

COUNCIL MINUTES

December 17, 2001

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 December 17, 2001 at 4:02 p.m.

COUNCIL PRESENT

Mayor Hawker
Jim Davidson
Bill Jaffa
Dennis Kavanaugh
Pat Pomeroy
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

OFFICERS PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

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

1. Review items on the agenda for the December 17, 2001 Regular Council Meeting.

All of the items on the agenda were reviewed among Council and staff with no formal action taken. There was specific discussion relative to the following items:

Mayor Hawker declared potential conflicts of interest on agenda items 6d (Gas Line Replacement. Redwood Gardens Trailer Park and the Glen Trailer Park. City of Mesa Project No. 01-101.), 6f (Dobson Ranch Golf Clubhouse and Site Renovations. City of Mesa Project No. 00-73.), 6g (Desert Wells #11 Equipment and Piping. City of Mesa project No. 02-068.) and 8a (Approving the continuation of the Mesa Town Center Improvement District No. 228 for an additional five (5) years.) and said he would refrain from discussion/participation in these items.

Councilmembers Jaffa and Pomeroy also declared potential conflicts of interest on agenda item 8a and said they would refrain from discussion/participation in these items.

Vice Mayor Davidson declared potential conflicts of interest on agenda items 8f (Granting an underground power easement to Salt River Project for Fire Station No. 202.) and 10a (Modifying the Electric Rate Schedules) and said he would refrain from discussion/participation in these items.

2. Discuss and consider the status of the Desert Uplands Ordinance update process.

Planning Director Frank Mizner addressed the Council regarding this agenda item and provided a brief historical chronology regarding the Desert Uplands (DU) Development Standards. Mr. Mizner referred to staff's report concerning this matter, a summary of the proposed modifications and the recent draft of the proposed Standards, which were provided to the Councilmembers. He briefly outlined the comprehensive process undertaken by staff to modify the proposed Standards, including the solicitation of input from staff, the development community and the Spook Hill Neighborhood Action Association (SHNAA). He noted that the DU Development Standards are contained in the Subdivision Regulations and are not part of the Zoning Ordinance. Mr. Mizner added that Councilmembers were also provided with copies of a letter from William Puffer, President of the SHNAA, regarding the proposed modifications to the Standards, which was received by staff earlier in the day.

Mr. Mizner stated that the General Development Committee provided input regarding the proposed modified Standards on October 22, 2001. Mr. Mizner reported that in response to a request from Committeemember Walters regarding the use of streetlights in comparable foothills areas, staff researched this issue with Scottsdale and Phoenix and determined that both cities provide flexibility with respect to the spacing and height of lights. He noted that in Phoenix, if a subdivision is built with street lighting below standards, the developer is required to provide notice to the residents that they are responsible for the costs associated with adding post-development streetlights.

Councilmember Jaffa commended Mr. Puffer and the members of the SHNAA for their efforts in the DU area and acknowledged the members who were present in the audience. He stated that the City's General Plan identifies the DU as an area of special character and he commented on problems associated with County development within the DU area. Councilmember Jaffa voiced concerns regarding the issues of open space, excessive blading/grading and development occurring in the DU area that does not comply with the DU Standards. He noted that the SHNAA has expressed similar concerns.

Mr. Puffer addressed the Council and stated that the singular goal of the SHNAA is to preserve the character of the DU area by retaining as much undisturbed natural desert as possible. He noted that although the concept of requiring large lots with building envelopes has been encouraged in the past, the SHNAA now encourages the clustering of homes on smaller lots with retention of undisturbed open space areas, as a more effective way of maintaining undisturbed desert.

Discussion ensued regarding density levels in the Maracay and Madrid developments.

Councilmember Jaffa commented on issues associated with successful future annexations, including the redesign/relocation of washes, providing credit for non-buildable land, appropriate street lighting and minimizing walls.

Mr. Puffer commented on the SHNAA's recommendations relative to reduced street lighting on neighborhood streets, appropriate curbing and flood control measures, as contained in his letter dated December 15, 2001, and said that the SHNAA hopes that the recommendations will be incorporated into the DU Standards.

Councilmember Jaffa concurred with the SHNAA's recommendations and also commented on the issue of providing adequate development inspections by adding additional inspectors.

Discussion ensued regarding the challenges associated with staff's enforcement of varying development regulations throughout the City.

Mr. Mizner referred to and commented on the *Proposed Modifications to Desert Uplands Development Standards*. He said that the proposed modifications include revisions relative to street design criteria, street lights, curb radius for streets, amount of landscaping, design of streets, design of retention areas and the requirements for native plants. He noted that staff is seeking Council's input concerning the proposed modifications.

Discussion ensued regarding the SHNAA's list of *Undeveloped Parcels in the Original Desert Uplands December, 2001*, which was provided along with Mr. Puffer's letter dated December 15, 2001; the fact that it is difficult to apply the DU Standards to the development of individual lots and that the Standards generally apply only to subdivision development; and the limitations associated with applying the DU Standards to redevelopment in areas south of Brown Road, due to existing higher density residential and commercial zoning in this area.

