



UTILITY COMMITTEE MINUTES

November 15, 1999

The Utility Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on November 15, 1999 at 3:35 p.m.

COMMITTEE PRESENT

Bill Jaffa, Chairman
Dennis Kavanaugh
Pat Pomeroy

COUNCIL PRESENT

None

STAFF PRESENT

C. K. Luster
Linda Crocker
Jim Davidson
Jack Friedline
Bill Haney
Keno Hawker
Jeff Martin
Keith Nath
Joe Padilla
David Plumb
Bryan Raines
Jan Strauss
Larry Woolf
Others

OTHERS PRESENT

Barrett Marson
Robbie Sherwood
Marilyn Wennerstrom

(Items on the agenda were discussed out of order but for purposes of clarity will remain as listed on the agenda.)

1. Hear a report, discuss and consider proposed additions to the Northwest Water Reclamation Plant.

Utility Manager Dave Plumb and Assistant Utility Manager Bill Haney addressed the Committee relative to this agenda item. Mr. Plumb informed the Committee that the City decided several years ago that continuing to participate in expansions of the 91st Avenue Treatment Plant was not in the best interest of the City. Mr. Plumb discussed the City's decision to embark on a program to expand the Northwest Plant and the South East Plant and to join with the Town of Gilbert in the development of an additional plant.

Mr. Haney referred to overheads displayed in the Chambers and discussed staff's proposal to expand the Northwest Water Reclamation Plant.

Discussion ensued relative to proposed enhancements, estimated costs, plant capacity, efforts to diminish the negative aspects of the plant on the surrounding neighborhood, Committeemember Kavanaugh's direction to work closely with the neighbors relative to this project and the importance of a superior design for this

"entrance" location, the possibility of including public art in the project, staff's efforts to develop an extensive landscaping plan for the site, a recommendation from Chairman Jaffa that public hearings be held to solicit citizen input, construction timetables and penalties for delays, bonds, the actual location of the site, and the fact that required elevations have limited site locations.

Committeemember Pomeroy commented on the importance of extensive landscaping and the planting of a significant amount of trees to diminish the impact of the treatment plant on the surrounding neighborhood.

Chairman Jaffa recommended that when this issue is reviewed by the members of the Council that discussions occur relative to a timetable for public meetings.

Mr. Plumb indicated staff's intention to enhance the proposal and present it once again to the Committee and ultimately to the Council. Mr. Plumb said that staff will provide an overview of the effects of mature landscaping on the overall aesthetics in the area and added that staff will pursue the planting of larger, mature trees. Mr. Plumb commented that staff is aware of the Committee's direction relative to design standards and ensuring that this "entrance" to the City is attractive and enhances the area.

Chairman Jaffa thanked staff for their presentation.

2. Discuss and consider a staff recommendation concerning electric deregulation.

Assistant to the City Manager Jeff Martin and Utility Manager Dave Plumb addressed the Committee relative to this agenda item. Mr. Martin advised that during the last legislative session, Senator Tom Freestone introduced a bill which would have allowed Mesa to compete in the new competitive electric utility business and offered an extensive amount of flexibility. Mr. Martin added that Speaker Jeff Groskost also introduced a bill which limited the City's flexibility and required the City's electric rates on average not to exceed the rates charged by Salt River Project (SRP). Mr. Martin reported that Speaker Groskost's bill went forward and became a part of an omnibus bill which contained a number of other bills on the issue of deregulation. Mr. Martin explained that one of the issues in the omnibus bill became a point of contention between APS and SRP and added that the disagreement ultimately led to a veto by the Governor despite the fact that the bill passed the Legislature by a wide margin.

Mr. Martin said that staff is once again pursuing this issue and requested input and direction from the Committee. Mr. Martin discussed staff's recommendation that the City pursue State legislation to allow Mesa to offer its customers a choice by being allowed to compete in the electric utility business. Mr. Martin also recommended that the City initiate discussions to possibly improve last year's legislation by providing greater flexibility relative to rate setting and providing the City Council with the authority to set rates.

Discussion ensued relative to stranded costs, discussions that have occurred between the utility companies and the Arizona Corporation Commission relative to this issue, the importance of maintaining flexibility, the fact that the City's bond covenants do not allow any other sources to provide electricity to the City's customers unless the City is mandated to do so, the fact that either the City will be mandated to allow other to provide this service or the City will have to pursue "opting out," and the fact that the City has an opportunity to enhance it's customer service area.

Committeemember Kavanaugh indicated support for staff's recommendations and stressed the importance of being provided sufficient flexibility in the rate-setting area. Committeemember Kavanaugh urged staff to pursue discussions with Speaker Groskost relative to this issue.

Committeemember Pomeroy stated that he would also like to see the City of Mesa have the opportunity to provide customers with choices and stated the opinion that a large majority of the citizens will chose Mesa utility services over the competition.

It was moved by Committeemember Pomeroy, seconded by Committeemember Kavanaugh, to recommend to the Council that staff be directed to pursue State legislation to allow the City of Mesa to compete in the electric utility business and to provide the City with sufficient flexibility/authority relative to rate setting.

Carried unanimously.

3. Adjournment.

Without objection, the Utility Committee adjourned at 4:33 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 15th day of November 1999. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 1999

BARBARA JONES, CITY CLERK