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**JOINT MEETING OF THE  
BOUNTIFUL CITY POWER COMMISSION  
AND THE  
BOUNTIFUL CITY COUNCIL**  
April 10, 2018 - 8:00 a.m.

**Those in Attendance**

**Power Commission**

John Cushing, Chairman  
Susan Becker  
Dan Bell  
David Irvine  
John Mark Knight, City Council Rep.  
Jed Pitcher  
Paul Summers

**Power Department**

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

**City Officials**

Richard Higginson, Councilman  
Gary Hill, City Manager  
Galen Rasmussen, Assistant City Manager

**Recording Secretary**

Nancy Lawrence

**Visitor**

Ron Mortensen

**Excused**

Mayor Randy Lewis

**WELCOME**

Chairman Cushing called the meeting to order at 8:05 a.m. and welcomed those in attendance. Commissioner Becker offered the invocation.

**PROPOSED FISCAL YEAR 2018-2019 BUDGET REVIEW**

Mr. Christensen presented the Proposed Fiscal Year 2018-2019 Budget (FY2019), noting that the goals of the City and Department are first, Safety, then highly reliable electrical service, then being a low-cost provider and excellent customer service. The budget goals of the Power Department are to properly function as an enterprise fund with revenues covering all expenses; and that those expenses be equitably distributed among customer classes.

The proposed budget for FY2019 has revenues and expenses balanced at \$34,638,387, up \$138,181 from FY2018. Operating revenue is proposed at \$28,233,300, up by \$716,346, which includes Contribution in Aid to Construction at \$518,500, up \$306,000. No changes are anticipated for Air Products Income and Electric Metered Sales. A new revenue account is being proposed, Street Light System Income, budgeted at \$405,600.

Personnel Services are budgeted at \$4,484,878, up \$159,878. This includes: a 10% increase in benefits (medical insurance), up \$33,770; eleven employees will receive merit increases; and all employees will receive a proposed 3.0% cost of living adjustment. Mr. Hill

1 noted that our budget for personnel is similar to other Davis County cities.  
2

3 Budgeted Operating and Maintenance Expenses are proposed at \$19,605,513, down  
4 \$443,225 from the current year. Plant Equipment and Generation is set at \$559,990 (up  
5 \$378,090); Power Purchase UAMPS is proposed at \$7,325,789, up \$193,216 to cover a \$198,826  
6 decrease in power purchased from San Juan. Transmission is budgeted at \$100,000 down  
7 \$825,000 with postponed projects to replace transmission poles due to the 138 KV substation  
8 upgrade, which is partially offset by pole testing and reinforcement of selected poles.  
9 Distribution expenses are proposed at \$1,287,620, up \$212,454 with 15 projects to upgrade  
10 primary wire and \$160,000 for pole testing. Mr. Pearce led a discussion focused on the pole  
11 testing program which will be contracted to Osmose. He showed slides of weak and damaged  
12 poles which need to be replaced and explained how poles can be can be reinforced to extend the  
13 life of the pole beyond 10 years – and in some instances permanently. Mr. Pearce noted that  
14 1,364 power poles have been replaced (out of approximately 4,000 poles) since 2000. He also  
15 used slides to show the need for maintenance on underground systems and meter pedestals.  
16

17 Mr. Christensen explained that a new account which will be included in the FY2019  
18 budget is Street Light System Income, which is proposed at \$405,600. Street light costs have  
19 previously been absorbed within the Power Department’s operating expense budget, without a  
20 revenue source, and this new account represents a 1.6% increase in revenue to the Power  
21 Department and is based on a monthly charge of \$2.00 per meter. Discussion focused on the  
22 justification for this account and Mr. Christensen pointed out that street lighting is an on-going  
23 service and, inasmuch as the Power Department is an enterprise fund (self-funding), this expense  
24 (street lighting) should have a revenue source. He further explained that one-time expenses, such  
25 as the capital projects, can be funded from the fund balance. He cited concerns that the street  
26 light system was originally installed cheaply and improperly and underground wires are failing.  
27 Commissioner Becker was excused at this time (9:40 a.m.)  
28

