

## COUNCIL MINUTES

June 7, 2004

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on June 7, 2004 at 5:00 p.m.

### COUNCIL PRESENT

Mayor Keno Hawker  
Rex Griswold  
Kyle Jones  
Dennis Kavanaugh  
Janie Thom  
Claudia Walters  
Mike Whalen

### COUNCIL ABSENT

None

### COUNCIL-ELECT PRESENT

Tom Rawles

### OFFICERS PRESENT

Mike Hutchinson  
Debbie Spinner  
Barbara Jones

1. Review items on the agenda for the June 7, 2004 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: 13k, 13l (Hawker)

Items deleted from the consent agenda: 14c

Items added to the consent agenda: 12b

2. Discuss and consider authorizing the Utilities Manager to execute a Letter of Confirmation with the Public Service Company of New Mexico.

Utilities Manager Dave Plumb and Resources Division Director Frank McRae addressed the Council relative to this agenda item. Mr. Plumb reported that several months ago, per Council authorization, the Utilities Department elected to change one of its contracts for the purchase of electric resources from American Electric Power Service Corporation (AEP) to Public Service of New Mexico (PNM). He explained that staff amended the contract capacity (around-the-clock energy) from 20 MWh per hour to 10 MWh per hour and also endeavored to return to the market to obtain energy that would meet the high demand during the summer months.

Mr. McRae displayed graphics in the Council Chambers and reported that on April 22, 2004, the Utilities Department issued a Request for Proposals (RFP) for Electric Capacity and Associated

Energy; that the Department received three submittals in response to the RFP; and that upon completion of their analysis and review, it is the recommendation of staff to proceed with PNM's proposal, which includes the following characteristics:

- Term: July 1 to October 31, 2004; and June 1 to October 31, 2005 to 2013
- Delivery: Schedulable to Mesa, 7 days per week, up to 16 hours per day
- Capacity: 10 MW
- Energy: Up to 24,480 MWh per year

Mr. McRae stressed that one of the unique aspects of the proposal is the fact that it does not require the City to take any energy from the contract. He further noted that the City has the ability to schedule the amount of energy it uses under the contract based on economics and not a "take or pay" requirement, as was the case with the AEP contract. Mr. McRae also stated that the contract prices are divided between a capacity payment (a fixed amount payment per month) and an energy payment (the amount of energy actually delivered to the City).

Mr. McRae commented that if the Utilities Manager is authorized to execute a Letter of Confirmation with PNM, the letter would be attached to the City's existing master agreement with PNM which was executed as a result of the AEP restructuring and assignment. He explained that staff would request PNM to "refresh" its prices tonight or tomorrow, and that dependent upon the variability in pricing from what PNM's indicative pricing was in the proposal, the City would move forward with the execution of the Letter of Confirmation.

It was moved by Vice Mayor Kavanaugh, seconded by Councilmember Walters, to authorize the Utilities Manager to execute a Letter of Confirmation with the Public Service Company of New Mexico.

Carried unanimously.

3. Acknowledge receipt of minutes of boards and committees.

There were no minutes of boards and committees to acknowledge at this time.

4. Hear reports on meetings and/or conferences attended.

Vice Mayor Kavanaugh                      Dedication of Public Art Transit Shelter

5. Scheduling of meetings and general information.

City Manager Mike Hutchinson stated that the meeting schedule is as follows:

Thursday, June 10, 2004, 7:30 a.m. – Study Session

Thursday, June 17, 2004, 7:30 a.m. – Study Session

Monday, June 21, 2004, TBA – Study Session

Monday, June 21, 2004, 5:45 p.m. – Regular Council Meeting

Thursday, June 24, 2004, 7:30 a.m. – Study Session

7. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

8. Adjournment.

Without objection, the Study Session adjourned at 5:31 p.m.

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KENO HAWKER, MAYOR

ATTEST:

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BARBARA JONES, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 7<sup>th</sup> day of June 2004. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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