



# SUSTAINABILITY & TRANSPORTATION COMMITTEE

February 25, 2014

The Sustainability & Transportation Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on February 25, 2014 at 7:30 a.m.

## COMMITTEE PRESENT

Christopher Glover, Chairman  
Dennis Kavanaugh  
David Luna

## COMMITTEE ABSENT

None

## STAFF PRESENT

Kari Kent  
Jim Smith

### 1. Items from citizens present.

There were no items from citizens present.

### 2-a. Hear a presentation, discuss and provide a recommendation regarding a Right-of-Way Use Agreement with Matheson Gas, Inc.

City Engineer Beth Huning introduced Right-of-Way Manager Lori Greco and Assistant City Attorney II MaryGrace McNear, who were prepared to respond to any questions the Committee might have.

Ms. Huning displayed a PowerPoint presentation (**See Attachment 1**) and reported that Matheson Gas has located to southeast Mesa along Pecos Road, which is quickly becoming an industrial manufacturing facility corridor. (See Page 2 of Attachment 1) She explained that Matheson Gas provides different types of gas for industrial uses.

Ms. Huning stated that in conjunction with the company locating to this area of the community, it will install a pipeline across the City's right-of-way in order to convey liquid nitrogen to CMC Steel. She noted that the installation of the pipeline requires that Matheson Gas enter into a Right-of-Way Use Agreement (License Agreement) with the City of Mesa.

Ms. Huning advised that since the City was hopeful that Matheson Gas would expand its services to other industries in the future, staff wanted the parties to enter into the Right-of-Way Use Agreement at this time.

Ms. Huning indicated that the Agreement was similar to license agreements that the City has entered into with other companies, such as Air Products. She briefly highlighted the terms of the Agreement (See Page 3 of Attachment 1) and added that for liability purposes, Matheson Gas was also required to provide insurance and a Letter of Credit while the company works in the City's right-of-way.

Ms. Huning concluded her presentation by commenting that Matheson Gas has already signed the Agreement and said that staff was prepared to move this item forward to the full Council for approval.

In response to a question from Committeemember Kavanaugh, Ms. Huning clarified that the purpose of the License Agreement was not only to allow Matheson Gas to convey liquid nitrogen to CMC Steel, but also to expand the company's pipeline system farther west on Pecos Road and north to the Elliott Road corridor in the future.

Committeemember Kavanaugh remarked that such a proposal would boost the City's options to attract new companies to this area of Mesa.

It was moved by Committeemember Luna, seconded by Committeemember Kavanaugh, to forward staff's recommendation regarding a Right-of-Way Use Agreement between the City of Mesa and Matheson Gas, Inc. to the full Council for approval.

Carried unanimously.

Chairman Glover thanked staff for the presentation.

2-b. Hear a presentation, discuss and provide a recommendation on suggested amendments to the City's Ordinance concerning permits to work in the City right-of-way. The suggested Code amendments add pavement cut restrictions and pavement restoration fees, codify the City's current practices concerning the regulation of work in the right-of-way, and provide an appeal process for those who disagree with the City Engineer's decisions pursuant to this chapter.

City Engineer Beth Huning introduced Interim Transportation Director Lenny Hulme, who was prepared to respond to any questions the Committee might have.

Ms. Huning displayed a PowerPoint presentation (**See Attachment 2**) and reported that Mesa has approximately 3,000 lane-miles of asphalt, which is very expensive for the City to maintain. She explained that staff has worked with other communities, reviewed best practices and considered what efforts could be implemented in order to extend the life of the City's pavement and minimize maintenance costs.

Ms. Huning advised that staff has reviewed Mesa's Right-of-Way Management Program and also benchmarked the practices of other cities in this regard. She stated that in conjunction with those efforts, staff would propose the development of a Pavement Preservation Program.

Ms. Huning remarked that it has been almost 20 years since staff reviewed the City's Pavement Preservation Ordinance and Right-of-Way Management Program. She pointed out that currently, many of staff's processes related to pavement preservation are quite different than

what is reflected in the 20-year-old Code. She noted that the same applies for the processes implemented in other communities as well.

In response to a question from Committeemember Luna, Ms. Huning clarified that certain processes have changed due to, for instance, new pavement mixes that are used to preserve the asphalt.

Ms. Huning briefly highlighted the proposed changes to Title 9 of the City Code as it relates to Right-of-Way Management. (See Pages 2 and 3 of Attachment 2) She cited, by way of example, that right-of-way users will be required to relocate their existing facilities that conflict with a City project at no cost to the City if such users do not have prior rights.

