



City of Grand Island

Tuesday, August 26, 2003

Council Session

Item G3

Approving Minutes of August 19, 2003 City Council Study Session

The Minutes of August 19, 2003 City Council Study Session are submitted for approval. See attached MINUTES.

Staff Contact: RaNae Edwards

OFFICIAL PROCEEDINGS

CITY OF GRAND ISLAND, NEBRASKA

MINUTES OF CITY COUNCIL STUDY SESSION

August 19, 2003

Pursuant to due call and notice thereof, a Study Session of the City Council of the City of Grand Island, Nebraska was conducted in the Council Chambers of City Hall, 100 East First Street, on August 19, 2003. Notice of the meeting was given in the Grand Island Independent on August 13, 2003.

Mayor Jay Vavricek called the meeting to order at 7:00 p.m. The following members were present: Councilmembers Meyer, Pielstick, Gilbert, Nickerson, Seifert, Pauly, Hornady, and Walker. Councilmembers Whitesides and Haase were absent. The following City Officials were present: City Clerk RaNae Edwards, Public Works Director Steve Riehle, City Attorney Doug Walker and Finance Director David Springer.

RESERVE TIME TO SPEAK ON AGENDA ITEMS: One individual reserved time to speak on agenda items.

Discussion Concerning Interlocal Agreement with Hall County Regarding SWAT Team Police Chief Kyle Hetrick reported that earlier this year discussions took place between the City Attorney, County Attorney, Chief of Police and County Sheriff regarding the need for an interlocal agreement between the City of Grand Island and Hall County to define the relationship between the two governmental entities who were involved with the SWAT team. The agreement was a draft prepared by the Hall County Attorney for discussion purposes. Presented were various issues regarding the formation and use of a SWAT team.

Councilmember Pielstick commented on the types of service the SWAT team performed. Chief Hetrick stated the SWAT team responds to high risk cases. Training was discussed. Councilmember Walker questioned the jurisdiction and if a Grand Island Police Officer would go into another town. Chief Hetrick stated that Police Officer's currently do that now if there is a need outside the city limits and the interlocal agreement would cover that. Councilmember Nickerson questioned the procedures of serving papers. Chief Hetrick commented on proactive responses, training, and procedures. Councilmember Pauly questioned why we couldn't use the State Patrol SWAT Team. Chief Hetrick stated the State Patrol has a larger area to cover, time restraints were an issue, and some cases would not apply to the State Patrol guidelines.

Councilmember Gilbert questioned the interlocal agreement and number of people on the team. Chief Hetrick stated the Police Department had 8 officers and the county had 4 officers with each being equipped by their respective departments. Costs were discussed with the majority being used for training. Councilmember Meyer questioned what the team would not respond to. Chief Hetrick stated they did not have a sniper team or a negotiating team. Also stated was there was no overtime to the officers for training.

City Attorney Doug Walker discussed the interlocal agreement. Mark McCue representing Ryder, Rosacker, McCue, and Houston commented on the insurance coverage carried by the City.

Discussion Regarding Future Power Supply. Gary Mader, Utilities Department Director reported that differing fuel costs created a substantial difference in the cost of generation. Platte Generating Station produced electricity with a fuel cost of about \$10/MWh; Burdick Station was fired by natural gas and produces power for a volatile \$80/MWh. In 2002, Grand Island's retail electric rate averaged \$47.30/MWh.

Mr. Mader commented that to maintain the present rate structure, production from Burdick Station must be limited to peaking service only. For the past two summers, peak demand had exceeded 150 MW. Platte Generating Station could supply only 100 MW of the demand. The recently completed Combustion Turbine installation would help to control fuel costs. Unlike the Burdick Station steam generation, which must run for extended periods, combustion turbine operation could be restricted to peak load periods only.

Peak demand was growing at a projected rate of 2.29%. Grand Island had generating resources to satisfy peak demands for an extended period of time; this would require extensive operation of the Burdick Station steam generation. The price of energy was determined by our generation mix, which would grow more uneconomical as energy needs grow.

