



COUNCIL MINUTES

March 11, 2010

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 March 11, 2010 at 7:30 a.m.

COUNCIL PRESENT

Mayor Scott Smith
Alex Finter
Dina Higgins
Dennis Kavanaugh
Dave Richins
Scott Somers

COUNCIL ABSENT

Kyle Jones

OFFICERS PRESENT

Christopher Brady
Debbie Spinner
Linda Crocker

Mayor Smith excused Vice Mayor Jones from the entire meeting.

1. Hear a presentation, discuss and provide direction on the Water Utility Capital Improvement Program.

Water Resources Director Kathryn Sorensen introduced Assistant Water Resources Director Susan Miller and Water Distribution Superintendent Jake West.

Ms. Sorensen displayed a PowerPoint presentation (**see Attachment 1**) and noted that the City's first water bond was issued 100 years ago. She reviewed the Water Program's activities (see page 2 of Attachment 1), and she advised that the replacement value of the Water System is estimated at \$2.354 billion. Ms. Sorensen outlined areas in which the Water Program supports various Council Strategic Initiatives (see page 3 of Attachment 1). She listed the following responsibilities of the Water Resources Department:

- Respond to customers' needs.
- Ensure sustainable supplies.
- Treat supplies.
- Ensure quality of water in distribution system.
- Ensure working distribution system and move water to meet demand.
- Meter and deliver water.

Ms. Sorensen expanded on the functions related to the above-referenced activities (see pages 5 through 20 of Attachment 1).

In response to a request from Mayor Smith, Ms. Sorensen explained the difference between "on project" and "off project" water supplies. She stated that "on project" refers to lands within the Salt River Valley Water Users' Association area and "off project" are the lands to the east of the

eastern canal which are not a part of the Users' Association. She advised that the 1910 Kent Decree established the water rights for the Salt River Valley Waters Users' Association. She added that the City's senior rights in the system are very secure and that the "off project" water supply offers a number of challenges.

Mayor Smith noted that the "on project" lands to the west of the eastern canal were pledged for the construction of the Roosevelt Dam and that the lands east of the canal (off project) were not pledged.

Responding to a question from Councilmember Higgins, Ms. Sorensen said that approximately 2,000 customers on the eastern edge of the City are served by the Arizona Water Company.

At the request of Mayor Smith, Ms. Sorensen explained that most of Mesa's reclaimed water is directed to the Gila River Indian Community for agricultural purposes in exchange for a portion of their Colorado River water allocation. She advised that the City provides the Indian Community with five acre feet of reclaimed water for which the City receives four acre feet of Colorado River water.

Discussion ensued relative to the fact that many other communities have invested in a dual pipe system that returns reclaimed water for irrigation uses in the community; that the City may have a future opportunity to utilize reclaimed water in the Gateway area; and that the City's water exchange agreement with the Gila River Indian Community is very good for both parties.

Responding to a question from Councilmember Somers, Ms. Sorensen advised that the proposed surface water treatment plant at Signal Butte and Elliot would serve southeast Mesa and provide redundancy for northeast Mesa. She said that a separate line for untreated water could extend from the plant to the Gateway area for turf irrigation. Ms. Sorensen added that the City is holding discussions with the City of Apache Junction regarding the possibility of a partnership in the water treatment plant.

In response to a question from Councilmember Somers regarding the water needs of new southeast Mesa businesses, Ms. Miller explained that wells currently provide groundwater as a stop gap measure until the treatment plant is constructed.

Ms. Sorensen stated that although the design of the proposed water treatment plant is moving forward, construction would not begin until there is sufficient demand.

City Manager Christopher Brady noted that the treatment plant was originally scheduled to go on line in 2014, but that date has been extended. He advised that staff is attempting to time the opening of the plant to coincide with the demand of future development and growth.

Responding to comments by Councilmember Somers, Mr. Brady agreed that installing some of the large pipes in advance could make it possible to move forward with the needed street improvements in that area. He said that staff would review that possibility.

