

UTILITY COMMITTEE MINUTES

February 12, 2003

The Utility Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 12, 2003 at 4:03 p.m.

COMMITTEE PRESENT

Janie Thom, Chairman
Kyle Jones
Mike Whalen

COUNCIL PRESENT

None

OFFICERS PRESENT

Mike Hutchinson
Paul Wenbert

1. Discuss and consider funding design costs for the South Water Reclamation Plant.

Deputy City Manager Paul Wenbert addressed the Committee and reported that in 1997, the City of Mesa and the Town of Gilbert entered into an Intergovernmental Agreement (IGA) to construct a water reclamation plant known as the Mesa/Gilbert South Water Reclamation Plant (SWRP). He explained that since that time, Phase I of the project (the construction of a wastewater lift station) has been completed, and that the consultants for the SWRP have recently submitted a draft Basis of Design Report (BDR) which identifies various requirements for the Phase II Expansion and the build-out conditions of the treatment plant. Mr. Wenbert commented that the Town of Queen Creek has expressed an interest in partnering with Mesa and Gilbert in the IGA, and stated that due to the rapid growth in southeast Mesa, Gilbert and Queen Creek, the expansion of the plant has become a top priority of the City Manager's Office. He added that staff is requesting that the Utility Committee consider recommending to the Council approval of funding for Phase II Expansion design costs for the SWRP.

Water Division Director Bill Haney addressed the members of the Committee and provided a brief chronology of the development of the SWRP. He advised that the facility, which has been in operation since 1998, is located on Greenfield Road between Germann Road and Queen Creek Road in the Town of Gilbert; that construction of Phase I consisted of a 4.3 million gallon per day (mgd) wastewater lift station designed to pump raw sewage through an 11-mile force main to the Southeast Water Reclamation Plant; that the plant, which is jointly owned by Mesa and Gilbert (Queen Creek is Mesa's customer), was originally intended to be built in phases to meet the wastewater treatment needs of the growing communities (with a build-out capacity of 43 mgd), and that because of the significant population growth in the area and the completion of Water Resources/Wastewater Master Plans conducted by Gilbert and Queen Creek respectively, which reflected greater wastewater treatment needs than originally anticipated, it is

incumbent that the design and construction of the water reclamation plant proceed forward at this time.

Mr. Haney noted that the Town of Gilbert has entered into an agreement with the City of Mesa to discharge solid "sludge" from their Neely Reclamation Plant into Mesa's Baseline sewer system that terminates at the 91st Avenue Plant. He commented that at one point, Gilbert had considered the possibility of piping their solids to the new South Plant, but explained that a cost analysis determined that it was less expensive to continue discharging into the Baseline sewer system.

Mr. Haney briefly reviewed three primary factors impacting the City of Mesa with regard to the level of participation and the schedule associated with the SWRP:

1. Land uses associated with the recently-approved Mesa General Plan will increase the flows in southeastern Mesa that are served by the SWRP, including the development of the General Motors Proving Grounds, Williams Gateway Airport, and the completion of the San Tan Freeway.
2. Due to the fact that Gilbert will not be removing their solids from the Baseline sewer, it will be necessary for the City to treat all of the solids from the Southeast Plant at the South Plant.
3. Mesa has signed an early delivery agreement with the Gila River Indian Community (GRIC) for the delivery of reclaimed water. The City intends to deliver the water through a pipeline constructed from the South Plant to the border of the Indian Community. The construction of the effluent line (estimated to cost \$6 million) from the SWRP to the GRIC will need to be constructed prior to the startup of the treatment plant.

Discussion ensued relative to the fact that the project cost of Phase II Expansion is approximately \$149 million, with Mesa's share estimated at \$62 million; that Langley Ranch will be sold and an estimated \$40 million in proceeds will be utilized to fund a portion of the project; that the balance of funding for the project would require the sale of approximately \$18 million in wastewater bonds (Mesa's share of the engineering design costs would be derived through an existing bond authorization of \$2.5 million and that the balance of the \$15.5 million in funding would require voter approval of wastewater bonds if a March 2004 bond election is held); that the plant's construction is scheduled to commence in the summer of 2004, with a projected completion date of fall 2006; that in addition to the construction of the treatment plant, various other projects will need to be completed as part of Mesa's Capital Improvement Program, including the addition of the interceptor sewer (estimated at a cost of \$23 million) and various collector and trunk sewers.

In response to a question from Committeemember Whalen, Mr. Wenbert clarified that the Queen Creek Town Council will meet next week to consider whether that town will become a full partner in the existing facilities with Mesa and Gilbert. He stated that if they elect to become a partner, Mesa would receive \$4.1 million from Queen Creek as part of the buy-in.