In response to questions from Mayor Hawker regarding the grading of subdivisions, Mr. Mizner reported that the modified Standards provide that in low density areas, building envelope areas and natural wash areas cannot be graded, although the infrastructure areas including streets, utilities and storm water retention areas can be mass graded at one time.

Vice Mayor Davidson voiced concerns regarding the simultaneous processes of updating the Development Guidelines, the Residential Guidelines and the DU Standards and the resulting burden placed on staff, the Planning and Zoning Board and the Design Review Board.

Discussion ensued regarding the SHNAA's comments regarding problems associated with storm water runoff in new residential developments.

In response to questions from Vice Mayor Davidson regarding storm water retention standards and the subdivision technical review process, City Engineer Keith Nath stated that it is the opinion of staff that drainage standards are adequate and that application of the standards has created storm water runoff problems due to inaccurate calculation of offsite water flow levels by developers.

Vice Mayor Davidson voiced concerns regarding compromises that may occur in conjunction with the subdivision technical review process and requested that staff strive to improve the process.

Discussion ensued regarding the City's standards for public streets versus private streets.

Vice Mayor Davidson concurred with the SHNAA's opinion that a substantial amount of undeveloped land exists in the DU area. He also stated the opinion that there are numerous residential areas in the City that have unique character and that infill development and redevelopment in these areas in the future will require consideration of unique standards.

In response to a request from Councilmember Pomeroy, Mr. Mizner displayed a map of the DU area in the Council Chambers and indicated the boundaries of the area and the location of County islands within the area.

Councilmember Walters discussed the issue of reduced street light standards and stated support for including language in the DU Standards that is similar to Phoenix's language, which places the cost burden upon neighborhood residents for adding post-development street lights. She also commented on the importance of communicating the DU Development Standards to the County, and on the discussion that occurred at the General Development Committee meeting regarding minimizing the use of perimeter walls when it is deemed practical and appropriate to do so.

Mr. Mizner stated that staff would amend the proposed modifications to the DU Development Standards to reflect Council's input in this matter and return to the Council with a corresponding Ordinance.

Mayor Hawker voiced appreciation to Mr. Puffer for his participation in this matter.

3. Discuss and consider Policy Guidelines for use of CDBG/HOME funding ownership of Federally funded residential properties.

Mayor Hawker stated that this agenda item would be continued to a subsequent meeting.

4. Discuss and consider gas and electric contract issues:

a. Gas supply contract issues.

Utilities Manager Dave Plumb addressed the Council regarding this agenda item and commented on the recent collapse of Enron. He noted that the City began contracting with Enron in 1991 as a natural gas supplier. Mr. Plumb explained that on December 6, 2001, staff learned that Enron had ceased allotments to the El Paso pipeline for Mesa effective December 7, 2001. He added that Enron's failure to allot gas for Mesa represents a breach of its contract with the City.

Mr. Plumb further explained that Coral Energy Resources, L.P. (Coral Energy) had indicated to staff that it would be willing to provide Mesa with natural gas on a stand-by status. Although the City was considered in an "over-poll" situation (extracted more from the El Paso pipeline than was allotted) on December 7, 2001, beginning on December 8, 2001, Mesa was allotted gas by Coral Energy on an emergency basis.

Mr. Plumb stated that Coral Energy has indicated their willingness to enter into a 90-day contract to deliver gas to the City at the same cost basis as the Enron contract, which is \$.03 above the San Juan Basin index price. Mr. Plumb said that item 8i (Approving and authorizing the City Manager to execute an agreement between Coral Energy resources, L.P. and the City of Mesa) on the succeeding Regular Council Meeting agenda is for approval of the proposed 90-day contract with Coral Energy. He added that an RFP will be issued in the near future for a longer term supply contract.

Mr. Plumb commented on the fact that because natural gas prices have fallen in the last few months and because the City had exercised its contractual right to freeze prices on a portion of its gas supply earlier this year, the current average purchase price of gas from Coral Energy is lower than the average purchase price of gas from Enron prior to December 7. He noted that this savings is passed through to the City's gas customers.

It was moved by Councilmember Pomeroy, seconded by Councilmember Whalen, that staff's recommendations relative to entering into a short term gas contract with Coral Energy, be approved.

Discussion ensued regarding problems associated with the transmission of natural gas, the fact that the El Paso Pipeline, which is the primary pipeline delivering natural gas to New Mexico, Arizona and east Texas, is at or exceeding capacity at certain times, and the increasing demand for natural gas in the southwest.

Councilmember Whalen stated that the Arizona Corporation Commission will be undertaking a series of workshops regarding the issue of natural gas transmission in the near future and he requested that staff pursue participation in the workshops.

Councilmember Pomeroy retracted his previous motion and Councilmember Whalen retracted his second to the Motion. Councilmember Pomeroy explained that the gas supply contract would be considered and acted upon during the succeeding Regular Council Meeting.

b. Electric supply contract issues.