Ms. Sorensen noted that Ms. Miller and her staff have been able to develop cost-effective approaches to complying with the new "disinfectant by-product rules."

In response to a question from Mayor Smith regarding “disinfectant by-products,” Ms. Miller explained that surface water contains totally organic carbon as a result of contact with carbon-based plant materials that are common in the environment. She stated that when the surface water is treated with chlorine an invisible, chlorinated organic compound forms that causes cancer, which is referred to as a “disinfectant by-product.”

Ms. Sorensen stated that the problems with disinfectant by-products increases in “old” water (water has been stored for a long period of time), and she explained that because Mesa’s water is utilized quickly, the problem is minimized.

Ms. Sorensen referred to the “Water Lines” chart (see page 19 of Attachment 1), which depicts the age of the City’s water lines.

Mr. West advised that most of the problems with broken water lines are related to the 1960’s era non-cured asbestos concrete pipes, which are present in approximately 200 miles of the City system.

Responding to a question from Councilmember Somers, Mr. West advised that the asbestos does not pose any health hazards to customers because the material remains in the pipe as long as water is present. He explained that when sections of the asbestos concrete pipes are removed, precautions are taken, including encapsulating the ends, to ensure that the asbestos is contained prior to delivering the material to a landfill as construction waste.

Ms. Sorensen continued the presentation by referring to a map of the pipes installed in the 1919 – 1950 timeframe (see page 20 of Attachment 1), most of which are concentrated in the downtown area. She noted that these pipes are targeted for replacement not only because of age, but because the pipe diameter is too small for flows of water sufficient for fighting fires. Ms. Sorensen advised that areas with a history of breaks are also targeted, and she provided information regarding the metering and delivery of water to customers (see pages 22 and 23 of Attachment 1).

Mr. West reported that since December 2008, the City replaced 35,000 old and poorly performing meters, both residential and commercial, which has resulted in increased revenues. He advised that although the typical meter performs satisfactorily for ten years, staff conducted a random test of 40,000 meters currently in the system that are more than ten years old and found that the meters are performing at an accuracy level of approximately 97%.

Ms. Sorensen outlined the capital requirements for the water treatment system (see pages 25 and 26 of Attachment 1) and the distribution system (see pages 29 and 30 of Attachment 1), which includes replacing aging lines.

Mr. Brady advised that the City is strategically addressing the replacement of the aging lines in order to avoid the costs of emergency situations, which can also disrupt neighborhoods and damage the streets.

Further discussion ensued relative to the fact that Sossaman Road improvements in the Gateway area are very important for future economic growth; and that the Sossaman Road improvements are included in the existing authorization and are presently in the design phase.

Mr. West provided information on the costs for damage claims when water lines break and require emergency repairs. He cited one location with repetitive breaks that resulted in \$76,000 in damage claims in addition to \$144,000 for emergency repair costs. Mr. West added that breaks in aging water lines also impact the scheduling of work crews and inconvenience the neighborhood.

Ms. Sorensen said staff is preparing assessments of the system in order to better predict when and where failures may occur.

Responding to a question from Councilmember Somers, Ms. Sorensen advised that staff was pursuing Federal grant funds for security enhancements at remote facilities, and she added that the Police Department's Homeland Security Unit has offered to provide assistance with the process.

Mr. Brady noted that in the past year the City has experienced some serious vandalism at several facilities which highlighted potential risks to the entire system. He said that an increased police presence has been requested in these areas.

Ms. Sorensen clarified that although the reservoirs are secure, remote locations require security enhancements. She summarized that \$131 million would be required for capital needs over the next four years and that because \$35 million remains in existing bond authorization, the amount of bond authorization requested for 2010 is \$96 million.

Mayor Smith explained that Revenue Bonds are paid through the utility rates charged to customers and that the City anticipates these types of life-cycle issues in an ongoing program by building the costs into the overall rate structure.