In response to a series of questions from Committeemember Whalen, Mr. Haney advised that since August of last year, staff has been meeting with neighborhood groups in the area

surrounding the treatment plant to solicit input regarding the type of amenities (screening of the facilities, odor control and architectural design) that would be most appropriate. He advised that all plans would be submitted to the Town of Gilbert's Design Review Board for final approval.

Further discussion ensued relative to the necessity of industrial facilities to pretreat industrial waste prior to its release through a municipal wastewater treatment plant, and that upon completion of Phase II Expansion, the treatment plant will be capable of accommodating Mesa's build out in 2025 to Meridian Road.

It was moved by Committeemember Whalen, seconded by Committeemember Jones, to recommend to the Council that funding for Phase II Expansion design costs for the South Water Reclamation Plant, be approved.

Carried unanimously.

Chairman Thom thanked staff for the presentation.

2. Discuss and consider irrigation service and cost recovery analysis.

Special Assistant to the City Manager Jenny Sheppard addressed the Committee and provided a brief overview of this agenda item. She reported that the City of Mesa has provided irrigation service to customers in the Town Center for over 70 years; that currently, there are approximately 302 customers (residential, commercial, city, government, school) within the service area; that the City, as the largest customer of the Irrigation Services, contributes 36% of the revenue received; that the City purchases irrigation water from the Salt River Project (SRP) Irrigation District; that Mesa is the only municipality besides Tempe and Glendale that provides irrigation services to their citizens; that SRP delivers irrigation water to the delivery points within the City; that unlike SRP and the Roosevelt Water Conservation District (RWCD), City staff provides full irrigation services to its customers, including opening valves and maintenance and repair of the valves and irrigation ditches.

Ms. Sheppard commented that historically, Mesa's irrigation service has not been self-supporting and that City revenues have not covered irrigation expenses. She advised that it is anticipated that the irrigation service program will experience a \$30,000 deficit this fiscal year, and added that SRP will also be reducing the amount of water it delivers by one-third, which will result in a reduction in the amount of water that the City can sell to its customers.

Ms. Sheppard referred to an Irrigation Comparison Survey, copies of which were distributed to the members of the Committee, and provided a brief overview of statistical data relative to various irrigation service levels provided by Mesa, Tempe, Glendale, RWCD and SRP. (See Attachment 1.)

Ms. Sheppard requested input from the Committee regarding the following options:

1. The City would continue to operate and maintain a full-service irrigation system within no increase in the current rates.

2. The City would continue to operate and maintain a full-service irrigation system, but would increase current rates by 16% to all customers to cover direct program expenditures.
3. The City would return the system to the customers to operate on their own under contract or through a Water Delivery District.

Committeemember Whalen commented that although Mesa has provided a full-service irrigation system to its customers for many years, and despite the fact that the service provides little economic benefit to the City, he would be opposed to returning the system to the customers, especially since the City is the system's largest single customer.

Discussion ensued relative to SRP's water delivery system.

Chairman Thom stated that irrigation is an economical means by which to water property and added that it eliminates the need for lawn sprinklers. She also expressed support for continued irrigation service to City of Mesa properties.

In response to a question from Committeemember Jones, Utility Director Dave Plumb clarified that past City Councils have been faced with the issue of possibly discontinuing irrigation service to Mesa's customers and commented that the Councils have been met with public opposition at City Council meetings. He suggested that perhaps a rate increase would be the most appropriate solution in order to resolve the matter.

Further discussion ensued relative to a proposed rate increase from \$14.91 per month to \$17.30 per month. (See Attachment 2.)

It was moved by Committeemember Jones, seconded by Committeemember Whalen, to recommend to the Council that Alternative 2 (The City would continue to operate and maintain a full-service irrigation system, but would increase irrigation service rates by 16% to all customers to cover direct program expenditures), be approved.

Committeemember Whalen stated that at the current time, as redevelopment continues to occur in the Town Center area, it is appropriate to continue to provide irrigation service. He added that in his opinion, it would be a hardship for the City to return the irrigation system to the customers and require them to operate it on their own.

Committeemember Jones noted that because the City is the largest customer of the irrigation system, it is advantageous that the rates remain as low as possible.

Chairman Thom commented that if the City of Mesa continues to provide irrigation, but eliminates the "zanjero" service, customers will be required to hire individuals to perform those duties. She noted, however, that the workers often want to perform the services for an entire neighborhood, and if all the residents are not agreeable to such an arrangement, it may be difficult to find someone to perform the service.

In response to Chairman Thom's comments, Mr. Plumb noted that unlike SRP and RWCD, the City system is maintained by staff who are responsible for operating customer valves, the distribution gates throughout the system and maintaining the lines.

Carried unanimously.

Chairman Thom thanked staff for the presentation.

3. Adjournment.

Without objection, the Utility Committee Meeting adjourned at 4:55 p.m.

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 12th day of February 2003. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

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Attachments