

UTILITY COMMITTEE MINUTES

July 15, 2002

The Utility Committee of the City of Mesa met in the lower level meeting room of the Council Chambers, 57 East 1st Street, on July 15, 2002 at 3:00 p.m.

COMMITTEE PRESENT

Janie Thom, Chairman
Kyle Jones
Mike Whalen

COUNCIL PRESENT

Rex Griswold

OFFICERS PRESENT

Paul Wenbert

1. Hear, discuss and consider the establishment of two new water pressure zones and funding of related capital projects.

Utilities Manager Dave Plumb addressed the Committee relative to this agenda item and reported that the City of Mesa is currently experiencing relatively low water distribution system pressures in the northeast and southeast areas of the City Zone. He commented that as a result of numerous citizen complaints relative to this issue, staff requested that the engineering firm of Wilson & Co. be retained to conduct a study to evaluate the feasibility of creating two new pressure zones within the City Zone system to address the pressure problems.

Steve Todd, Operations Manager for Wilson & Co., displayed graphics in the Council Chambers and provided the Committee with a brief overview of the City Water Zone Split Study. He explained that the ground water level through Mesa slopes upward from west to east, which accounts for the fact that low water pressure exists in the northeast and southeast areas of the City Zone. Mr. Todd also stated that the distance of both areas from the Lindsay Pump Station, as well as the size of water lines feeding the areas, have also resulted in the inadequate water pressure. He commented that a solution to the current dilemma is the creation of the proposed Northeast City Zone and the Southeast City Zone which would service the residents in the areas at a higher hydraulic grade than the rest of the City Zone. Mr. Todd added that the study also included a detailed review of the piping systems in both zones to identify the most appropriate locations where the systems could be separated to create the new water pressure zones.

Mr. Todd informed the Committeemembers that the Northeast City Zone would serve an approximate two-mile area bounded by McLellan Road on the south, Stapley Drive on the west, the Eastern Canal on the east, and the Red Mountain Freeway on the north; that two new facilities would be required to supply water to the new pressure zone; that a booster station located near the intersection of Gilbert Road and McLellan Road would be the primary supply

for the new pressure zone; that the location is in the proximity of a 16-inch supply main, and that the pump station would also include a check valve bypass to the new zone to provide water to the zone should the pump station fail.

Mr. Todd reported that the proposed Southeast City Zone would serve a two-mile area bordered by Val Vista Drive on the east, Broadway Road on the north, the City limits on the south, and the Eastern Canal on the east; that a new booster facility would be required to supply water to the new pressure zone; that a booster station and check valve bypass, located near the intersection of Pueblo Road and Val Vista Drive, would be most suitable to supply the new pressure zone; that the location facilitates the use of the Val Vista Drive 16-inch main for distribution in the new zone, and that it is recommended that the booster station be located in the nearby park/retention basin.

Discussion ensued relative to the fact that the water pressure in the surrounding areas will not be significantly impacted by the creation of the Northeast and Southeast City Zones; that the City endeavors to maintain a pressure standard between 50 psi to 90 psi throughout the system, and that the new pressure zone boundaries were selected due to the fact that no piping system modifications were required.

In response to a question from Committeemember Jones relative to the possibility of extending the area of the two pressure zones, Mr. Plumb stated that if it is the desire of the Committee, Wilson & Co. could be instructed to evaluate the matter further. He noted, however, that the areas in the community that were targeted for the new pressure zones were those in which staff received the greatest number of citizen complaints.

Chairman Thom thanked Mr. Plumb and Mr. Todd for their presentations and also commented that she has personally received numerous complaints from residents in her district (District 6) relative to the inadequate water pressure levels.

In response to a series of questions from Committeemember Whalen, Mr. Plumb clarified that the cost for the implementation of the two new pressure zones will be approximately \$2,363,000. He also noted that staff has determined that the Desert Sands Water Line Relocation, Phase 3, and the Granite Reef Underground Storage Project (GRUSP) Expansion Land Acquisition and Construction can be delayed for at least one fiscal year, which will provide approximately \$2.3 million in funding for the new pressure zones.