Ms. Huning pointed out that certain utilities possess a legal easement document or have obtained prior rights in Mesa's right-of-way before the City did, which allows them to be there. She said that in such cases, the City pays to move the existing facilities.

In response to a question from Committeemember Kavanaugh, Ms. Huning explained that Salt River Project (SRP) would be an example of a company that had prior rights to Mesa's right-of-way. She noted that the company has been in existence in the Valley for many years and even before roads were built. She pointed out that this provision was in accordance with all of the City's licenses and franchise agreements.

Committeemember Kavanaugh recounted that several years ago, the City engaged in "some contentious discussions" with Cox Communications when the cable company sponsored legislation that would have prevented cities from protecting their own rights-of-way. He inquired how staff's proposed changes to the Code would "intersect" with Mesa's Cable Franchise Agreement with Cox.

Ms. Huning responded that the City's current Cable Franchise Agreement with Cox requires that the company relocate its existing facilities if the City requests that it do so. She stated that the City works hard not to move the facilities and would prefer to work around them whenever possible.

Deputy City Attorney Jim Smith clarified that the language in the "prior rights" section of the proposed ordinance is similar, if not identical, to the language in the City of Tempe's ordinance. He also remarked that the proposal adds an exception, which says "as otherwise provided in an agreement." He said, in other words, if there was an agreement that provides otherwise, "the Code would embody that also."

Responding to a question from Chairman Glover, Ms. Huning advised that she was uncertain how many existing facilities the City would be required to relocate. She noted, however, that it would depend upon the project and what the company could provide in the way of documents as it relates to prior rights and easements.

Committeemember Kavanaugh remarked that the National League of Cities has been discussing the degradation of streets in communities across the country in the past 20 years, the shortening of street life and the dramatic increase in cost incurred by the public for the pavement cuts. He stated that he was hopeful that staff's proposal was "a step in the right

direction” and added that he wished it had been implemented some years ago. He added that other Valley cities have been brave in taking the lead and have yet to be preempted by the State Legislature.

Ms. Huning displayed “before and after” photographs illustrating the completion of a road project at Gilbert Road and Southern Avenue as compared to the same location after a pavement cut. (See Page 4 of Attachment 2) She also noted that pavement cuts reduce pavement life between 15% and 23%, increase the City’s maintenance costs, and decrease the “ride quality” for motorists.

Ms. Huning further reported that staff’s initial approach to address pavement impacts is to minimize cuts with advanced planning and discussed some of those efforts that have been implemented thus far. (See Page 6 of Attachment 2) She stated that each year, staff from various departments meet to discuss and coordinate their respective capital improvement projects.

Ms. Huning, in addition, noted that staff has also created a program with non-City utilities, wherein the entities are provided a list of the City’s future capital projects, encouraged to engage in joint trenching opportunities and complete their projects prior to the time that the City paves the street. She also indicated that if a utility company determines that it might be necessary to cross the right-of-way in the future, the City allows that entity to install empty conduit at the time it performs the initial pavement cut in order to prevent additional cuts in the future.

Ms. Huning stated that the City’s rights-of-way have become quite congested, as evidenced by the recent street project at Mesa Drive and Southern Avenue. She pointed out that there were many older utilities under the street, some of which staff was aware of and some they were not. She noted that whenever possible, the City prefers to install its utilities in the same trench, such as gas and water.

In response to a question from Committeemember Luna, Ms. Huning clarified that most non-City utilities prefer to run their own conduit in the trenches to ensure that their service is not interrupted or their lines touched without their control.

Ms. Huning displayed a chart titled “Recent CIP Pavement Investment” (See Page 7 of Attachment 2), which illustrates pavement-only costs for three street projects in the City. She pointed out that the \$16 million annual pavement maintenance cost is one of the main reasons that staff would like to pursue the Pavement Preservation Program.

Ms. Huning advised that staff would propose to introduce an ordinance that would prohibit cuts in pavement less than two years old, except for emergencies and essential services. She explained that staff would also propose a pavement restoration fee, which consists of a tiered fee structure that is based on the age of the pavement and the size of the cut. She added that the proposed fee would recover approximately 50% of the City’s pavement restoration costs.