Budget Director Chuck Odom responded to questions from Councilmember Richins by advising that the current amount being transferred from Water and Wastewater revenues to the General Fund is approximately \$83.6 million.

Mr. Brady explained that a failure to transfer this amount would result in a severe deficit in the General Fund. He noted that seventy years ago the City of Mesa established the policy of utilizing Utility revenues to fund the General Fund, and he noted that Utility revenues are more stable than sales tax revenues.

Mayor Smith thanked staff for the presentation. He credited the previous Council for establishing a program regarding the transfer of Enterprise revenues to the General Fund, and he stated that the current Council is adhering to that program.

2. Discuss and provide direction on the submittal of letters regarding the Land and Water Conservation Fund.

Councilmember Richins stated that the Land and Water Conservation Fund (LWCF) has been an important source of grants for State and local park expansions, the development of recreational facilities and the protection of our natural resources. He reported that projects in the State of Arizona have received over \$58 million from LWCF to match with State and local funds. Councilmember Richins proposed that the Council send letters (**see Attachment 2**) to Senator John McCain and Congressman Jeff Flake urging their continued support for LWCF grants.

It was moved by Councilmember Somers, seconded by Councilmember Finter, that the Council send letters to Senator John McCain and Congressman Jeff Flake requesting their support for the Land and Water Conservation Fund.

Mayor Smith declared the motion carried unanimously by those present.

3. Acknowledge receipt of minutes of various boards and committees.

- a. Judicial Advisory Board meeting held February 3, 2010.
- b. Community & Neighborhood Service Committee meeting held February 11, 2010.
- c. Intergovernmental Affairs Committee held February 18, 2010.

It was moved by Councilmember Somers, seconded by Councilmember Kavanaugh, that receipt of the above-referenced minutes be acknowledged.

Mayor Smith declared the motion carried unanimously by those present.

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

Councilmember Somers:	Monte Vista Community Pancake Breakfast Phoenix-Mesa Gateway Airport Baseball Exhibit
Councilmember Richins:	Phoenix Mayor Phil Gordon's State of the City Address Grand Opening of Fire Station #218
Mayor Smith:	Opening Day of Spring Training Event celebrating the 100 th Anniversary of Boy Scouts
Councilmember Higgins:	Motorcycles on Main Street Hacienda Neighborhood Block Party Arizona Museum of Natural History Fundraising Event

5. Scheduling of meetings and general information.

City Manager Christopher Brady stated that the meeting schedule is as follows:

Friday and Saturday, March 12 and 13, 2010 – Blues, Baseball and Balderdash

Thursday, March 18, 2010, 7:30 a.m. – Study Session (cancelled)

Thursday, March 18, 2010, 9:00 a.m. – Public Safety Committee

Monday, March 22, 2010, TBA – Study Session

Monday, March 22, 2010, 5:45 p.m. – Regular Council Meeting

Monday, March 22, 2010, 6:30 p.m. – Swearing In Ceremony for Police Chief

6. Items from citizens present.

There were no items from citizens present.

7. Convene an Executive Session.

It was moved by Councilmember Somers, seconded by Councilmember Finter, that the Council adjourn the Study Session at 8:59 a.m. and convene an Executive Session.

Mayor Smith declared the motion carried unanimously by those present.

- a. Discussion or consultation with the City Attorney in order to consider the City's position and instruct the City Attorney regarding the City's position regarding contracts that are the subject of negotiations, in pending or contemplated litigation or in settlement discussions conducted in order to avoid or resolve litigation. (A.R.S. §38-431.03A(4))

1. Lorenzen v. Mesa, CV2008-01576

8. Adjournment.

Without objection, the Executive Session adjourned at 10:10 a.m.

SCOTT SMITH, MAYOR

ATTEST:

LINDA CROCKER, 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 11th day of March, 2010. I further certify that the meeting was duly called and held and that a quorum was present.

LINDA CROCKER, CITY CLERK

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Attachments (2)