

1 **MINUTES OF THE JOINT MEETING OF THE**
2 **BOUNTIFUL CITY COUNCIL and the**
3 **BOUNTIFUL CITY POWER COMMISSION**
4 April 9, 2019 - 8:00 a.m.

5
6 **Those in Attendance**

7
8 **Power Commission**

9 John Cushing, Chairman
10 Susan Becker
11 Dan Bell
12 David Irvine
13 Jed Pitcher
14 Paul Summers

8 **Power Department**

Allen Johnson, Director
Jay Christensen
Alan Farnes
Dave Farnes
Jess Pearce
Luke Veigel

15
16 **Elected Officials & Administrators**

17 Randy Lewis, Mayor
18 Richard Higginson, City Council
19 Gary Hill, City Manager
20 Galen Rasmussen, Assist. City Manager
21 Clint Drake, City Attorney (AR 9:41a.m.)

16 **Recording Secretary**

Nancy Lawrence

22
23 **Excused**

24 John Marc Knight, City Council Representative

25
26 **WELCOME**

27 Chairman Cushing called the meeting to order at 8:01 a.m. and welcomed those in
28 attendance. Commissioner Bell offered the invocation.

29
30 **MINUTES – FEBRUARY 19, 2019**

31 Minutes of the regular meeting of the Bountiful City Power Commission held February
32 19, 2019 were presented and unanimously approved as corrected on a motion made by
33 Commissioner Becker and seconded by Commissioner Pitcher. Commissioners Cushing,
34 Becker, Bell, Irvine, Pitcher, and Summers voted “aye”.

35
36 **APPA NATIONAL RECOGNITION OF MR. ALLEN JOHNSON**

37 Chairman Cushing reported that Mr. Johnson will be nationally recognized and will be
38 receiving the Harold Kramer-John Preston Personal Service Award at the Annual APPA
39 conference in Austin in June – which constitutes an honor to the City and recognizes the great
40 work that Mr. Johnson is doing as Power Department Manager and leader in municipal power
41 entities in the State.

42
43 **PROPOSED 2019-2020 BOUNTIFUL POWER BUDGET**

44 Mr. Christensen presented the Proposed Bountiful Power Budget for Fiscal Year 2019-
45 2020 (FY 2020). The proposed budget is balanced at \$34,204,246, with no increases to rates and
46 deposits, some increases in fees, with continued emphasis on maintenance and capital upgrades,
47 and proposed changes to Electric Rate Schedules and Electric Service Policies and Agreements.
48 He noted that the budget is designed to meet the following goals: (1) Safety of employees,

1 customers, and all who interact with our system; (2) reliability, low cost, and excellent customer
2 service. Additional goals are that (3) revenues from customers should cover all expenses and
3 expenses should be distributed equitably among customer classes. Finally, (4) the department
4 strives to buy and/or generate electricity at the most economical prices; and to protect customers
5 and ourselves from excessive market price increases.
6

7 Mr. Christensen then reviewed major projects that will be completed in Fiscal Year 2018-
8 2019: the completion of the rebuild of the 138 KV Substation; pole testing by Osmose; feeder
9 upgrades (Feeders 575, 673 to 271 Inter-Tie, and 573 to 676 Inter-Tie); street light projects; and
10 an Arc Flash Study.
11

12 The proposed budget for FY 2020 of \$34,204,246 is down \$434,141 from the fiscal year
13 2019 budget and includes the following major items.
14

15 Operating Revenues of \$28,200,757, is down \$32,543, and includes a \$168,500 decrease
16 in Contribution in Aid to Construction, a \$127,076 increase in Air Products Income, but no
17 changes to Electric Metered Sales or Street Light System Income.
18

19 Operating Expenses – Personnel Services at \$4,660,756, is up \$175,878 with merit
20 increases for 9 employees, a 2.0% COLA for all employees, and a 10.0% increase for employee
21 medical insurance rates. There is no change in the number of employees.
22

23 Operating Expenses – Operations & Maintenance at \$19,696,367 is up \$90,854 with
24 Power Generation and Resources expense is up \$70,345, Distribution expense is down \$135,040,
25 and Street Lights expense is up \$141,000. As a point of interest related to Operating Expenses,
26 Mr. Pearce narrated a video of a pole being set by hand (the old-fashioned way) because it was
27 located in a place where our equipment could not be used. The process took 14 men to set the
28 pole in the hole, in addition to digging the hole. He thanked the Power Commission for their
29 support of equipment that dramatically reduces the manpower needed for pole setting. He
30 briefly reviewed the history of replacement of power poles on the overhead distribution system,
31 then reviewed the Distribution budget of \$874,080 which included tree trimming, replacement of
32 20 Priority Reject poles, and rebuild of three overhead sections (500 South, 3200 South, and
33 1200 North at 300 West). He explained that approximately 25 percent of the 1,400,000 feet of
34 underground wire has been replaced, and reviewed the \$390,148 street light budget and its 19
35 projects.
36

