

# COUNCIL MINUTES

March 6, 2006

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 March 6, 2006 at 4:00 p.m.

## COUNCIL PRESENT

Mayor Keno Hawker  
Rex Griswold  
Kyle Jones  
Tom Rawles  
Janie Thom  
Claudia Walters  
Mike Whalen

## COUNCIL ABSENT

None

## OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Barbara Jones

Mayor Hawker excused Councilmembers Thom and Jones from the beginning of the meeting. Councilmember Thom arrived at 4:02 p.m., and Councilmember Jones arrived at 4:08 p.m.

### 1. Review items on the agenda for the March 6, 2006 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: 4h (Hawker)

Items removed from the agenda: None

Items added to the consent agenda: None

### 2. Hear a presentation on the Pinal County Land Release Program:

#### a. Evaluation of need for Pinal County Farms as a water supply.

Utilities Manager Dave Plumb provided a brief history of the acquisition of the Pinal County properties, and he introduced Water Resources Coordinator Kathryn Sorensen and Management Assistant I Collette Moore.

Ms. Sorensen displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) and stated that the following questions would be addressed:

1. Does Mesa have enough water to meet future demand without using the Pinal County Water Farms?
2. Were Mesa to need additional supplies in the future, would Mesa be best served by using the Pinal County Water Farms?

Ms. Sorensen outlined the future demand and supply of “On Project” and “Off Project” water and described the methods that Mesa could employ to address future needs without using the Pinal County Water Farms. She noted that the City’s water supply has always been in excess of the demand. Ms. Sorensen stated the efficient use of reclaimed water would ensure the City’s ability to meet future demands.

Ms. Moore explained that physical and legal uncertainties exist relative to the City being able to utilize the water in Pinal County, in addition to the fact that infrastructure required to access the water could cost in excess of \$90 million. She outlined other pertinent issues, including the requirement for environmental studies and obtaining permission from the Central Arizona Project (CAP) to utilize the canal.

Ms. Sorensen reviewed alternative sources of water and displayed a chart (see Attachment 1) entitled “City of Mesa Cost Comparison of Alternative Water Supplies (\$/AF),” which indicates that the City could acquire additional water supplies at a lower cost utilizing alternatives other than the Pinal County Water Farms. She explained that although the City has the legal right to pump 30,000 acre-feet of water from the Pinal County Water Farms, the Water Farms are not considered a “secure supply” of water due to the fact that the City is presently unable to physically access the supply. Ms. Sorensen added that utilizing water from the Pinal County Water Farm would be the most expensive alternative available to the City, and she stated the opinion that the Pinal County Water Farms is not a feasible future water source for the City.

In response to questions from Mayor Hawker, Ms. Sorensen advised that the only method to protect the City’s access to the Pinal County water resources would be to install pipes in the ground within the next five years due to the fact that water availability from the aquifer is based on a first come, first served basis. She stated that the physical availability of water on certain parcels of land owned by the City is unknown.

Responding to a question from Mayor Hawker, Deputy City Attorney Joe Padilla explained that the Municipal Development Corporation (MDC) exists to assist in the financing of capital improvement projects. He advised that the Council could expand the MDC’s scope of responsibility relative to the development, management and sale of the Pinal County property. Mr. Padilla expressed the opinion that the City would be best served by having a representative of the City appear before the Coolidge City Council relative to subdividing the property rather than assigning that responsibility to the MDC.

Williams Gateway Economic Activity Area Project Manager Wayne Balmer responded to a question from Councilmember Thom by stating that the Pinal County Water Farm property lease payments received by the City are applied directly to the bond debt on that property, and he added that the lease terms are typically for a two-year period.

Discussion ensued relative to the fact that legal issues remain regarding the CAP water; that the Arizona Banking Authority has been securing water supplies for many years; that although there are substantial quantities of groundwater beneath the metropolitan Phoenix area, water quality and the cost of treatment are major factors for consideration; and that development in Pinal County could diminish the amount of water available to the City.