Mr. Plumb stated that although the City entered into a contract with Enron earlier this year to deliver electricity, because deliveries are not scheduled to begin until May 2002, Enron has not yet breached that contract. He explained that because Enron has filed Chapter 11 Bankruptcy, the Bankruptcy Court has the right to approve any assignment or abrogation of a contract. Mr. Plumb advised that because of the favorable rates secured by the City under the Enron contract, staff has been unable to find an electricity supplier to accept assignment of the Enron contract. He noted that because several entities have expressed an interest in responding to an RFP, staff has issued an advance RFP, which indicates that the Council will be asked to void the contract with Enron. Mr. Plumb explained the process of requesting the Bankruptcy Court to void the Enron contract and noted that because current market prices are not significantly higher than those secured under the Enron contract, staff does not anticipate that entering into a new contract will result in a substantial increase in the City's energy costs.

Mr. Plumb stated although staff will continue efforts to locate a provider willing to accept assignment of the Enron contract, he is requesting Council approval to issue an RFP and accept whatever proposal staff determines to be in the best interests of the electric utility and the citizens of Mesa.

In response to a question from Mayor Hawker regarding staff's expectations concerning the RFP, Mr. Plumb said that although staff is requesting authority to accept a blended rate of \$45.00/MWH, it is anticipated that the rate will be lower.

Councilmember Jaffa discussed the possibility of participating in a class action lawsuit against Enron.

Councilmember Kavanaugh stated the opinion that pursuing a claim against Enron would not be productive.

It was moved by Councilmember Pomeroy, seconded by Councilmember Walters, that the Utilities Manager be authorized to sign power resource contracts as may result from the Department's Request for Proposals, and to ensure that the blended cost of such resources does not exceed \$45.00/MWH.

Vice Mayor Davidson declared a potential conflict of interest and refrained from discussion/participation in this agenda item.

In response to a question from Councilmember Walters regarding the inconsistencies associated with the power shortage and demands for conservation earlier this year and the current abundance of power supplies and low prices, Mr. Plumb commented on the numerous factors that affected the supply/demand of electricity throughout the year and said that he anticipates that there will be ongoing investigations into the circumstances surrounding the power shortages. He added that the shortage was legitimate and commented on the importance of conservation.

Councilmember Whalen stated that it is anticipated that electricity transmission problems will be a concern during the summer of 2002.

Upon tabulation of votes, it showed:

AYES - Hawker-Kavanaugh-Jaffa-Pomeroy-Walters-Whalen
NAYS - None
ABSTAIN - Davidson

Mayor Hawker declared the motion carried unanimously by those voting.

5. Acknowledge receipt of minutes of boards and committees.

- a. Utility Committee meeting held November 28, 2001.

It was moved by Vice Mayor Davidson, seconded by Councilmember Kavanaugh, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

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

Councilmember Walters commented on her participation in a recent tour of Mesa's neighboring Tonto National Forest with the Friends of the Tonto Ad Hoc Committee. She also commented on a tour she participated in earlier that day of the new section of the Red Mountain Freeway and noted that the new section is scheduled to open on January 14, 2002.

Mayor Hawker discussed his recent participation in a tour of the existing and proposed river restoration projects along the Salt River throughout the East Valley and Phoenix. He noted that other tour participants included Phoenix Mayor Skip Rimsza and Congressmen J.D. Hayworth, Jeff Flake and John Shadegg. He commented on Mesa's partnership with the Salt River Pima Maricopa Indian Community regarding improvements planned along the Salt River near Mesa's northern border and voiced appreciation to the Indian Community for their role in this project.

Councilmember Jaffa also spoke regarding the recent Friends of the Tonto tour and commented on issues being addressed by the Committee, including numerous preservation and recreational issues.

Mayor Hawker voiced appreciation to Vice Mayor Davidson and Councilmember Jaffa for their efforts concerning the Tonto National Forest, Utery Mountain and also the San Tan Regional Park. He also commented on the benefits afforded to Mesa residents by these nearby recreational areas.

7. Scheduling of meetings and general information.

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

Thursday, January 3, 2002, 7:30 a.m. – Study Session

Monday, January 7, 2002, TBA – Study Session

Monday, January 7, 2002, 5:45 p.m. – Regular Council Meeting

Wednesday, January 9, 2002, 4:00 p.m. – Utility Committee Meeting

Thursday, January 10, 2002, 7:30 a.m. – Study Session

Thursday, January 10, 2002, General Development Committee immediately following Study Session.

Mr. Hutchinson also stated that the Tourism and Sports Authority will host an open house meeting on Wednesday, December 19, 2001 at Scottsdale Community College, and a subsequent meeting on Friday, December 21, 2001 at 7:30 a.m. at a location not yet determined.

Vice Mayor Davidson congratulated Red Mountain High School on winning the State Football Championship for their division.

Vice Mayor Davidson commended the Housing Services Division on their recent report regarding housing issues.

8. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

9. Adjournment.

Without objection, the Study Session adjourned at 5:25 p.m.

KENO HAWKER, MAYOR

ATTEST:

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 17th day of December 2001. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

pjt