



COUNCIL MINUTES

August 25, 2003

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 August 25, 2003 at 4:06 p.m.

COUNCIL PRESENT

Keno Hawker
Rex Griswold
Kyle Jones
Dennis Kavanaugh
Janie Thom
Claudia Walters
Mike Whalen

COUNCIL ABSENT

None

STAFF PRESENT

Mike Hutchinson
Debbie Spinner
Barbara Jones

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

1. Hear a presentation by representatives of the Mesa United Way and consider endorsing their upcoming campaign.

Carol McCormack, Executive Director of the Mesa United Way, addressed the Council and provided a brief overview of the 2003-2004 Mesa United Way Campaign. She announced that Campaign Chairman Ed Koopman, General Manager of Boeing, has authorized a challenge grant and stated that for every individual who donates \$1,000 or more to this year's campaign, Boeing will match that amount dollar for dollar. Ms. McCormack added that because there are 12 United Way organizations throughout Arizona, it is imperative that Mesa residents make their donations to the Mesa United Way to ensure that those monies remain within the community.

It was moved by Councilmember Griswold, seconded by Vice Mayor Kavanaugh, to endorse the 2003-2004 Mesa United Way Campaign.

Vice Mayor Kavanaugh expressed support for the motion and suggested that each Councilmember send letters to their constituents explaining the role that the Mesa United Way plays within the community and its upcoming fund raising campaign.

Carried unanimously.

Mayor Hawker thanked Ms. McCormack for the presentation.

2. Review items on the agenda for the August 25, 2003 Regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflicts of interest declared: 3a, 5d (Whalen); 4k, 4l, 4o (Hawker); 5d (Jones)

Items removed from the consent agenda: 6f

3. Hear a status report on the El Paso Gas contract.

Utilities Manager Dave Plumb and Utilities Attorney Chuck Cahoy addressed the Council relative to this agenda item.

Mr. Plumb provided a brief historical overview of this item and highlighted the Existing Mesa/El Paso Natural Gas (EPNG) contract; EPNG System Problems; the Federal Energy Regulatory Commission (FERC) ruling regarding "Full Requirements" Contracts, and the consequences of that ruling on the City of Mesa. (See Attachment)

Discussion ensued relative to the possibility of constructing an additional gas pipeline in Arizona.

4. Consider a request for funding allocation for the East Valley Partnership.

City Manager Mike Hutchinson reported that for the first time ever, the East Valley Partnership (EVP) has asked the City of Mesa to join the organization as a Municipal Partner member for FY 2003/04. He explained that EVP has suggested that dues be based on population size and has requested that Mesa contribute approximately \$10,000 for the upcoming fiscal year. Mr. Hutchinson stated that because of the City's current budget constraints, he recommended that Mesa join the EVP at a contribution level of not less than \$5,000.

Vice Mayor Kavanaugh expressed support for the City joining the EVP as a Municipal Partner member.

Councilmember Whalen, who currently serves on the EVP Board of Directors, commented that within the last year, the EVP has made great strides to improve the quality of life in the East Valley through its focus on a variety of important issues including economic development, education, transportation, aviation and technology. He noted that in the past, the organization has survived financially through the collection of dues from its individual/corporate members and added that the Board of Directors recently elected to proceed forward with its request that East Valley cities join the organization as Municipal Partner members.

It was moved by Councilmember Whalen, that the City of Mesa join the East Valley Partnership as a Municipal Partner member, at a contribution level of \$10,000.

In response to a question from Councilmember Thom, EVP President Roc Arnett clarified that any funds contributed to the organization by the City of Mesa would be combined with monies paid by other corporate donors to fund staff salaries, ongoing expenses and various EVP-sponsored activities.

Councilmember Walters commented that in her opinion, she foresees a number of major projects in which the City will participate, for example, at Williams Gateway Airport, and stressed the importance that Mesa partner with the EVP and other East Valley municipalities to achieve those goals. She noted that it would also be reasonable for East Valley cities to follow the example of the West Valley, wherein

strong municipal partnerships have been formed relative to various projects of significance, such as the Arizona Cardinals Stadium. Councilmember Walters added that because of the City's current population, it would be appropriate for Mesa to make a contribution of \$5,000 or greater.

Councilmember Griswold expressed appreciation for the work that the EVP has accomplished and noted that he is impressed with the organization's vision and long-range goals.

In response to a question from Mayor Hawker, Mr. Hutchinson clarified that if the Council approved staff's recommendation to join the EVP, contingency funds are available to cover the cost of the City's membership dues.

Vice Mayor Kavanaugh emphasized that public sector support is very important and symbolic. He added the opinion that it will generate additional private memberships as well.

It was moved by Vice Mayor Kavanaugh, that the City of Mesa join the East Valley Partnership as a Municipal Partner member, at a contribution level of \$7,500.

Discussion ensued at this time relative to the fact that there was no second to Councilmember Whalen's motion.

Councilmember Jones commented that he should have seconded Councilmember Whalen's motion because in his opinion, the City can gain much by their association with the EVP and added that he would be in favor a \$10,000 contribution.

Councilmember Whalen advised that because the City is the largest municipality in the East Valley, a \$10,000 contribution to EVP is appropriate. He added that this is especially true considering the fact that less populated communities have already committed to \$7,500 contributions.

It was moved by Councilmember Whalen, seconded by Councilmember Jones, that the City of Mesa join the East Valley Partnership as a Municipal Partner member, at a contribution level of \$10,000.