37 Mr. Christensen reviewed Non-Operating Revenues and Expenses at a net expense of
38 \$517,619, is down \$145,232. This includes Bond principal and interest payments, and interest
39 earnings.
40

41 Capital Expenditures at \$4,706,000, is down \$1,934,500. Projects included are:
42 Buildings at \$500,000; Distribution System at \$200,000 to begin meter collection system pilot
43 program; Distribution Street Lights at \$60,000 for 20 new street lights on Bountiful Blvd.; and
44 Vehicles at \$365,000 for a double bucket truck and substation service truck. At this point, Mr.
45 Alan Farnes continued the Capital Expenditures budget discussion by covering: the Echo Hydro
46 control system upgrade at \$500,000 to begin a \$1,000,000 project total; the upgrade of the NW

1 Substation plus new feeders at \$1,500,000 to begin the \$4,000,000 estimated total project cost).
2 Then Mr. Luke Veigel concluded the discussion of Capital Expenditures by reviewing the
3 upgrades of Feeders, including: \$550,000 to continue #575; \$171,000 to continue the #673 to
4 #271 Inter-tie; \$130,000 to begin work on #374; and \$430,000 for #373.
5

6 Mr. Christensen reviewed Total Accrual Accounting Adjustments budgeted at
7 \$1,212,235, which includes amortization (over five years) of BCLP's intangible asset to
8 purchase power from the San Juan power plant which is expected to be decommissioned in June
9 of 2022.
10

11 Operating Transfers In (Out) are budgeted at a \$2,592,220 net transfers in to BCLP,
12 down \$568,222. This includes: the transfer to the general fund at \$2,490,000 – no change; Use
13 of Retained Earnings at \$5,193,235, down \$538,765, to fund many of the major capital projects
14 reviewed above (amortization of the San Juan power plant, building improvements, the meter
15 collector system the Echo hydro controller upgrade, the NW substation, and the upgrades of
16 feeders).
17

18 Mr. Christensen reviewed Total Cash as of February 28, 2019 at \$25,608,199: subtracting
19 \$16,000,000 to maintain the AA- Bond Rating requirement and the \$1,100,000 outstanding owed
20 on the 138 KV Substation project leaves only \$8,508,199 for Capital Projects. However,
21 BCLP's 10-year Capital Projects Plan totals \$32,211,000, leaving a significant shortfall.
22

23 The 2010 Bond balance is currently \$10,745,000, and after the budgeted November 2020
24 principal payment will be \$8,630,000. The Bond cannot be paid off or refinanced until after the
25 November 2020 payment is made.
26

27 Discussion focused on the need for a rate increase or series of rate increases to satisfy
28 capital project needs, as well as to maintain bond rating requirements. Commissioners Summers
29 and Bell left the meeting at this time. (Commissioner Bell returned later).
30

31 Future Power Resources that will impact the budget and power resource options were
32 discussed.
33

34 Based on those projections, Mr. Christensen reviewed the proposed rates, fees, and
35 deposits. There are no proposed changes to existing rates or deposits for the FY 2020 budget;
36 and the proposed increases to fees are related directly to the cost of providing the services. He
37 briefly reviewed the fees that will be adjusted. Rate increases will be considered for future
38 budgets.
39

40 The Electric Rate Schedules and the Electric Service Policies & Agreements were then
41 reviewed. As a matter of housekeeping, Electric Rate Schedule 2 Commercial services for
42 common areas associated with residential complexes will be charged at the commercial rate, and
43 the Points of Delivery in the Electric Service Policies and Agreements were defined.
44

45 In summary, it is the BCLP staff recommendation to approve the proposed FY 2020
46 budget at \$34,204,246, with no increases to rates and deposits, increases to certain fees, a

1 continued emphasis on maintenance and capital upgrades in order to maintain a safe, highly
2 reliable system, and changes to the Electric Rate Schedules and the Electric Service Policies &
3 Agreements.
4

5 Councilman Higginson, defacto Power Committee chairman, recognized Mayor Lewis,
6 who motioned to accept the budget as presented for the Power Department for FY 2020.
7 Councilman Higginson seconded the motion which carried unanimously with Mayor Lewis and
8 Councilman Higginson voting "aye".
9

10 Commissioner Pitcher then motioned on behalf of the Power Commission to accept the
11 proposed FY 2020 budget, as presented, balanced at \$34,204,246. Commissioner Irvine
12 seconded the motion which carried unanimously with Commissioners Becker, Cushing, Irvine
13 and Pitcher voting "aye".
14

