

Minutes of the regular meeting of the City Council held July 21, 1993 at 7:00 p.m. in the Council Chambers of the City Hall, Bountiful, Utah.

Present:	Mayor Pro Tempore:	Councilman Harold Shafter
	Council Members:	Renee Coon, John Cushing, and Barbara Holt
	City Manager:	Tom Hardy
	City Attorney:	Russell Mahan
	City Engineer:	Jack Balling
	City Recorder:	Arden Jenson
	City Treasurer:	Galen Rasmussen
	Rec. Secretary:	Nancy Lawrence
	Dept. Head:	Clifford Michealis, Power
Absent:	Mayor:	Robert Linnell
	Councilman:	Leslie Foy

Mayor Pro-tem Shafter called the meeting to order, following which Mr. Mahan led the pledge of allegiance to the flag. The invocation was given by Mr. Hardy. He gave a special welcome to the visiting Boy Scouts and explained information to them which will be helpful to them in earning their citizenship merit badge.

Minutes of the special meeting of the City Council held July 13, 1993 were presented and approved as written on a motion made by Councilwoman Coon and seconded by Councilwoman Holt. Voting was by a majority with Councilman Cushing abstaining because he was not in attendance at the meeting.

The City Recorder presented to the City Council an affidavit evidencing the giving of not less than 24 hours public notice of the agenda, date, time and place of the July 21, 1993 regular public meeting of the City Council in compliance with the requirements of Section 52-4-6(2), Utah Code Annotated 1953, as amended, by (1) posting written notice of the meeting at the principal office of the City Council, and (2) providing notice to at least one newspaper of general circulation within the geographic jurisdiction of the City, or to a local media correspondent. The affidavit was recorded in the minutes of the meeting (see page 6).

#### **EXPENDITURES AND EXPENSES FOR TWO JUNE PERIODS APPROVED**

The expenditures for June 29-30, 1993 (\$706,916.74) and the Summary for June (\$4,990,889.96) were presented and briefly reviewed. They were approved by unanimous vote on a motion made by Councilwoman Holt and seconded by Councilman Shafter.

#### **PRESENTATION OF CITY FLAGS BY BOUNTIFUL ROTARY CLUB**

Ray Burningham, president of the, Bountiful Rotary Club, explained that as a part of the Centennial celebration the Rotary Club sponsored a contest to design a flag for the community. The design of David Budge was selected and five flags were made. The red, white and blue flag features a logo of "City of Beauty" and "Quality of Life", along with a large "BOUNTIFUL".

Mr. Burningham and other Rotarians in attendance presented the flag which will be used in the Council Chambers and the other four flags were given to Mayor Pro-tem Shafter to be used at other City locations.

On behalf of the Council and citizens of Bountiful, Mayor Pro-tem Shafter expressed sincere thanks for the flags and the contributions of the Rotary Club to the community.

**COUNCIL INITIATES ORDER TO SHOW CAUSE -SOLICITOR'S LICENSE,  
AUSTIN DIVERSIFIED PRODUCTS**

Mr. Mahan reported that one of the solicitors representing Austin Diversified Products was arrested in Bountiful and sent to jail and another solicitor of that company was arrested and incarcerated in Salt Lake City. Based on that record, he recommended that the Bountiful City Council give Austin Diversified Products an opportunity to Show Cause why their license should not be revoked, to be heard by the Council on July 28, 1993 at 7:45 p.m., or as soon thereafter as possible. Councilwoman Holt made a motion that approval be given to issue an Order to Show Cause, as recommended, and that the Mayor and City Recorder be authorized to sign it. Councilwoman Coon seconded the motion and voting was unanimous.

**RES. NO. 93-17 AUTHORIZING POWER SALES  
CONTRACT, SAN JUAN PROJECT, APPROVED**

Mr. Michaelis explained that there had been delivered to and reviewed by the City the report of R. W. Beck and Associates, engineers employed by UAMPS, dated April 1993 and entitled "Operation and Maintenance Review of the San Juan Generating Station Unit 4,11 together with attached Appendices regarding the water supply and coal supply for the Project (the "Engineer's Report"). Mr. Michaelis made the following observations based on the Beck report:

1. It was concluded that Unit NO. 4 is being operated in accordance with prudent engineering practices of the electric utility industry.
2. The design of major systems and components reviewed was also found to be in accordance with prudent engineering practices for the utility industry and comparable to other similar facilities.
3. Unit No. 4 has operated at an annual heat rate within 10% of its design heat rate every year since 1984.
4. Unit No. 4's historical operational statistics were reviewed and determined to be better than average when compared to other similar facilities.
5. Adjusted O&M costs of Unit No. 4 for the years operated (1987-92) were approximately 7 mills per kwh. The range of costs for other similar facilities ranged from 4.8 mills to 8.5 mills. The costs were within the range R.W. Beck would have expected based on industrial average for similar plants.
6. Staffing was comparable to other facilities employing similar technologies.

7. Corrective actions incorporated as a result of past operational problems appear to have been effective in preventing future problems.
8. Maintenance practices and philosophies and spare parts inventory methods are consistent with prudent electric utility practices.
9. It is the opinion that Unit No. 4 should have the capability to continue to operate at rated capacity and at available factors consistent with past operations for the remaining duration of the projected economic life for the unit.
10. The Water Supply Agreements with the United States Bureau of Reclamation (BOR) expire in the year 2005. Extension of these contracts are ongoing and will be required to continue to operate the project at current levels.
11. The quantity and quality of water available to date under the Water Supply Agreement has been adequate to operate Unit No. 4 with no operational limitations.
12. Unit No. 4 is operating in compliance with regulatory agencies permit conditions. No significant concerns were noted.