Ms. Huning referenced a map illustrating the Valley cities that have implemented pavement restoration fees (See Page 9 of Attachment 2) and also highlighted the proposed rate structure. (See Page 10 of Attachment 2) She further demonstrated the manner in which the proposed fee

structure would be applied, per recent pavement cuts of 203 square yards and 22 square yard respectively (See Page 11 of Attachment 2), and comparing Mesa's revenues with revenues generated by other communities. (See Pages 12 and 13 of Attachment 2)

Responding to a question from Chairman Glover, Ms. Huning explained that in staff's opinion, it was appropriate that the proposed fee would recover approximately 50% of the pavement restoration fee as opposed to full cost recovery. She stated that typically, other communities do not recover 100% of the pavement restoration costs. She also commented that she would prefer that the utility companies not cut the pavement in the first place, which would eliminate the need to impose the pavement restoration fee. She noted that some of the City's fees start out lower than other communities, but said that staff is asking that they continue out for six years.

Mr. Hulme, in response to an earlier question from Chairman Glover, clarified that many dynamic factors are considered in calculating a fee that would recover approximately 50% of the pavement restoration costs. He explained that with the 15% to 23% degradation in the asphalt, it was difficult for staff to "pinpoint a specific percentage" and added that they felt comfortable with the proposed 50% amount.

Mr. Hulme, in addition, reported that the City was using new asphalt mixes on Mesa Drive, Dobson Road and various residential overlay projects. He acknowledged that the products cost more money, but stated that the asphalt was more durable and required less upfront maintenance.

Mr. Hulme indicated that normally, the City would put down a seal coat two or three years after conventional asphalt has been applied. He pointed out, however, that with the new polymer-modified asphalt that the City has been using, the seal coat was not necessary for at least five years. He noted, in addition, that the City was using stamped asphalt on Mesa Drive, Southern Avenue and other projects, which has proven to be durable and long lasting.

Ms. Huning reiterated that the Pavement Preservation Program "is not about revenue." She displayed a chart, merely for informational purposes, which illustrates the dollars that the City would have generated in 2013 for pavement cuts if the pavement restoration fee had been in place. (See Page 14 of Attachment 2)

Chairman Glover commented that staff's efforts were "a great step in the right direction." He also concurred with Ms. Huning that the program was not a revenue generator, but rather one in which the City would prefer to maintain the pavement and not see it cut.

It was moved by Committeemember Kavanaugh, seconded by Committeemember Luna, to forward a recommendation on suggested amendments to the City's ordinance concerning permits to work in the City right-of-way to the full Council for further discussion and consideration.

Carried unanimously.

Ms. Huning stated that staff will next make a presentation to the Audit, Finance and Enterprise Committee meeting in March, after which time the item will be brought forward to the full Council.

Chairman Glover commended staff for their professionalism and hard work in the development of the City's Pavement Preservation Program, including soliciting input and feedback from the utility industry.

Chairman Glover thanked everyone for the presentation.

3. Adjournment.

Without objection, the Sustainability and Transportation Committee Meeting adjourned at 7:52 a.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Sustainability & Transportation Committee meeting of the City of Mesa, Arizona, held on the 25<sup>th</sup> day of February, 2014. I further certify that the meeting was duly called and held and that a quorum was present.

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DEE ANN MICKELSEN, CITY CLERK