Further discussion ensued relative to the GRUSP Expansion Land Acquisition and Construction and the Desert Sands Water Line Relocation, Phase 3, and the fact that the pump stations for the new pressure zones will be located in City-owned retention basins.

Committeemember Whalen voiced support for staff's recommendations and stated that it is imperative that Mesa residents are provided basic City services, including sufficient water pressure.

In response to a question from Committeemember Whalen, Mr. Plumb advised that with the establishment of the two new pressure zones, it is anticipated that the City will be able to maintain adequate water pressure not only in the new zones, but in the surrounding areas as well.

Committeemember Whalen suggested that staff host a series of neighborhood meetings to apprise the residents of the location of the pump stations within the new pressure zones.

Chairman Thom voiced concerns relative to the 10% change order amount contained in the Request for Proposals (RFP) and requested further discussion regarding this matter.

Mr. Plumb responded to a series of questions from Chairman Thom relative to a future water treatment facility in the vicinity of Signal Butte and Elliot Road.

In response to a question from Deputy City Manager Paul Wenbert, Mr. Plumb advised that the City currently imposes a surcharge of 5 cents per 1,000 gallons of water for residents in the Desert Sage Zone and a surcharge of 20 cents per 1,000 gallon of water for residents in the Range Rider Zone. He added that Wilson & Co. was not instructed to address the issue of whether it was appropriate for the City to impose a surcharge in the two new pressure zones.

Chairman Thom urged staff not to impose additional rate increases on Mesa citizens and added that the recently approved utility rate increases are nothing more than a "backdoor property tax."

In response to Chairman Thom's concerns, Mr. Plumb commented that staff anticipates conducting a cost of service study later this year on the City's water system, and stated that it will provide the Council with an opportunity to become familiarized with the actual cost of service and the manner in which those costs are distributed among the City's customers.

It was moved by Committeemember Whalen, seconded by Committeemember Jones, to recommend to the Council that staff's recommendations to establish a Northeast City Zone and a Southeast City Zone, and to develop and appropriately fund capital improvement projects to accomplish this, be approved.

Carried unanimously.

2. Hear, discuss and consider a proposed change in the collection process of delinquent utility bills prior to turn-off.

Customer Service/Tax and Licensing Director Don Ayers addressed the Committee relative to this agenda item. He explained that the purpose of today's presentation is to inform the Committeemembers of a proposed change in the collection process of delinquent utility bills prior to turn-off. Mr. Ayers reported that at the present time, three field representatives are required to collectively work approximately 120 collection orders daily. He noted, however, that the collection process requires the handling of cash and checks, and that in an effort to eliminate the fear of robbery, staff has explored various options to address this concern.

Mr. Ayers stated that in order for the City to continue to provide a high level of quality service to Mesa's utility customers while also providing a safe environment for its field representatives, it is the recommendation of staff that a door hanger be placed on a customer's front door advising him or her that utility service will be disconnected within 48 hours unless payment arrangements are made with the Customer Service Office. He added that implementation of the new procedure would eliminate the need for the collection of cash or checks in the field; that the

customer would receive an immediate and direct notification of the scheduled disconnection which allow the customer adequate time to make a payment prior to that time; would increase the number of disconnections and reconnections each field representative can complete in one day, and would reduce the amount of time spent by field staff dealing with payment negotiations and/or repeat visits to the same address.

In response to a question from Committeemember Jones, Mr. Ayers advised that if approved, implementation of the changes in the collection process would not become effective until September 2002. He also stated that pending Council approval of this matter, staff is currently in the process of drafting language for the door hanger as well as a separate notification letter.

Committeemember Jones voiced support for staff's recommendation provided the City's utility customers are given adequate notification of the revised collection process.

It was moved by Committeemember Jones to recommend to the Council that staff's recommendation to utilize a door hanger to advise utility customers that service will be turned off within 48 hours unless payment arrangements are made with the Customer Service Office, and the elimination of field collection, be approved.

Further discussion ensued relative to utility bill write-offs.

Councilmember Griswold requested that the Utility Committee be permitted to review the language contained in the final draft of the door hangers and the notification letters prior to distribution.