Councilmember Rawles expressed appreciation to the MDC for their efforts, and he stated the opinion that the City should serve as the applicant relative to the sale of the Pinal County Water Farm property.

Ms. Sorensen noted that the cost to utilize the Pinal County Water Farm resource is understated due to the fact that the City would be required to construct two water treatment plants.

Councilmember Rawles commended Ms. Sorensen for her forthright recommendations to the Council regarding the Pinal County Water Farms and the less costly alternatives available to the City regarding water sources. He thanked her for her candor and professionalism.

In response to questions from Vice Mayor Walters regarding the possibility of securing water futures or additional water rights with a portion of the Water Farm sale proceeds, Ms. Sorensen said that the City could purchase an Indian lease and invest in additional long-term storage credits. She added that the City's efficient use of reclaimed water provides the City with a contingency amount of eight percent. Ms. Sorensen explained that the City could secure water rights on the Pinal County property in advance of development by initiating a five-year Capital Improvement Project (CIP) plan to install pipes that would provide access to the water.

Responding to a question from Councilmember Griswold, Mr. Balmer advised that the average price paid by the City for the Water Farm properties was \$2,500 per acre. He stated that the City expects to receive a minimum of \$25,000 per acre for the property, and that some parcels are likely to be in the range of \$35,000 per acre.

In response to a question from Councilmember Whalen, Utilities Attorney Chuck Cahoy stated that the City could retain water rights by offering a long-term lease.

b. Early release of Pinal County property.

Mr. Balmer displayed a PowerPoint presentation (a copy is available for review in the City Clerk's Office) to outline the Pinal County Land Release Program. He reported that the remaining bond debt in the amount of \$9.6 million (or 33.12% of the original debt) would be repaid by January 1, 2008, and therefore approximately 7,763 acres (66.88% of the 11,606 acres) are available for release. Mr. Balmer referred to the map titled "City of Mesa Pinal County Farms" (see Attachment 2), which identifies the properties proposed for early release. He advised that Coolidge is in the process of extending water and sewer lines to developments adjacent to the City-owned parcels, and he noted that Coolidge has also expressed an interest in annexing the parcels north of the La Palma Highway. Mr. Balmer further advised that Eloy is interested in annexing most of the City's properties south of the La Palma Highway.

Councilmember Thom recommended that staff consult with realtors in the area regarding the sale property, and she suggested that staff consider lot splits in order to maximize the property value.

Mayor Hawker noted that there would be further discussion of this item during the Regular Council meeting immediately following this Study Session.

Mayor Hawker also commended Ms. Sorensen for her knowledge of water issues, and he stated that her expertise was very important to the City of Mesa.

3. Hear a presentation on the City's annexation policy.

City Attorney Debbie Spinner addressed the interpretation of State Statutes applicable to the four cases scheduled for consideration at this evening's Regular Council meeting. She referred to the City's Ordinance No. 3880, Section 17C, and advised that the Council could approve

water service to properties outside the City of Mesa when the action serves the City's best interests, and she further advised that the Council has the discretion to waive all requirements under Section 3. Ms. Spinner noted that State Statutes require that properties proposed for annexation be 200 feet wide with a 300-foot contiguous boundary to the City. She stated that the City's historical interpretation is that the property proposed for annexation need not meet the boundary requirement when the parcel is surrounded by the City and shares any part of a boundary with the City. Ms. Spinner added that some cities interpret the Statute to mean that any property located within a County island could legally be annexed without sharing any boundary. She explained that in the event a parcel proposed for annexation does not share a boundary with the City of Mesa, an alternative available for Council consideration would be to annex the street up to the parcel, which would create a boundary with the City. Ms. Spinner added that the Council has the legal option, but that the Council also has the discretion to consider the impact of street maintenance and improvements and the cost of infrastructure to provide utility service to the property.

Building Safety Director Terry Williams stated that based on the City Attorney's opinion that East Valley Sports (item 7a on the Regular Council meeting agenda) could apply for annexation without requiring adjoining properties to be annexed, the applicant has requested that the case be withdrawn from the Regular Council meeting agenda.

