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**Minutes of the Joint
Bountiful City Council/Power Commission Meeting
Planning Conference Room
April 25, 2006 - 5:00 p.m.**

Present: Mayor: Joe L. Johnson
Council Members: Richard Higginson, R. Fred Moss, John S. Pitt and
Thomas Tolman
Power Commissioners: Lowell Leishman, Chairman
John Cushing, Richard Foster, Dave Irvine,
Jed Pitcher, Paul Summers
City Manager: Tom Hardy
City Attorney: Russell Mahan
Admin. Services Director: Galen Rasmussen
City Recorder: Kim Coleman
Department Representatives: Clifford Michaelis, Power
Mark Athay, Power
Greg Bellon, Power
Jay Christensen, Power
Jim Hadlow, Power
Allen Johnson, Power
Brent Thomas, Power
Recording Secretary: Nancy T. Lawrence
Excused: Councilwoman: Barbara Holt
Power Commissioner: Ralph Mabey

Official Notice of this meeting had been given by posting a written notice of same and an Agenda at the City Hall and providing copies to the following newspapers of general circulation: Davis County Clipper, Deseret News, and Salt Lake Tribune.

Chairman Leishman called the meeting to order at 5:00 p.m. and welcomed those in attendance. Commissioner Cushing offered the prayer/thought.

COMMISSIONER SUMMERS RECOGNIZED

Chairman Leishman recognized Paul Summers for three years of dedicated service on the Power Commission and explained that following this meeting he is resigning from this assignment to pursue personal interests. Chairman Leishman thanked Mr. Summers for his service and expertise and wished him well in his future pursuits. John Cushing, former Bountiful City Mayor, has accepted the invitation to serve on the Power Commission for the remainder of Commissioner Summers' term.

2006-2007 BUDGET

Mr. Christensen presented the proposed 2006-07 fiscal year budget for Bountiful City

1 Light and Power, noting that it does not include a rate increase and does include a \$3,000,000
2 “interim financing” loan from Bountiful City to begin several major capital improvement
3 projects. Mr. Christensen noted that although the capacity of the system has grown, energy
4 requirements have not changed, leaving no increase in revenue from electric metered sales
5 (EMS). Air Products is anticipated to be up 11.3 percent due to a higher load factor for FY
6 2007. The Cost Recovery Payments which have been paid to UAMPS for the past several years
7 are now completed, resulting in a savings of \$830,000 (partially offset by a full 12 months of the
8 CRSP rate increase and additional power from IPP). Commissioner Pitcher asked if it is normal
9 for an entity (such as the Power Department) to borrow from the City instead of imposing a rate
10 increase? Mr. Michaelis indicated that it has been done before and Mr. Hardy explained that the
11 increased oversight, absences of loan fees, etc., make a City loan easier to work with.
12

13 Mr. Christensen reviewed Operating Transfers, citing reserves that will be used for
14 capital projects. Operating expenses are anticipated to be up 14.5 percent, with increases in
15 labor and benefits, distribution (transformers), and meter expenses. The proposed budget does
16 not include any new full-time employees and only 3 additional part-time employees for seasonal
17 line crews.
18

19 A Power Point presentation was shown which identified the need to borrow for capital
20 expenditure system improvements at a total of \$3,000,000.00. The proposed budget also
21 includes \$987,950 for internally funded capital expenditures, including a new digger-derrick, a
22 1-ton dump truck, and three reel trailer; a new SCADA system; completion of the #473 Feeder
23 improvements, new construction at West Bountiful Commons and Village on Main Street and
24 several other Work-In-Progress improvements.
25

26 Mr. Johnson reviewed that projects which would be funded through the \$3,000,000
27 borrowed from the City include meter expenses \$242,875, and continuance of upgrading the
28 system Work-in-Progress projects as follows: Distribution system for the Southwest Substation
29 at \$321,125, 138 Substation at \$1,500,000 for land, engineering, and facilities to install a spare
30 138 transformer; transmission at \$342,000 and distribution at \$124,000 improvements of Phase
31 IV on the line from Sizzler to 200 West; purchase and installation of a new transformer for the
32 Southeast substation at \$420,000 and engineering to begin improvements at the Power Plant
33 \$50,000. It was noted in this discussion that the City has adopted a policy that all new
34 distribution systems that are built are put underground; however, major transmission lines are
35 still overhead. The proposed loan from the City would be amortized over 10 years at 4.5%
36 interest with a total principal and interest payment of \$379,136 per year. Mr. Johnson concluded
37 his presentation with a review of firm power resources, noting that the environmentalists are
38 attempting to stop the proposed 3rd unit at IPP based on the Air Quality permit. The proposed
39 budget is balanced at \$0.00 net earnings following recognition of all revenue and expenditure
40 sources and transfers in and out.
41

42 Following a discussion of the proposed improvements and the need to maintain the goals
43 of reliability and good customer service at the lowest reasonable cost, Councilman Moss (acting

(City Council/Power Commission minutes April 25, 2006)

1 as a Power Commissioner) made a motion to recommend to the City Council that the proposed
2 budget be approved. Commissioner Pitcher seconded the motion and voting was unanimous.

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4 ***The City Council was excused from the meeting at this time (6:40 p.m.).***

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9 JOE L. JOHNSON, Mayor

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14 KIM J. COLEMAN, City Recorder

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