In response to a question from Committeemember Jones, Mr. Ayers clarified that although the current terms and conditions contained in the City's utility bills have not been modified recently, staff does anticipate reevaluating the charges during the next year and will present any changes to the Council for its consideration.

Committeemember Whalen seconded Committeemember Jones' motion.

Carried unanimously.

Councilmember Griswold commended Mr. Ayers and his department for their efforts and hard work to ensure the continued safety of its personnel and also to operate in a cost effective manner.

Chairman Thom thanked Mr. Ayers for his input.

3. Hear a status report on natural gas supply issues.

Utilities Manager Dave Plumb addressed the Committee relative to this agenda item and provided an historical overview of the delivery of natural gas to the City of Mesa.

Mr. Plumb reported that in 1996, the El Paso Natural Gas Company (El Paso) was on the verge of bankruptcy due to the fact that Pacific Gas & Electric (PG & E) and other customers had turned back capacity on their systems. He advised that also in 1996, a group called the East of

California (EOC) customers (including the City of Mesa) entered into full requirements contracts with El Paso, which, in effect, assured that the individual customer's specific natural gas requests would be delivered through the El Paso pipeline. Mr. Plumb noted that the EOC customers divided up their operational costs and that each entity paid a billing determinant. He added that when the demand for natural gas in California began to increase, El Paso entered into contract demand agreements with California entities which guaranteed a fixed amount of capacity.

Mr. Plumb commented that in the past two years, El Paso has failed to deliver on many of its contract demands, thus overselling the capacity on its system. He said that in response to the complaints lodged by the various California entities, the staff of the Federal Energy Regulatory Commission (FERC) recommended to the Commissioners that a feasible solution to the dilemma was to abrogate all full requirements contracts.

Mr. Plumb further explained that earlier this year, Bill Mundell, Chairman of the Arizona Corporation Commission, testified before the FERC and stated the opinion that it is patently unfair to eliminate full requirements contracts to customers in Arizona due to the fact that the El Paso pipeline is the only pipeline which runs through the State. He also noted that the residents of Arizona depend on the pipeline for natural gas for heating and electrical generation. He stated that despite Mr. Mundell's presentation to the FERC, on May 31, 2002, the Commissioners voted unanimously to direct El Paso to renegotiate all of its full requirements contracts.

Mr. Plumb added that in a meeting with the EOC, El Paso quoted the available capacity in the system for full requirements customers as being a lesser amount than was taken last year by those customers. He added that at the conclusion of the meeting, a representative from the California Public Utility Commission (CPUC) indicated that the Commission intended to order all California entities not to turn back any capacity they might have on the El Paso pipeline.

Mr. Plumb further stated that as a result of these developments, the EOC group is considering various options including petitioning the FERC to agree to what the actual capacity of the El Paso pipeline is, and is also seeking clarification from the FERC regarding the CPUC order that regulated entities in California not to turn back any capacity, which directly violates the FERC order.

Mr. Plumb advised the Committeemembers that the recent events could possibly affect Mesa. He added that in place of the full requirements contract, Mesa may elect to enter into a month-by-month sculpted demand contract with El Paso which would accommodate the City's needs as a distribution utility to provide a higher capacity of natural gas in the winter for heating residents' homes and a lesser capacity in the summer when natural gas demands have decreased.

Mr. Plumb concluded his remarks by saying that he will continue to monitor the situation and provide the Committee with further updates as they become available.

Discussion ensued relative to the restoration of electricity and the replacement of damaged power poles in the vicinity of University Drive between Extension Road and Country Club Drive which occurred during a recent microburst, and the Magma Gas Enterprise.

Chairman Thom suggested that staff request assistance from Mesa's Congressional delegation regarding the natural gas supply issue.

Chairman Thom thanked Mr. Plumb for his informative presentation.

4. Adjournment.

Without objection, the Utility Committee Meeting adjourned at 4:15 p.m.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Utility Committee meeting of the City of Mesa, Arizona, held on the 15th day of July 2002. I further certify that the meeting was duly called and held and that a quorum was present.

BARBARA JONES, CITY CLERK