Mayor Hawker noted that the consensus of the Council was that item 7a would be removed from the Regular Council meeting agenda.

Mr. Williams advised that Dillon's RV City (item 7c on the Regular Council meeting agenda) is requesting water service without annexation due to the fact that adjoining property owners would not agree to annexation into the City. He explained that the option available to the City is to annex the street in order to provide Dillon's with a City boundary.

Discussion ensued relative to the fact that annexing the north portion of East Main Street to Dillon's RV City could obligate the City for street improvements at an estimated cost of between \$365,000 and \$500,000; that the County would have to agree to the annexation; and that the County could be requested to upgrade the street to City standards as a part of the annexation process.

Councilmember Rawles stated opposition to an annexation that would require the City to pay for the street improvements. He expressed the opinion that Dillon's RV City could receive City water and develop according to the City's standards, or Dillon's could annex into the City and pay for the cost of the street improvements.

Mr. Williams said that the request for water service outside the City limits from Chris and Cassie Plourd (item 7d on the Regular Council Meeting agenda) relates to a single-family lot, which was originally part of a five-acre parcel that was subdivided. He noted that an annexation application received for adjacent property provides the Plourd's with an opportunity to annex into the City.

Mayor Hawker stated that the Council would further discuss the Plourd's application during the Regular Council meeting following the Study Session.

4. Provide staff direction on rezoning land around Williams Gateway Airport including the property located at Elliot and Ellsworth owned by Cardon Companies.

Mayor Hawker stated that a legal reconsideration of the Council's February 21, 2006 failed vote of 5 to 2 (a 6 to 1 vote was required for passage) on agenda item number 6d relative to the Land Use Plan for the property owned by the Cardon Companies would have to be made no later than March 7, 2006.

In response to a question from Mayor Hawker, Councilmembers Rawles and Thom declined to reconsider their dissenting votes.

Mr. Balmer provided an overview of the cases (see Attachment 3) that were identified for rezoning in order to be consistent with the 2002 Mesa General Plan. He advised that 17 cases were approved, one was denied (Z06-03), and that only two cases remain with the R-143 zoning. Mr. Balmer advised that one of the properties, owned by Marty DeRito, is planned for development as a shopping center. He further advised that the remaining property, presently owned by the Crosswalk Community Church, is planned as the future site of a church. Mr. Balmer reported that property pertaining to Case Z06-16 is being considered by Queen Creek as a future school site, and he expressed the hope that Queen Creek would reconsider utilizing that location due to the fact that the surrounding area would be non-residential.

Discussion ensued relative to the fact that staff will suggest that the Queen Creek school district officials discuss the proposed school location with Vice Mayor Walters; that a request for non-residential rezoning was received from the property owner located north of the Case Z06-03 property; that staff should move forward to rezone the remaining properties; and that Case Z06-16 has the support of the property owner.

5. Hear an update and provide direction on proposed ordinance pertaining to sale of products containing pseudoephedrine.

Vice Mayor Walters reported that in view of the fact that the Federal government is presently preparing legislation regarding pseudoephedrine for inclusion in the Patriot Act, and she would recommend that the City delay consideration of the issue to ensure that the City's ordinance does not conflict with Federal law.

Councilmember Rawles expressed the opinion that a City ordinance was unnecessary due to the fact that the Council Report indicates that the Police Department does not intend to collect or utilize the information regarding pseudoephedrine.

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

There were no reports on meetings and/or conferences attended.

7. Scheduling of meetings and general information.

There was no scheduling of meetings and general information.

8. Prescheduled public opinion appearances.

There were no prescheduled public opinion appearances.

9. Adjournment.

Without objection, the Study Session adjourned at 5:41 p.m.

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KENO HAWKER, MAYOR

ATTEST:

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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 6th day of March 2006. I further certify that the meeting was duly called and held and that a quorum was present.

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BARBARA JONES, CITY CLERK

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Attachments (3)