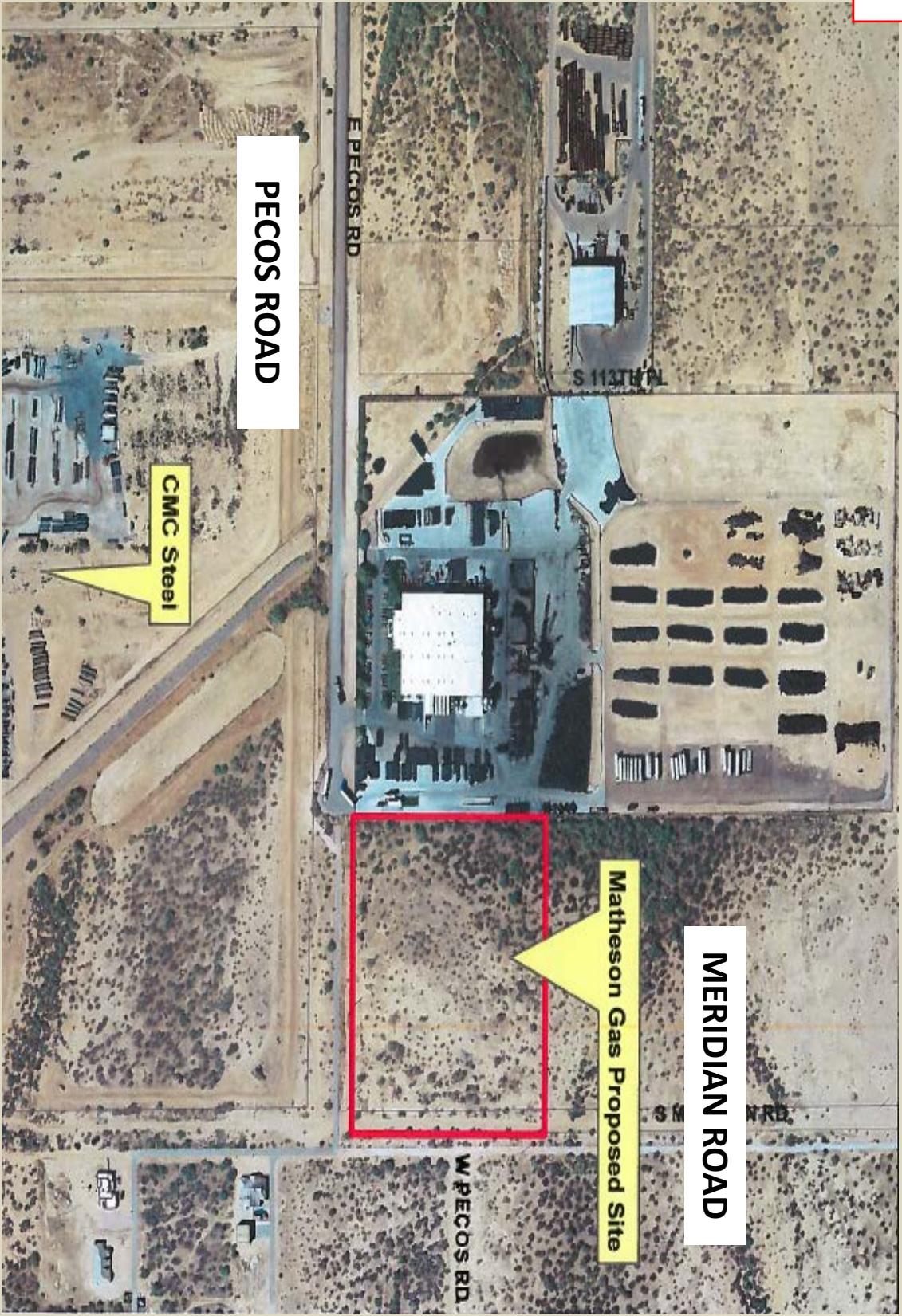
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(attachments – 2)

# Matheson Gas License

## February 25, 2014



# MATHESON GAS LOCATION





# Matheson Gas License

- Right to install pipeline in City rights-of-way to convey gas, such as nitrogen gas to industries
- Matheson Gas will pay:
  - 2% of gross revenues for the initial term – 10 yrs.
  - 2.5% of gross revenue for the first extension term – 10 yrs.
  - 3% of gross revenue for the second extension – 5 yrs.
  - \$2,000 annual base fee and applicable taxes

Combined 25 year term

# pavement Preservation Program

City Code Title 9 Changes  
Engineering /  
Transportation  
Departments

# **Proposed Title 9 Amendments**

## **Right-of-Way Management**

- Pavement Preservation Program
- Provides an appeals process
- Work in City right-of-way must conform to City standards.
- Right-of-way users must maintain accurate record drawings.
- Right-of-way users will reimburse the City for actual costs associated with locating facilities.

# Proposed Title 9 Amendments

## Right-of-Way Management

- The City reserves its prior and superior rights
- Right-of-way users will relocate their existing facilities that conflict with a City project at no cost to the City.
- The City Engineer is authorized to issue a stop work order.

# Pavement Preservation

Gilbert Rd.



Southern Ave.

# Pavement Impacts

Pavement cuts reduce pavement life between 15% to 23%

- The reduction of pavement life increases maintenance cost

- Ride Quality Decreases

Lindsay Rd. / Southern Ave.  
Latex Modified Slurry Placed in  
2012 Pavement Cut in 2012



## **Minimize Cuts with Advanced Planning**

- Started with Industry Outreach
- Interactive Maps Illustrating New Pavement locations & Future Capital Project Limits
- Assist with Locating Alternative Utility Routes
- CIP Utility Coordination Meetings
- CIP Project Meetings (City Staff)
- Encourage Joint Trench Opportunities

# Recent CIP Pavement Investment

## Streets

## Pavement Only Investment

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Mesa Dr. and Southern Ave.

