

JOINT UTILITY/FINANCE COMMITTEE MINUTES

May 16, 1996

The joint meeting of the Utility and Finance Committees of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on May 16, 1996 at 3:40 p.m.

**UTILITY COMMITTEE
PRESENT**

Dale Johnson, Chairman
Jerry Boyd
T. Farrell Jensen

**FINANCE COMMITTEE
PRESENT**

Jerry Boyd, Chairman
Pat Gilbert
Dale Johnson

COMMITTEE ABSENT

None

COUNCIL PRESENT

Jim Stapley

**COUNCIL-ELECT
PRESENT**

Mayor-Elect Wayne Brown

STAFF PRESENT

C.K. Luster
Don Ayers
Wayne Balmer
Dan Brewer
Linda Crocker
Elva Fimbres
Jack Friedline
Mike Hutchinson
Harry Kent
Larry Lines
Sandra Mason
Ellen Pence
Ray Pittman
Bryan Raines
Genevieve Sheppard
Ralph Wisz
Others

OTHERS PRESENT

Earl Armstrong
Others

Chairman Boyd excused Committeemember Jensen from the beginning of the meeting.

1 Hear a report concerning Mesa's Average Homeowners Charges Survey, comparable residential electric and natural gas utility rates and a historical review of Mesa's residential utility rate adjustments.

Senior Management Assistant Bryan Raines addressed the Committees and spoke in reference to a recent review of the City's utility rates and their status compared to other cities including Chandler, Gilbert, Glendale, Phoenix, Scottsdale and Tempe. Mr. Raines referred to background information distributed to the Committees outlining the results of the annual homeowners' charges survey, an eighteen year residential rate history and comparative residential electric and gas rates.

Mr. Raines stated that the average homeowner charge survey incorporates currently known rates being charged in the major valley communities for property tax, sales tax, sanitation, water, and wastewater and the impact the rates have on average homeowners. Mr. Raines noted that other utilities such as gas and electric are not used as a comparative number due to the fact that Mesa is the only city that provides these services.

Mr. Raines advised that the average annual impact of \$822.41 to a Mesa homeowner ranks Mesa second lowest among the seven cities. Mr. Raines stated that Mesa closely follows Tempe, but added that the gap is decreasing as home values rise and valuations are assessed.

Discussion ensued relative to finance structuring of assessed valuation revenue generation, and utility transfers.

Mr. Raines reported that City of Mesa electric bills are considerably lower in the winter for average residential users and in the summer Salt River Project has moved ahead of the City of Mesa with their latest rate adjustment of \$2.70 for the average bill. Mr. Raines stated that residential bill changes are minimal and added that the City of Mesa remains competitive and lower than Southwest Gas.

2. Consider recommended changes to the Terms and Conditions for the Sale of Utilities.

Customer Service Administrator Genevieve Sheppard spoke in reference to the proposed recommended changes to terms and conditions for the sale of utilities. Ms. Sheppard outlined the changes as follows:

(Committeemember Jensen joined the meeting at 3:54 p.m.)

1. Increasing the service charge from \$100 to \$1,000 for each occurrence of unauthorized use of utilities by a contractor.

Ms. Sheppard explained that this penalty increase is to discourage contractors from diverting water from fire hydrants at construction sites, but added that the increase is not limited to water. Ms. Sheppard noted that residential charges will remain at \$100.

2. Inclusion of portions of the recently approved terms and conditions for the sale of utilities outside Mesa's corporate limits policy.
3. To allow the filing of a lien for nonpayment of a utility account under specific conditions.

Ms. Sheppard stated that it has become increasingly difficult to collect from business utility accounts.

4. To allow the transfer of unpaid charges from an inactive account to an active account as long as the responsible parties are the same.

Ms. Sheppard noted that accounts transferred total approximately \$15,000 per month. Ms. Sheppard advised that City Attorney Neal Beets requested that the change be implemented.

5. Increase our utility administrative service charge from \$15.00 plus tax to \$17.00 plus tax.

Ms. Sheppard advised that the \$2.00 increase will be utilized to check credit history of customers, and added that customers with approved credit would not be charged.

It was moved by Committeemember Gilbert, seconded by Committeemember Jensen, to recommend to the Council that the recommendation of staff relative to changing the terms and conditions for the sale of utilities be approved.

Carried unanimously.

3. Consider requiring the installation of 3/4" (min) water meters on 1" water service lines as requested by Utilities Administration.

Utilities Manager Ralph Wisz reported that the practice of using 5/8" by 3/4" water meters on 3/4" and 1" service lines has proven to be detrimental to the meter. Mr. Wisz added that utilizing the 3/4" water meters on 1" service lines would result in decreased maintenance costs.

Mr. Wisz advised that charges for permanent services from the main line to the property line would increase from \$441.00 to \$499.00, and added that this cost would be passed on to developers, builders and new homeowners who are required to purchase the meter.

