there are still others, like us, where a decision has to made.

Mayor Tedford added that we also have hydro power. Wind was one of the first sources of power we did at Horse Butte, to diversify our portfolio. I know that there was some talk, during Paul’s campaign, that we don’t have a diversified portfolio. Most of what happened, with the discussions, during Paul’s campaign, were false, and that was one of them. It has been diversified since sometime in the 1990’s. In Horse Butte, their wind power, was one of the first things that we did. Rachel Dahl went to Horse Butte and signed one of the wind turbines.

Councilwoman Frost stated that this is a good project and believes it makes us more diversified. I believe this is the best option for us, as we go forward, in diversifying our portfolio.

Councilman Harmon stated that this project was new to him when he came on board. I received good education regarding the Carbon Free Project within the last months. Listening to City staff, I believe that this is a good project, at least for the next year. We need to continue in attempting to reach that 80% goal, and seeing what the offramp options will be, after that year.

Councilwoman Frost motioned to approve Resolution 23-01, Continuation Resolution, for the City of Fallon’s 2,000 KW entitlement share under the Carbon Free Power Project Power Sales Contract for phase 1B of the licensing period for the CFPP; and related matters; seconded by Councilman Harmon and approved with a 3-0 vote by the Council.

Public Comments

Mayor Tedford inquired if there were any public comments.
No comments were noted.

Council and Staff Reports

Mayor Tedford inquired if there were any Council or staff reports.
No reports were noted.

Executive Session

Mayor Tedford tabled the executive session, as it was not needed at this time.

Adjournment

There being no further business to come before the Council, Mayor Tedford adjourned the meeting at 9:13 a.m.



Mayor Ken Tedford

Attest: 

Sean C. Richardson, City Clerk-Treasurer

Dated November 1, 2021

SCHEDULE I
SCHEDULE OF PARTICIPANTS, ENTITLEMENT SHARES
AND DEVELOPMENT COST SHARES

PARTICIPANT	ENTITLEMENT SHARE (KW)	DEVELOPMENT COST SHARE (%)
Beaver	2,155	1.8600
Blanding	2,500	2.1578
Brigham City	15,250	13.1626
Enterprise	392	0.3383
Ephraim	8,000	6.9049
Fairview	900	0.7768
Fallon	2,000	1.7262
Fillmore	3,019	2.6058
Holden	500	0.4316
Hurricane	20,000	17.2624
Hyrum	10,000	8.6312
Idaho Falls	5,000	4.3156
Kanosh	300	0.2589
Los Alamos	2,155	1.8600
Monroe	1,200	1.0357
Morgan	1,398	1.2066
Mt. Pleasant	3,000	2.5894
Oak City	500	0.4316
Paragonah	200	0.1726
Parowan	3,000	2.5894
Payson	5,000	4.3156
Santa Clara	5,000	4.3156
SESD	3,000	2.5894
Spring City	400	0.3452
Washington	17,990	15.5275
Weber Basin	2,000	1.7262
Wells REC	<u>1,000</u>	<u>0.8631</u>
	<u>115,859</u>	<u>100.0000</u>