\$1,688,000

Southern Ave. Improvements

\$1,000,000

Dobson Rd. and University Dr.

\$2,393,000

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Annual Pavement Maintenance

\$16,000,000

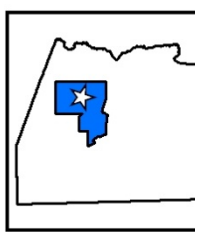
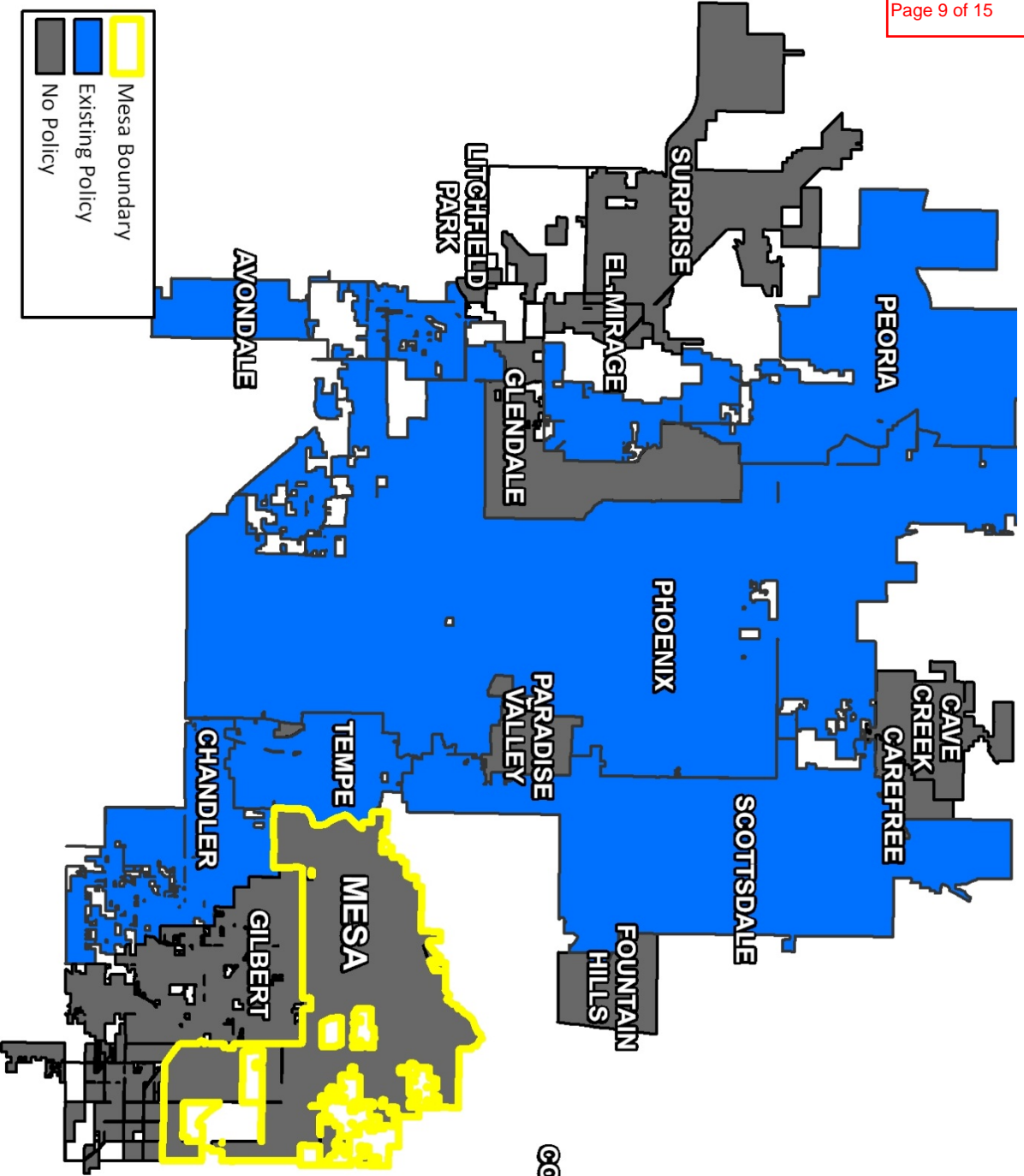