It was moved by Committeemember Jensen, seconded by Committeemember Gilbert, to recommend to Council that the recommendation of staff to consider requiring the installation of 3/4" (min) water meters on 1" water service lines be approved.

Carried unanimously.

4. Consider adjusting the price of 6" and 8" water meters and deleting 2" compound water meters as an option as requested by Utilities Administration.

Mr. Wisz provided the Committee with documentation from the manufacturer of the proposed meters relative to increased costs. Mr. Wisz recommended that the City of Mesa raise the prices on the 6" and 8" meters from \$5,854 and \$8,127 respectively to \$6,700 and \$9,100.

Mr. Wisz also recommended the deletion of the 2" compound water meter based on the fact that the meter is no longer available.

It was moved by Committeemember Jensen, seconded by Committeemember Gilbert, to recommend to Council that the recommendation of staff to adjust the price of 6" and 8" water meters and deleting 2" compound water meters as an option be approved.

Carried unanimously.

5. Consider adjusting fees by 10% for the installation of gas, water, and wastewater service lines as requested by Utilities Administration.

Mr. Wisz advised that cost increases for construction and installation of utility services have placed the City's rates below what is necessary to recover actual costs for the service installation, and added that City rates have not increased in the past three years. Mr. Wisz stated that our current practice may give the City an unfair advantage over contractors in the area.

Mr. Wisz noted that the fiscal impact of the 10% increase is not significant to either the City or the customer, but that the new rates will more accurately reflect the true cost to the City.

It was moved by Committeemember Jensen, seconded by Committeemember Gilbert, to recommend to Council that the recommendation of staff to adjust the fees by 10% for the installation of gas, water, and wastewater service lines be approved.

Carried unanimously.

6. Consider various adjustments to the Solid Waste rate schedules as requested by the Solid Waste Division.

Solid Waste and Facilities Director Jack Friedline outlined the twelve staff recommendations relative to the proposed solid waste rate schedule adjustments.

Mr. Freidline stated that the Solid Waste Rate Committee consisting of members from Solid Waste, Customer Service, Audit, Budget and the City Manager's office meet each year to review the rate system and address concerns that may transpire throughout the year.

Discussion ensued relative to cost for excess barrel pickups, charge for "pulling back" barrels from the curb, landfill charges, bin special pickup fees for customers, overweight bins, and the green waste barrel pilot program.

It was moved by Committeemember Gilbert, seconded by Committeemember Jensen, to recommend to Council that the recommendation of staff for the various adjustments to the solid waste rate schedule be approved.

Carried unanimously.

7. Consider miscellaneous changes to Title 8 of the City Code as requested by the Solid Waste Division.

Solid Waste and Facilities Director Jack Friedline presented the staff recommended changes to the City Code Title 8, and stated that the proposed revisions are the recommendations from two Committees formed to address complaints relating to scavenging in solid waste containers and to review the City's solid waste rate schedules.

Mr. Friedline advised that the proposed changes include, renaming Chapter 3 of Title 8 from Garbage to Solid Waste, adding the definition of recyclable materials to Section 8-3-2, and deleting the current section 8-3-10 and replacing it with a new Section 8-3-10 entitled Scavenging effective August 1, 1996.

It was moved by Committeemember Jensen, seconded by Committeemember Gilbert, to recommend to Council that the recommendation of staff to make miscellaneous changes to Title 8 of the City Code be approved.

Carried unanimously.

8. Consider an on-site lease agreement with Arizona Catering for the Mesa Community and Conference Center.

Community Center Director Ray Pittman stated that the proposed agreement with Arizona Catering (AZ Catering) would provide exclusive use of the Conference Center kitchen and certain office space for the purpose of providing catering service to Community Center clients.

Mr. Pittman explained that the space in question is currently under-utilized, and stated that \$2,000 per month is the proposed rental fee, in addition to \$400 per month for off-site catering and a \$16,000 per year fee. Mr. Pittman reported that the contract would become effective June 1, 1996 through January 1, 1999.

Earl Armstrong, Mesa Sheraton Hotel General Manager, expressed concerns relative to the proposed agreement with AZ Catering and explained that the sharing of the kitchen is the Hotel's greatest concern. Mr. Armstrong spoke in reference to the already established agreement with the Hotel and the City of Mesa allowing access to the kitchen whenever required by the Hotel. Mr. Armstrong stated that there may be problems associated with sharing kitchen facilities but he was willing to try to see if the proposal can succeed.

It was moved by Committeemember Gilbert, seconded by Committeemember Jensen, to recommend to the Council that the recommendation of staff to consider an on-site lease agreement with Arizona Catering for the Mesa Community and Conference Center be approved.

Carried unanimously.

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9. Adjournment.

It was moved by Committeemember Gilbert, seconded by Committeemember Jensen, that the joint meeting of the Utility and Finance Committees adjourn at 4:50 p.m.

Carried unanimously.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the joint meeting of the Utility and Finance Committees of the City of Mesa, Arizona, held on the 16th day of May, 1996. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 29th day of May 1996

BARBARA JONES, CITY CLERK