

# UTILITY COMMITTEE MINUTES

December 21, 1998

The Utility Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on December 21, 1998 at 4:00 p.m.

**COMMITTEE PRESENT**

Bill Jaffa, Chairman  
Dennis Kavanaugh  
Pat Pomeroy

**COMMITTEE ABSENT**

None

**COUNCIL PRESENT**

Keno Hawker

**STAFF PRESENT**

C.K. Luster  
Steve Burg  
Linda Crocker  
Cynthia Diaz  
Mike Hutchinson  
Harry Kent  
Keith Nath  
Jerry Paulus  
Dave Plumb  
Bryan Raines  
Jenny Sheppard  
Others

**OTHERS PRESENT**

Others

1. Discuss and consider a Fuel Cell Lease Agreement with the Arizona National Guard.

Utilities Manager Dave Plumb explained that a Fuel Cell previously ordered by the City from the Department of Energy has been constructed and is in storage in New Jersey. Mr. Plumb advised that the City of Mesa's power plant facility will not be completed for another 18 months. Mr. Plumb reported that payment for the unit is currently due and recommended that the City enter into an agreement to lease the unit to the Arizona National Guard. Discussion ensued relative to the fact that the lease agreement would provide the City an opportunity to gain operational expertise in this area and anticipated positive benefits of the technology.

Assistant Utilities Manager, Jerry Paulus, provided the Committee with technical details relative to the Fuel Cell's operation.

Mr. Plumb also stated that the Department of Energy has agreed to reserve another Fuel Cell unit for the City at the same cost as the initial unit, \$680,000, if approved by the Committee. Mr. Plumb added that a \$200,000 grant from the Department of Energy was available for the purchase of a second unit. Mr. Plumb reported that although verbal assurance has been received, the City is required to officially apply for the grant monies. Mr.

Plumb said that entering into the lease agreement with the Arizona National Guard would generate an additional \$150,000 per year.

Committeemember Pomeroy expressed the opinion that \$480,000 represents a significant expense to provide energy to a proportionately small number of homes in the City. Mr. Plumb explained that as technology in the market develops, costs associated with the operation of such units will decrease. Mr. Plumb also commented that ordering a second unit at this time would allow the City to take advantage of future technology at the current market price.

It was moved by Committeemember Pomeroy, seconded by Committeemember Kavanaugh, to recommend to Council that staff's recommendation that the City enter into a Fuel Cell Lease Agreement with the Arizona National Guard be approved.

In response to a question from Councilmember Hawker relative to possible liabilities in the future, Mr. Paulus stated that the agreement would be reviewed by the City Attorney, and said that the lease agreement will address the issue of liability.

Mr. Plumb also advised that costs associated with labor, maintenance, and a stack changeout in the seventh year of use were all factored into the price. Mr. Paulus added that several units are currently in operation in Arizona, California, Nevada, and New Mexico, added that approximately 100 Fuel Cells are utilized worldwide, and reported that 65 are currently operational in the United States.

Carried unanimously.

2. Adjournment.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Pomeroy, that the Utility Committee Meeting adjourn at 4:22 p.m.

Carried unanimously.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Utility Committee Meeting of the City of Mesa, Arizona, held on the 21st day of December 1998. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this \_\_\_\_ day of \_\_\_\_\_ 1999

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BARBARA JONES, CITY CLERK