# **Introduce Pavement Restoration Fee**

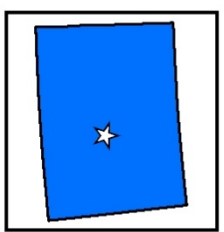
- Cuts prohibited in pavement less than 2 years old, except for emergencies and essential services
- A tiered fee structure based on pavement age and the size of cut
- Proposed fee recovers approximately 50% of pavement restoration costs



# Other Valley Cities with Pavement Restoration Fees



MARICOPA CO, AZ



COLORADO SPRINGS, CO



SAN ANTONIO, TX



# Proposed Rate Structure

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## **Pavement Age <24 Months (0-2 Years)**

Cut Size <200 SY \$2,000 + \$20/SY >200 SY \$2,000 + \$18/SY

Fee

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## **Pavement Age 24-48 Months (2-4 Years)**

Cut Size <200 SY \$1,000 + \$15 SY >200 SY \$1,000 + \$14/SY

Fee

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## **Pavement Age 48-72 Months (4-6 Years)**

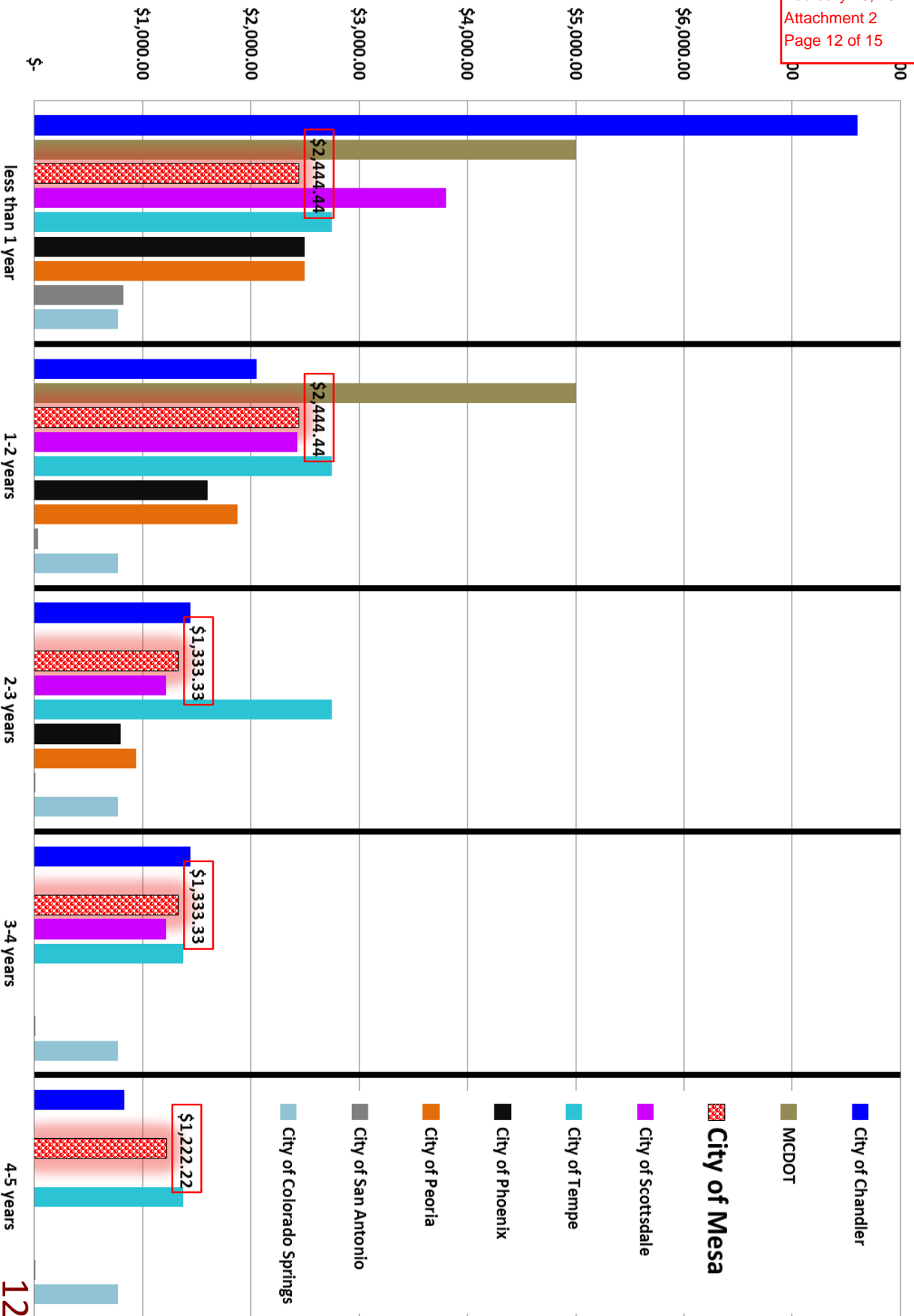
Cut Size <200 SY \$1,000 + \$10 SY >200 SY \$1,000 + \$8/SY