Councilmember Thom voiced opposition to the City making either a \$5,000 or \$10,000 contribution to the EVP. She stated that the primary reasoning behind her statement is due to the fact that the EVP has presented proposals to the City in the past, such as the Cardinals Football Stadium, which many citizens of Mesa, including herself, have not supported.

Mayor Hawker expressed opposition to the motion and commented that although a \$7,500 contribution level by the City is appropriate, in his opinion, \$10,000 would be excessive.

Upon tabulation of votes, it showed:

AYES - Jones-Kavanaugh-Walters-Whalen
NAYS - Hawker-Griswold-Thom

Mayor Hawker declared the motion carried by majority vote.

(AGENDA ITEMS 5 and 6 were discussed simultaneously.)

5. Hear a report on the Building Safety Division Improvements Timeline.

Building Safety Director Terry Williams, Acting Planning Director Dorothy Chimel, Assistant Fire Chief Dan Stubbs and Management Assistant Mia Lozano-Helland addressed the Council relative to this agenda item.

Mr. Williams highlighted a number of the Building Safety Division's (BSD) implemented improvements including the Tidemark Automation System; Building Safety Permit Fee Increases; 2nd Quarter Screening Team Impact; the Repeal of Applicant Replacement permits; Building Rehabilitation Code; No-Step Entry Ordinance; Mesa's Annual Facilities Permit Program; Code Adoption Status; ASU Benchmarking Study; Project Coordination Team; Customer Outreach Program and Customer Satisfaction Survey. He also distributed to the Council a chart entitled "Building Safety Division Service Improvement Timeline," which illustrated the anticipated timing of various improvements to services that BSD provides to the development industry.

Ms. Chimel briefly reviewed the efforts of the Preliminary Plan Review Team; Infill Development Policy; the development of various Sub-area Plans; Customer Outreach Programs, and Zoning Ordinance revisions.

Chief Stubbs acknowledged Ms. Lozano-Helland for her efforts and hard work with regards to the compilation of data from the Planning, Building Safety and Fire Divisions in order to create the Power Point presentations for the Council's quarterly updates relative to this item.

Chief Stubbs addressed the Council and discussed the Fire Department improvements in progress including Continuing Education; Web Access of Fire Prevention forms, and the implementation of the Process Improvement/Management Team.

Councilmember Walters requested that staff make a presentation at a future General Development Committee meeting with regard to the Preliminary Plan Review process.

6. Hear an update on the Land Development Work Plan.

(This issue was included as part of staff's presentation in item 6.)

7. Acknowledge receipt of minutes of boards and committees.

a. Board of Adjustment Meeting held August 12.

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

Carried unanimously.

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

The following members of the Council provided brief updates on various meetings/conferences they attended as follows:

Vice Mayor Kavanaugh

Dobson Association Meeting

9. Scheduling of meetings and general information.

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

Thursday, August 28, 2003, 7:30 a.m. – Study Session Cancelled

Thursday, September 4, 2003, 7:30 a.m. – Study Session

Monday, September 8, 2003, TBA – Study Session

Monday, September 8, 2003, 5:45 p.m. – Regular Council Meeting

Thursday, September 11, 2003, 7:30 a.m. – Study Session

10. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

11. Adjournment.

Without objection, the Study Session adjourned at 5:34 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 25th day of August 2003. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK

City of Mesa-El Paso Natural Gas Contract Conversion
Briefing Paper
August 22, 2003

- **Existing Mesa-El Paso Natural Gas ("EPNG") Contract**
 - EPNG uses its natural gas pipeline to deliver supplies of natural gas procured by Mesa to Mesa for service to our customers
 - "Full Requirements" Contract-that is, EPNG must deliver, and Mesa must take from EPNG, Mesa's full natural gas requirements each day

- **EPNG System Problems**
 - Most EPNG customers "East of California" or "EOC" have Full Requirements Contracts
 - Most EPNG customers in California have "Contract Demand" Contracts - that is, contracts that provide specific delivery rights up to a specified quantity limitation at delivery points designated in the contract
 - Growing natural gas demand EOC and in California, California energy crisis, and other factors contributed to distribution problems on EPNG natural gas pipeline system and resulted in constrained deliveries
 - Proceeding brought before Federal Energy Regulatory Commission ("FERC") to examine issues

- **FERC Ruling**
 - FERC found that Full Requirements Contracts were contrary to the public interest, because, in FERC's opinion:
 - Full Requirements Contracts among rapidly growing EOC utilities interfered with EPNG's ability to meet its commitment to Contract Demand Contracts
 - Full Requirements Contracts are a disincentive to competition and provide no incentive for the expansion of natural gas pipelines
 - FERC ordered that the EPNG Full Requirements Contracts, including Mesa's, be converted to Contract Demand Contracts
 - Order effective September 1, 2003

- **Consequences**
 - As of September 1, 2003, Mesa's contract with EPNG will convert from a "Full Requirements" Contract to a "Contract Demand" Contract
 - There are no alternatives, other than to continue to challenge legally the FERC order
 - More restrictive contract conditions may result in less flexibility and may require the procurement of more expensive natural gas supplies to meet the full demands of Mesa's customers
 - Utilities staff is negotiating Contract Demand terms
 - Until those agreements are ready for Council approval, Mesa will continue to receive natural gas through EPNG pipeline