

# COUNCIL MINUTES

September 11, 1996

The City Council of the City of Mesa met in a Joint Dinner Meeting with the Salt River Project Board of Directors at the American Grill, 1233 South Alma School Road, on September 11, 1996 at 5:30 p.m.

## COUNCIL PRESENT

Mayor Wayne Brown  
Pat Gilbert  
John Giles  
T. Farrell Jensen  
Dennis Kavanaugh  
Jim Stapley

## STAFF PRESENT

C.K. Luster  
Wayne Balmer  
Mike Hutchinson  
Barbara Jones  
Ellen Pence  
Darrel Pichoff

## BOARD OF DIRECTORS

Bill Schrader, President  
John Williams, Vice President  
Bill Arnett, Board Member  
Fred Ash, Board Member  
Dale Riggins, Board Member

## COUNCIL ABSENT

Joan Payne

## SRP STAFF PRESENT

Dick Silverman, Gen. Mgr.  
Dave Areghini, Assoc. Gen. Mgr.  
Mark Bonsall, Assoc. Gen. Mgr.  
Kathie Lee, Sr. Gov. Rep.  
John Sullivan, Assoc. Gen. Mgr.  
"Chip" U'Ren, Assoc. Gen. Mgr.

Mayor Brown excused Councilmember Payne from the meeting.

## 1. Welcome and Introductions.

Mayor Brown welcomed everyone to the meeting and commented on his long-term relationship with Salt River Project's (SRP's) Boardmembers. Mayor Brown expressed his appreciation to SRP for their exemplary work in providing services to the Valley. Mayor Brown requested that everyone in attendance introduce themselves.

## 2. Presentation on electric industry competition from SRP.

Salt River Project's (SRP's) Board of Director's President, Bill Schrader, expressed appreciation for the previous meetings held between SRP and the City of Mesa. Mr. Schrader thanked the City of Mesa for hosting this evening's meeting and commented on the meeting's value to both entities. Mr. Schrader called upon SRP's Associate General Manager

of Marketing, Customer Services, Finance and Planning, Mark Bonsall, to provide information relative to this agenda item.

Mr. Bonsall informed those present that deregulation of utility services has occurred in the City of Anaheim, California, and stated that the deregulation provides consumers an opportunity to select independent providers for the operation of services. Mr. Bonsall reported that a recent ruling, which resulted from public hearings, requires SRP to respond within twelve days relative to a proposal for deregulation of various services in the State of Arizona. Mr. Bonsall commented that the ruling is seriously flawed and stated concern relative to negative financial impacts on SRP as a result of this issue.

Mr. Bonsall stated that the Legislature passed a bill last year calling for the formation of a committee to assess the deregulation issue and added that the committee's meeting schedule commences in October 1996. Mr. Bonsall outlined a four-point plan developed by SRP to retain financial stability in the event deregulation occurs. Mr. Bonsall explained that SRP would be placed in a position of contacting customers outside their current service territories in order to compete in the market. Mr. Bonsall stated that municipalities such as the City of Mesa will have an opportunity to decide whether they wish to participate in the selection of alternate providers for electric utility services.

Vice Mayor Gilbert expressed the opinion that City of Mesa citizens may demand Mesa's participation in the competitive market.

3. Discuss work of City of Mesa-Salt River Project Joint Use Committee.

Assistant City Manager Mike Hutchinson distributed material outlining the purpose of the newly-formed City of Mesa-Salt River Project Joint Use Committee and the Committee's accomplishments to date. Mr. Hutchinson stated that the close proximity of the East Mesa Service Center to the adjacent East Valley Salt River Project facility provides an excellent opportunity to share resources, facilities, and services. Mr. Hutchinson reported on joint security mechanisms and significant savings realized as a result of joint bidding efforts between SRP and the City of Mesa. Mr. Hutchinson advised that an intergovernmental agreement between SRP and the City of Mesa is in final draft form and is required in order to continue the sharing of resources.

Associate General Manager "Chip" U'Ren stated that the Committee is extremely productive and innovative in determining joint opportunities for joint benefit. Mr. U'Ren said that the Committee establishes a basis for operating in a different manner and discussed positive benefits which will be derived as a result of the cooperative efforts.

4. Update on Williams Gateway Airport.

Community Development Manager Wayne Balmer presented those in attendance with copies of a brochure entitled "Williams Reuse Plan Update" and viewed a video production outlining the history and current operations of the Airport.

Mr. Balmer discussed the reuse options subsequent to the closure of Williams Air Force Base on September 30, 1993 and the formation and goals of the Williams Gateway Airport

Authority which is presently comprised of the cities of Mesa, Gilbert, Queen Creek and the Gila River Indian Community.

Mr. Balmer reported that since the reopening of the Base in March of 1995, more than 1,000 jobs have been created. Mr. Balmer commented on the marketing successes of locating businesses on the Base and reported that McDonnell Douglas will be utilizing a facility for the purpose of providing full-time helicopter training.

Mr. Balmer discussed the consortium of college campuses located on the Base including Arizona State University East and Maricopa Community College and reported on anticipated future educational opportunities at that location.

Mr. Balmer expressed appreciation for the support provided by Salt River Project employees Jim Nelson and Ken Baker relative to issues regarding the Airport.

Mr. Balmer estimated that by the year 2015, Williams Gateway Airport will provide approximately 17,000 jobs and stated the opinion that although Williams Gateway is an expensive long term investment, the Airport will provide a positive return in the future.

Associate General Manager Dave Areghini provided a brief history of the electrical system located at the Base. Mr. Areghini reported that the system is an antiquated electrical distribution system which is not owned by Salt River Project and added that the system does not contain individual meters. Mr. Areghini stated the opinion that a change in ownership should occur and discussed Salt River Project's intent to improve the entire system once acquisition occurs. Mr. Areghini advised that Salt River Project has been compensated for the work completed to date.

In response to a question from Vice Mayor Gilbert relative to SRP's ability to provide adequate services in the event a large industry locates on the Base, Salt River Project representatives advised that the necessary services will be provided. Mr. Balmer added that water services will need to be upgraded.

5. Adjournment.

The meeting was adjourned at 8:05 p.m.

WAYNE BROWN, MAYOR

ATTEST:

BARBARA JONES, CITY CLERK

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I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Joint Dinner Meeting with the Salt River Project Board of Directors, held on the 11th day of September, 1996. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 24<sup>th</sup> day of September 1996

BARBARA JONES, CITY CLERK