Michaelis also reported that UAMPS had delivered to the City and there had been reviewed by the City (1) the Purchase and 28 Participation Agreement dated May 27, 1993 (together with the 29 attached schedules and exhibits) between UAMPS and Public Service 30 Company of New Mexico and (2) the Contract for Firm Transmission 31 Service dated June 7, 1993 between UAMPS and the Western Area Power 32 Administration. The Engineer's Report, the Purchase Agreement and 33 the Transmission Contract were ordered filed in the office of the 34 City Recorder to be made available for public inspection during the 35 office hours of the City Recorder.

Mr. Michaelis then explained to the City Council that the current needs of the City for electric power and energy are being satisfied, as applicable, by one or more of the following sources: (1) power and energy produced by the Colorado River Storage Project purchased from Western; (2) power and energy produced by various hydroelectric and fossil-fuel fired generating units, either owned and operated by the City or purchased through the UAMPS power pool; and (3) power and energy generated or transmitted by certain projects of UAMPS. It was observed that the City would utilize its Entitlement Share in the firm electric energy generated by the Project, acquired by the City pursuant to the, Power Sales Contract, to meet the existing and reasonably anticipated requirements of the City for a supply of electric energy. It was noted that the City's Entitlement Share would provide a long-term supply of firm electric energy with advantageous fixed costs and would reduce the City's need for electric power and energy from outside sources that could be subject to price escalation in future years.

Doug Hunter (UAMPS) then presented to the City Council certain information and reports prepared by UAMPS which: (1) provide a cost comparison of various alternative sources

of electric power and energy to the projected cost of firm electric energy from the Project, including such alternatives as purchased power and energy available from energy suppliers that responded to UAMPS request for proposals for a long-term power sales agreement; and (2) set forth the current and reasonably anticipated requirements of the City for a supply of electric power and energy. Such information and reports were discussed by the members of the City Council and ordered to be placed on file in the office of the City Recorder to be made available for public inspection during regular office hours.

The City Council further considered the economies and efficiencies of scale to be achieved through the Power Sales Contract, the ability of the City to dispose of any surplus attributable to its Entitlement Share through the UAMPS power pool, the estimated useful life of the Project and the estimated schedule for the acquisition of the Project which anticipates that the Project will be acquired to meet the City's energy requirements during the coming year.

The form of the Power Sales Contract was presented to the City Council and the principal terms and provisions of the Power Sales Contract were discussed, the same having been previously reviewed in detail by officials of the City.

Resolution No. 93-17, entitled A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF THE SAN JUAN PROJECT POWER SALES CONTRACT BETWEEN THE CITY AND UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS IN CONNECTION WITH THE SAN JUAN PROJECT OF UAMPS AND RELATED MATTER, was then introduced in written form by Mr. Michaelis who reported that it comes to the City Council with a unanimous recommendation from the Power Commission for acceptance. Councilman Cushing made a motion to adopt Res. No. 93-17 as presented, with authority for the Mayor and City Recorder to sign it. Councilman Shafter seconded the motion which carried unanimously by the following vote:

AYE: Councilwoman Coon, Councilman Shafter, Councilman Cushing, and Councilwoman Holt;

NAY: None.

Mr. Hardy next advised the City Council that the Power Sales Contract provided the City with the option to prepay the debt service costs that would otherwise be payable by the City under the Power Sales Contract with respect to the revenue bonds to be issued by UAMPS to finance the costs of the Project. It was explained to the City Council that, in order to exercise such option, it was now necessary for the City to make an irrevocable election to make such prepayment out of retained earnings of the City's electric system or other legally available moneys not derived from any borrowing by the city. The City Council as advised that, based upon the City's Entitlement Share in the Project and the estimated Reference Project Costs of the Project that the amount of the prepayment that could be made by the City would be \$5,800,000. The City Council was further advised that it would be necessary for the City to immediately deposit an amount equal to the prepayment pursuant to escrow arrangements made by UAMPS with Zions First National Bank, as escrow agent. The City Council was advised that such escrow arrangements would enable the City to receive credit for the investment earnings on the amount

of its prepayment and that such amount would be withdrawn only to pay the cost of the initial acquisition of the Project.

Resolution No. 93-18, entitled A RESOLUTION ELECTING TO MAKE A PREPAYMENT IN CONNECTION WITH THE SAN JUAN PROJECT POWER SALES CONTRACT BETWEEN THE CITY AND UTAH ASSOCIATED MUNICIPAL POWER SYSTEMS AND RELATED MATTERS, was presented. Councilman Cushing reported that the Power Commission recommends adoption of this resolution, and he motioned for approval. Councilman Shafter seconded the motion which was adopted and approved by the following vote:

AYE: Councilwoman Coon, Councilman Shafter, Councilman Cushing, and Councilwoman Holt;

NAY: None.

The resolution was thereupon signed by the Mayor, was attested and countersigned by the City Recorder and was ordered recorded in the official records of the City.

A brief discussion followed regarding miscellaneous power matters and Mr. Michaelis and Councilman Shafter expressed appreciation to UAMPS, Carolyn McNeil and Doug Hunter and other UAMPS staff members.

The meeting adjourned at 8:26 p.m. on a motion made by Councilman Cushing and seconded by Councilwoman Holt.