Fee

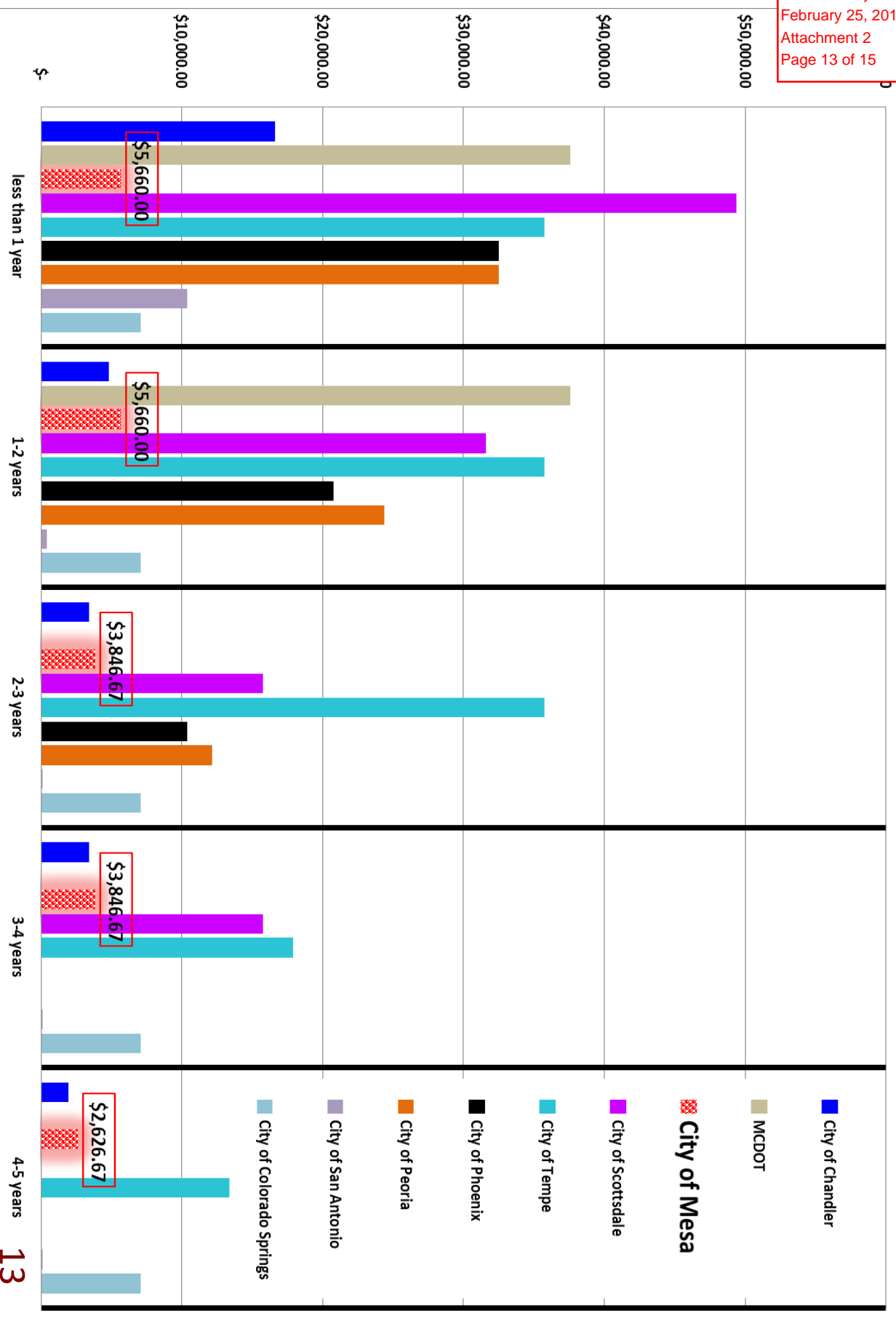


**Example**

## Restoration Fee Example for 22 square yards

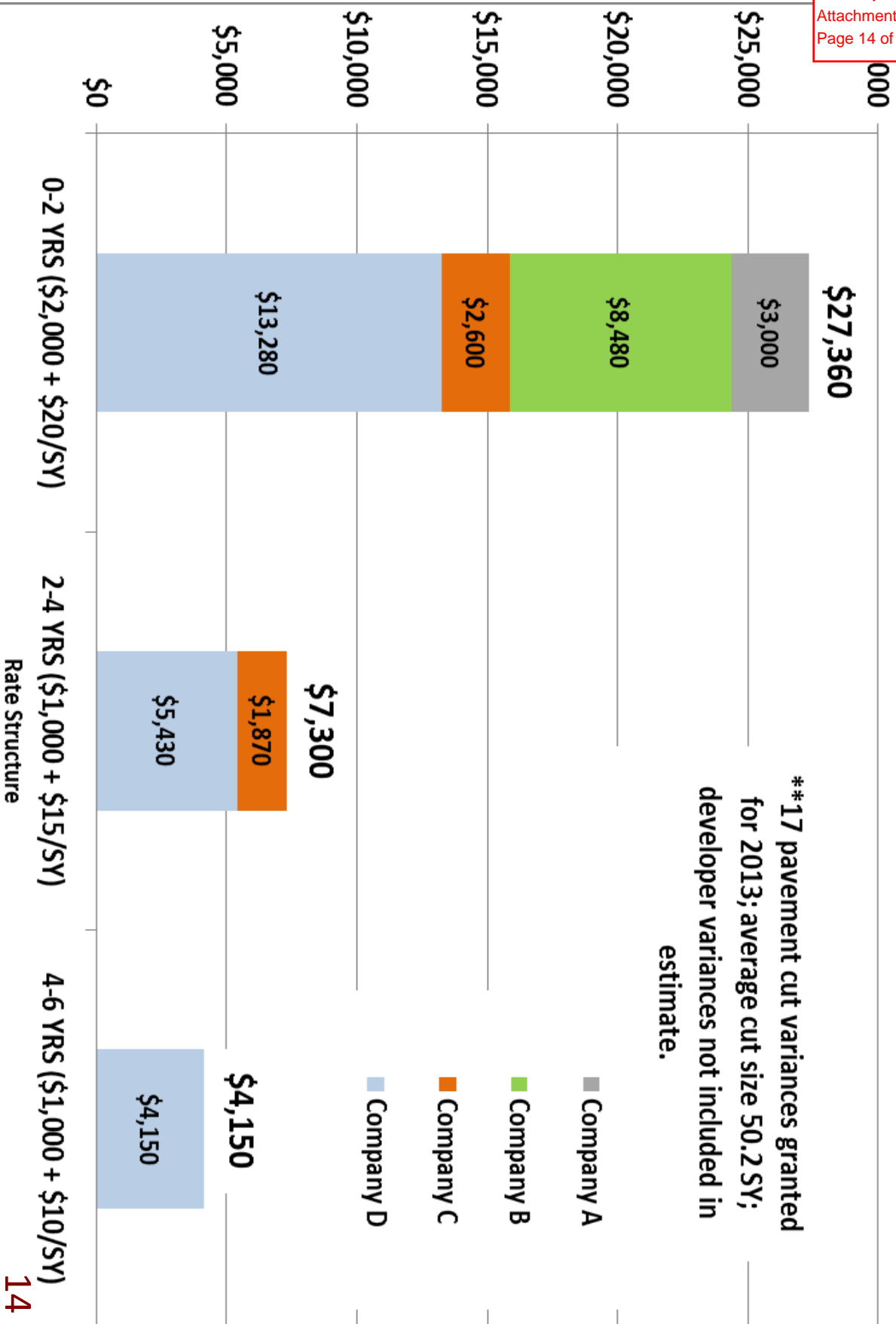


# Restoration Fee Example for 203 square yards



# 2013 Pavement Cuts Summary

\*\*17 pavement cut variances granted for 2013; average cut size 50.2 SY; developer variances not included in estimate.



# Questions?