29 Street Light projects included in the FY 2019 budget were identified and it was noted that  
30 each light that is replaced will cost approximately \$10,000 (which includes asphalt, cutting  
31 expenses, trenching, compaction or flowable fill, wire, and the street light fixture). The new wire  
32 will be installed in conduit, which will lengthen the life of the wire, as well as making  
33 maintenance easier. Councilman Higginson suggested that the City should look at the feasibility  
34 of using solar-powered street lights; however, it was noted that this would currently be cost-  
35 prohibitive due to the high cost of battery storage.  
36

37 Non-Operating Revenues and Expenses (bond payments) are at a net expense of  
38 \$662,851, down \$114,622.  
39

40 Capital Expenditures proposed for the FY 2019 budget are at \$6,640,500, up \$398,500,  
41 which includes: Buildings (\$430,000); the distribution system (\$200,000) which includes  
42 beginning a meter collection system pilot program; Distribution Street Lights at \$602,000 (up  
43 \$500,000 for the Stoker Plaza lighting system, and \$102,000 to replace 34 steel light poles along  
44 400 North to Centerville. Echo upgrade is proposed at \$500,000; vehicles at \$240,000 to replace  
45 five vehicles; the 138 KV transmission substation is budgeted at \$3,000,000 to upgrade the  
46 second half of the substation. A PowerPoint presentation was used to show the work which has

1 been completed and will continue during the FY 2019 budget year.  
2

3 Other Capital projects include the Distribution System Feeder #575 upgrade (\$450,000);  
4 installation of the distribution system for the Keller Property (\$170,000) to be funded by the  
5 developer, a new distribution system feeder (\$250,000) to tie a new city water system pump, and  
6 well (\$57,500) to the Northeast Substation; Hannah Holbrook Pump distribution system  
7 (\$61,000) and new feeder from the NE Substation (\$60,000); and an inter-tie on the distribution  
8 system between Feeders #673 and #271, \$510,000.  
9

10 Mr. Christensen reviewed Operating Transfers In (Out) and summarized the Cash Flow  
11 position as of March 31, 2018. It was noted that the ten-year capital projects plan totals  
12 \$61,321,500, which can't be sustained at the current rate of operation. Key to cash flow is the  
13 necessity to maintain the minimum cash required for an AA- bond rating of \$16,000,000.  
14

15 Discussion focused on how revenue can be increased to meet the demands of the 10-year  
16 plan and how Bountiful's rates compare to Rocky Mountain. Mr. Johnson noted that the 10-year  
17 plan supposes a rate increase of 2 percent per year. (This was not included in this year's budget  
18 because last year the rates were increased 4%). It was also pointed out that the Power  
19 Department makes a contribution to the City's general fund, thereby reducing the need to  
20 increase property taxes—the direct benefit of a municipal power system. Commissioner Pitcher  
21 requested that the staff prepare a 3 to 5 year budget plan to be presented at the next Power  
22 Commission meeting.  
23

24 After continued discussion, Commissioner Irvine made a motion to approve the \$2/meter  
25 street light system fee, and the proposed FY 2019 budget, with the stipulation that a 3-5 year  
26 budget plan be prepared for presentation at the next Power Commission meeting. Commissioner  
27 Bell seconded the motion which carried unanimously. Commissioners Cushing, Bell, Irvine,  
28 Pitcher, Summers, and Councilman Knight voted "aye".  
29

30 Councilman Higginson motioned to approve the proposed FY 2019 Budget, as presented.  
31 Councilman Knight seconded the motion. Voting was unanimous with Councilpersons  
32 Higginson and Knight voting "aye".  
33

34 Commissioner Cushing called for a vote on the minutes of the regular Power  
35 Commission meeting held March 27, 2018. Commissioner Summers voted to approve the  
36 minutes as written. Commissioner Irvine seconded the motion and voting was unanimous with  
37 Commissioners Cushing, Bell, Irvine, Pitcher and Summers, and Councilman Knight voting  
38 "aye".  
39

40 The following Agenda items were included in the packet, but not discussed in the  
41 meeting (other than was included with the budget presentation):  
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43 Budget Report for the Year-To-Date 9 Month Period Ended 31 March 2018.  
44 138 Substation Project Update  
45 CFPP Update  
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The meeting officially adjourned at 10:42 a.m.

  
John Cushing, CHAIRMAN