15 The Joint Meeting of the Power Commission and Council Power Committee adjourned at
16 9:20 a.m. on a motion made and seconded by Mayor Lewis and Councilman Higginson,
17 respectively. Voting was unanimous.
18

19 Mayor Lewis, Councilman Higginson, and Mr. Rasmussen were excused at this time.
20

21 The Power Commission meeting reconvened at 9:23 a.m.
22

23 **BUDGET REPORT – YEAR-TO-DATE 8 MONTH PERIOD ENDING 28 FEBRUARY**
24 **2019**

25 Mr. Christensen presented the Budget Report for the Fiscal Year-to-Date 8-month Period
26 Ended 28 February, 2019. He noted that July 2018 through January 2019 are final (with
27 estimates as shown) and February 2019 is preliminary. As mentioned earlier in the meeting, a
28 \$267,914.50 semi-annual interest bond payment will be made on May 1, 2019 and the
29 corresponding Federal interest expense subsidy of \$112,604.46 is expected.
30

31 Total revenues YTD were \$21,181,970, above its HAB by \$69,895. Major items above
32 their historically allocated budgets (HAB) were: Electric Metered Sales (EMS), above by
33 \$126,447 or 0.7%; and preliminary interest income on investment, above by \$74,556. These
34 were partially offset by items below their HABS: Air Products, below by \$(36,987); Street Light
35 income, below by \$(47,830); and Contribution in Aid to Construction, below by \$(70,257).
36

37 Total Operating Expenses YTD were \$18,132,692, below its HAB by \$869,687. Major
38 items below their HABS were: Power Costs, below by \$852,268; Distribution, below by \$83,067,
39 and many other operating expenses below by smaller amounts. They were partially offset by
40 items above their HABS: Street Light expense, above by \$(111,275); loss on fixed assets, above
41 by \$(95,658) with the transfer of traffic signal system assets and accumulated depreciation to the
42 City's Engineering Department in December 2018; Substation expenses, above by \$(52,596)
43 with the writeoff of an obsolete transformer; and Special Equipment, above by \$(15,466) with an
44 unbudgeted purchase of 5 meter phasing kits in February to meet OSHA arc flash requirements.
45

46 Total Capital Expenditures YTD were \$1,256,368, which included materials, labor, and

1 third-party work on the 138 KV substation, feeder #575, the feeder #673-#271 inter-tie, feeder
2 #37X East, the Culver's project, and several other projects.

3
4 The net margin for the YTD was \$1,792,911, above its HAB by \$731,122, largely due to
5 lower than budgeted power costs and higher than budgeted EMS revenue, partially offset by
6 higher than budgeted Street Light expense.

7
8 Changes in Balance Sheet and Cash Flow Statement YTD were briefly reviewed,
9 following which Commissioner Pitcher made a motion to accept the budget report as presented.
10 Commissioner Becker seconded the motion which carried unanimously with Commissioners
11 Becker, Cushing, Irvine, and Pitcher, voting "aye".

12
13 Commissioner Pitcher stepped out of the meeting at this time.

14
15 **138 SUBSTATION UPDATE**

16 Mr. Farnes reported that there will still be another payment on the 138 KV Substation
17 because Cache Valley Electric has not completed all of their work (painting and miscellaneous
18 small things).

19
20 **RADIO COMMUNICATION PURCHASE APPROVAL**

21 Alan Farnes reviewed that the Power Department has been using a low band analog (non-
22 digital) radio system for communications for over 45 years. Because it is becoming more and
23 more difficult to get replacement radios for new vehicles or when a radio fails, it has been
24 decided to upgrade to a digital communication system. Staff has researched the options available
25 and recommend a system sold by UCS Wireless (the same system currently used by the Street
26 Department). The proposed system will have a main controller for the power plant dispatch
27 center, 25 mobile units for vehicles, 5 handheld radios, a repeater with a tower and 24-hour
28 battery backup, and frequency license. The total cost for this system, including installation and a
29 2-year warranty is \$65,785.00. The City Manager has also reviewed this proposal. Payment will
30 be made from contingency funds. Commissioner Pitcher returned to the meeting at this time.
31 The proposal to upgrade the radio system to the digital equipment was briefly discussed and
32 Commissioner Becker then made a motion to recommend approval of the purchase from UCS
33 Wireless for a total cost of \$65,785.00. Commissioner Irvine seconded the motion which
34 carried unanimously. Commissioners Becker, Cushing, Irvine and Pitcher voted "aye".

