

COUNCIL MINUTES

May 2, 2001

The City Council of the City of Mesa met in a joint meeting with the Salt River Project Board of Directors at the Mesa Country Club, 660 W. Fairway Drive, Mesa, Arizona on May 2, 2001 at 6:10 p.m.

COUNCIL PRESENT

Keno Hawker
Jim Davidson
Bill Jaffa
Pat Pomeroy
Claudia Walters
Mike Whalen

COUNCIL ABSENT

Dennis Kavanaugh

STAFF PRESENT

Mike Hutchinson
Kevin Adam
Barbara Jones
Jeff Martin
David Plumb
Tom Remes
Paul Wenbert

SRP BOARD OF DIRECTORS

Bill Schrader, President
John Williams, Vice President
Dwayne Dobson, Board Member
Bill Arnett, Board Member
Fred Ash, Board Member
Dale Riggins, Board Member

SRP STAFF PRESENT

Mark Bonsall, AGM, Planning
Dick Hayslip, Mgr. Environmental
Kathie Lee, Intergov't Relations
John Sullivan, AGM, Water

1. Welcome and Introductions.

Salt River Project (SRP) President Bill Schrader welcomed everyone to the meeting and stressed the importance of continuing the annual meetings to share ideas and discuss common issues.

At the request of Board President Schrader, Mayor Hawker introduced the Mesa City Council and staff who were in attendance. Mayor Hawker excused Councilmember Kavanaugh from the meeting.

SRP Board President Schrader introduced the SRP Board of Directors and staff present at the meeting and commented that General Manager Dick Silverman was ill and unable to attend the meeting.

(The meeting convened for dinner at 6:20 p.m. and reconvened for discussion of agenda items at 7:10 p.m.)

2. Update from SRP on Electric Deregulation in Arizona.

Mark Bonsall discussed the difficulties associated with electric deregulation and outlined specific problems the State of California has experienced since the inception of deregulation. He commented on the fact that California's resources were already deficient at the time of their involvement in the deregulation process and stated that the State is currently facing a serious situation in providing the necessary level of services. Mr. Bonsall said that recently the Federal Energy Regulatory Commission has recommended that price controls relating to this market be implemented and stated the opinion that based on the current situation, the Commission's recommendation is appropriate.

Mr. Bonsall discussed the uncertainties that exist relative to future deregulation in the western states, including Arizona, and stated that it has become evident that this industry is under a great deal of stress at the current time. Mr. Bonsall commented that the State of California recently received a downgrade of their general bond ratings to an A rating standard, and said that the decreased rating was the result of a number of their credit issues.

Mr. Bonsall announced that Salt River Project remains in a good position and will continue to provide reliable services to its customers at a reasonable cost. He said that SRP would assist other entities in the industry as well.

In response to a question posed by Councilmember Whalen regarding the utilization of diesel gas throughout the summer given the recent actions taken by the Commission regarding natural gas, Mr. Bonsall commented that SRP has concerns relative to this issue and will be discussing the matter in the near future.

SRP Intergovernmental Relations Kathie Lee stated appreciation for Councilmember Whalen's participation on the Power Line Siting Committee and provided positive comments relative to his patience and diligence during the lengthy San Tan hearings.

3. Update on Solar Project at East Mesa Regional Library.

SRP Environmental Manager Dick Hayslip stated that the City of Mesa and SRP would soon be entering into an intergovernmental agreement to embark on a joint venture involving a solar project for the East Mesa Regional Library. Mr. Hayslip indicated that this project serves as a demonstration of the latest technology for certain applications of solar energy. Mr. Hayslip stated the opinion that with large-scale projects, individuals typically are concerned with the sizeable consumption of land necessary for solar panels. Mr. Hayslip commented that this project proposes the placement of solar panels on the roof of the library's parking structure in lieu of absorption of any raw land space. Mr. Hayslip explained that the roof panels are coated with a thin film and surface material that serves as a collector of solar energy and commented that the production of solar energy generated from these panels will be approximately 25 kW. Mr. Hayslip emphasized that although this process does not meet the large demands for energy, it serves as an educational component to introduce the possibilities associated with the utilization of solar energy.

Vice Mayor Davidson reported that the City of Mesa is currently incorporating additional learning centers relating to engineering infrastructure such as the Northwest Water Treatment Plant.

4. Discuss City Purchase of 40 Megawatts of Electricity from SRP.

Utilities Manager David Plumb expressed Mesa's appreciation to Salt River Project Board for their willingness to assist municipalities with their power needs. Mr. Plumb said that SRP's proposal to assist agencies represents an excellent start towards uniting the various power entities. Mr. Plumb stated the opinion that working together in a unified manner will benefit everyone concerned.

5. Update on the Progress of the Cardinal Stadium in Tempe.

SRP Environmental Manager Dick Hayslip outlined the Papago Park Center, which is a 350 acre real estate development venture between SRP and a subsidiary of SRP. Mr. Hayslip discussed of a master lease agreement that exists between the two parties and commented that the property surrounds SRP's corporate headquarters. Mr. Hayslip stated that prior to the election, which authorized the construction of a stadium, the City of Tempe approached SRP to discuss the possibility of obtaining a site within the Papago Park Center as a component of future plans for the stadium. Mr. Hayslip pointed out that one of

the stipulations would have required SRP to give the site to the Stadium Authority and said that the SRP Board indicated that they were not interested in the transaction.

Mr. Hayslip advised that reconsideration was given to this endeavor at a later date when guarantees were made that SRP would economically benefit from this transaction. Mr. Hayslip referred to a drawing and discussed the borders of the proposed stadium, which will be located on a 22½ acre site and stated that SRP will provide an 88-year lease to the City of Tempe and the Tourism Stadium Authority as joint tenants. Additionally, Mr. Hayslip pointed out that the remaining 37½ acres would be leased by SRP to the City of Tempe and the Cardinals Real Estate Development Entity. Mr. Hayslip commented that the two separate leases are in the final stages of the negotiation process.

Mr. Hayslip reported that current plans propose that the stadium be constructed approximately 34 feet below the elevation of Washington Street. Mr. Hayslip stated that SRP has agreed to realign the canal in accordance with conceptual plan, which involves a design concept for a rollout field when the stadium is not in use.

Mr. Hayslip commented that the light rail alignment has been designed to run along Washington Street with a light rail station located within that alignment. He stated that the proposal will serve the patrons of the stadium as well as tenants of the Papago Park Center.

6. Discuss Partnership to Accelerate Freeways.

Assistant to the City Manager Jeff Martin stated that acceleration of freeways has been a high priority for the Mesa City Council and expressed Mesa's appreciation to SRP for their willingness to relocate utilities prior to ownership of the land. Mr. Martin commented on the difficulties associated with the time involved in acquiring the land by the Arizona Department of Transportation. Mr. Martin emphasized the importance of continuing the acceleration schedule for the freeway and requested SRP's further cooperation in continuing to work with ADOT and the City of Mesa.

7. Adjournment.

Without objection the Joint Meeting with the Salt River Project Board of Directors adjourned at 8:02 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 joint meeting with Salt River Project Board held on the 2nd day of May, 2001. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this ____ day of _____ 2001

BARBARA JONES, CITY CLERK