Energy sales were increasing 3.2% per year. By 2007 it was expected that the natural gas fired Burdick Station would be needed for every month of the year. To remain competitive, Grand Island needed additional base load capacity in the 2010 to 2012 time frame. Therefore, the Utilities Department continued to explore a number of options to add low cost, base load, coal fired resources to the current power generation mix.

At present, there were three coal plant projects being evaluated in Nebraska; 1) Omaha Public Power (OPPD), a 600 MW plant at Nebraska City. 2) Hastings Utilities and Nebraska Municipal Power Pool (HU/NMPP), a 220 MW plant at Hastings and: 3) Nebraska Public Power District (NPPD), a 400 MW plant at the CHAAP or at a site in the northeast part of the state.

In order to put these options, and associated costs, in perspective, the following information was provided. It was stressed that the tabulated figures were rough, round, order of magnitude numbers intended for only general comparison of the capital costs of the various options. The table also shows a hypothetical addition to Grand Islands Platte Generating Station. A PGS addition would be half the size of the HU/NMPP plant and have higher capital cost. Additionally, higher than average coal costs decrease the competitive viability of the potential addition to Platte Generating Station.

1. Option Comparisons:

Project Sponsor	Date of Operation	Cost Per KW	GI Share	GI Total	Annual Cost*	% of Revenue**
OPPD	2009	\$1400	30MW	\$42,000,000	\$2,500,000	8.3%
HU/NMPP	2009+	\$1600	15MW	\$24,000,000	\$1,400,000	4.7%
NPPD	2012+	\$1400	40MW	\$56,000,000	\$3,300,000	11.0%
<i>GI</i>	<i>2011</i>	<i>\$1700</i>	<i>100MW</i>	<i>\$170,000,000</i>	<i>\$9,900,000</i>	<i>33.0%</i>

*Assumes bonded debt at 5% interest.

**Compares the annual capital debt service obligation to the Electric Department annual revenue.

2. Power Cost Risk:

PGS fuel cost @ \$10 per MWh.

Non-firm purchase power markets in 2003:

May: \$40 per MWh:

June: \$44 per MWh:

July: \$70 per MWh

Cost difference at 1500MWh per day.

May: \$45,000/day, \$1,350,000/month:

June: \$51,000/day, \$1,530,000/month:

July: \$90,000/day, \$2,700,000/month

3. Fuel Cost; Coal 2002, FERC Report 423

1) NPPD: \$8.49 per ton,

2) OPPD: \$10.48 per ton,

3) HU: \$11.80 per ton,

4) GI: \$12.79 per ton

State Weighted Average \$10.00 per ton. GI fuel cost was 28% higher than the State Average at 400,000 tons per year/ \$1,000,000 per year.

4. Miscellaneous Items to consider: Transmission Service, Debt Structure - a) Capitalize interest during construction, b) Issuance costs, c) Gas Turbine debt paid in 2016.

Dispatching Ancillary - Voltage, Imbalance, Spinning Reserves, etc.

Discussion was held concerning rail lines to transport coal and coal costs. Councilmember Nickerson questioned the time frame of each of the project sponsors, excess power, and memorandum of understandings with OPPD and HU/NMPP.

Discussion Concerning License Agreements. Steve Riehle, Public Works Director reported that License Agreements could be approved administratively (by Staff) or encroachments in easements, streets or alleys. Staff were reluctant to approve license agreements for fences. If a request for a license agreement was denied by staff, the applicant could request that the license agreement be considered by council.

Mr. Riehle stated staff had a pending request for a fence to be built in the right-of-way (ROW) in front of 229 North Carey. Also mentioned was a request for a license agreement for a fence that was replaced where the old fence was and for a new playground, both of which encroach on the street ROW at 2103 West Koenig Street. If council directs, staff would come back with an item for approval of license agreements for these encroachments at the August 26th Council Meeting.

Staff recommended the following:

Administrative License Agreements:

- Private Sanitary Sewer Services
- Paving in alleys or Easements
- Other Minor Encroachments

Council Approved License Agreements:

- Structures in ROW
 - Fences
 - Sheds
 - Garages

Jarrold Spilger, 229 North Carey spoke with regards to his request for a fence in his front yard.

ADJOURNMENT: The meeting was adjourned at 9:00 p.m.

Respectfully submitted,

RaNae Edwards
City Clerk