35
36 **STREET LIGHT DIRECTIONAL DRILLING BID**

37 Mr. Veigel explained that there are many underground street light circuits on our system
38 that need to have conduit installed. To minimize the inconvenience to residents and limit the
39 restoration of property, it has been decided to use directional drilling for installation of these
40 projects. There are 19 different project sites which include 11 sites where the current
41 underground wire has burned. The remaining 8 sites are on roads currently identified to be
42 rebuilt or overlaid by the Street Department. Each bore consists of installing conduit, with
43 16,321 total linear feet, along with the individual boxes by each of the street lights. Bids were
44 requested from five contractors and two bids were received. It is recommended by staff that the
45 low bid from Hunt Electric, Inc. be approved in the amount of \$485,240.00. This is a budgeted
46 item (FY 2018-19 and FY 2019-20) and the work will be completed from April 2019 through

1 October 2019.
2

3 Commissioner Irvine made a motion to recommend awarding the bid to Hunt Electric in
4 the amount of \$485,240, as recommended by staff. Commissioner Pitcher seconded the motion
5 and voting was unanimous. Commissioners Becker, Cushing, Irvine and Pitcher voted “aye”.
6

7 **DISTRIBUTION DIRECTIONAL DRILLING BID**

8 Mr. Veigel reported that there are several underground distribution circuits throughout
9 the system that have direct-buried underground cable and we need to install a conduit so that new
10 underground cable can be install new underground cable. The projects range from low voltage
11 systems to installing a conduit to tie our high voltage feeders together. Again, to minimize the
12 inconvenience to residents and to limit the restoration of property, directional drilling has been
13 identified as the best process to use for this work.
14

15 Bids were requested from five contractors and two bids were received. It is
16 recommended that the bid be awarded to low bidder, Hunt Electric, Inc., in the amount of
17 \$168,657. The work includes 5 project sites and is identified in the FY 2018-19 and FY 2019-20
18 budgets. Funding will be from the Capital Improvement and Distribution Accounts.
19

20 Commissioner Irvine motioned to recommend approval of the bid from Hunt Electric,
21 Inc. in the amount of \$168,657, as presented by staff. Commissioner Pitcher seconded the
22 motion and voting was unanimous. Commissioners Becker, Cushing, Irvine and Pitcher voted
23 “aye”.
24

25 **SMALL CELL TOWER DESIGN STANDARDS**

26 Mr. Johnson reviewed that last year the Council approved the City’s Small Cell Wireless
27 Technology Ordinance which regulates the construction, use, and maintenance of this technology
28 within the City right-of-way. The purpose of this technology provides the end user with faster
29 data and wireless service. The telecommunications industry is now moving forward with
30 installation of this technology (which can be deployed on existing or new poles, and under
31 Federal and State law the City is required to allow one or both of these options). Mr. Johnson
32 noted that we want to support this technology, but not at the expense of the electrical system’s
33 safety, reliability, or our ability to maintain our electrical system safely. With this in mind, the
34 staff recommends approval of the Small Cell Infrastructure Design Standard which has been
35 developed by a group of the municipalities so that the requirements would be similar within
36 other cities. This will allow for carriers to install their equipment on existing street light poles,
37 possibly new street light poles, or install new small cell poles to meet their needs.
38

39 Discussion followed regarding the Design Standards and pictures of small cells attached
40 to poles were reviewed. Mr. Hill emphasized that we have to allow carriers to put their facilities
41 in public right-of-way and adopting the Design Standards will make the process more workable
42 for both the City and industry carriers. Mr. Johnson reviewed the general requirements and it
43 was noted that the City will be required to meet a certain time frame to install the necessary
44 equipment. There will be a franchise fee per pole which will allow the City to collect revenue to
45 offset the costs associated with installing the equipment.
46

1
2 *The following items were included on the Agenda, but not discussed in the meeting:*

3
4 **SOLAR INSTALLATIONS UPDATE**

5
6
7 **RESOURCE UPDATE**

8
9
10 *The following items were included in the packet, but not discussed in the meeting:*

11
12 **POWER SYSTEMS OPERATIONS REPORTS**

13
14 a. **January 2019 Resource Reports**

15
16 b. **February 2019 Lost Time Related Injuries/Safety Report**

17
18 c. **February 2019 Public Relations Report**

19
20 d. **February 2019 Outage Reports**

21
22
23 **OTHER BUSINESS**

24 Mr. Johnson reminded the Commission of the upcoming APPA conference in Austin on
25 June 8-12, and he urged them to let him know if they planned to go so that reservations could be
26 made in a timely manner. It was confirmed that Commissioners Summers (and spouse),
27 Commissioner Cushing (and spouse), Commissioner Becker (and spouse) would be attending.
28 Commissioners Irvine and Bell said they would get back in touch with Mr. Johnson;
29 Commissioner Pitcher will not be attending.

30
31 **NEXT POWER COMMISSION**

32 The next meeting of the Power Commission will be on Tuesday May 21, 2019 at 8:00
33 a.m.

34
35 **ADJOURN**

36 The meeting adjourned at 10:02 a.m. on a motion made and seconded by Commissioners
37 Bell and Pitcher, respectively.

38
39
40


John Cushing, CHAIRMAN

