



“The mission of the City of Safford is to make Safford  
a great place to live, work, and visit”

**CITY OF SAFFORD CITY COUNCIL WORK SESSION MINUTES  
MONDAY, AUGUST 22, 2011 @ 6:00 PM  
PHELPS DODGE ROOM - LIBRARY**

**PRESENT:** Wyn “Chris” Gibbs, Mayor; Jason Kouts, Vice Mayor; **Councilmember’s** Ken Malloque, Jacque Attaway, and Gene Seale. **Councilmember’s** Danny Smith, Mary Bingham arrived at 6:03 p.m.

**STAFF PRESENT:** David Kincaid, City Manager; Sandra Findley, Executive Secretary; Don Knight, Director Management & Budget; Ann Waite, Finance Director; John Griffin, Police Chief; Christine Fisher, Personnel Director; Eric Buckley, Utilities Director; Rob Chesley, Public Works Director; Randy Petty, City Engineer; Jan Elliott, Library Director; Kim Larkey, Information Processing Supervisor; Gale Hedges, Water Division Manager; and Georgia Luster, City Clerk. Tom James, I.T. assisted with the audio/video recording of the meeting.

**OTHERS PRESENT:** Dalton Overstreet, Steve McGaughey, Kenny McKinney, Harold Colvin, Alicia Colvin, James & Julie Bryce, Mike Gaines, and Valerie Buckley. Jeremy Samuels with Severn Trent (Wastewater Treatment Facility).

- 1. WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:00 p.m.
- 2. ROLL CALL:** A quorum of the Council was present (7-0).
- 3. PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
- 4. OPENING PRAYER:** Pastor Kris Keyes offered the opening prayer.
- 5. INTRODUCTION :** Introduction of Harold Colvin, new President of the Boys and Girls Club of the Gila Valley.

City Manager Kincaid stated the Boys and Girls Club has put together a new Board. Harold Colvin is the new President of Board of the Boys and Girls Club of the Gila Valley

and is present tonight. Mr. Colvin is a resident of Safford and is an employee

with Johnson Motors. He introduced Harold Colvin.

Mr. Colvin addressed the Council at this time. He introduced the new members of the Board of the Boys and Girls Club of the Gila Valley: Ed Ragland, James and Julie Bryce, Tom James, Elsa Aguilar (not present), Don Innes of Thatcher (not present). He also stated that the Board is seeking a secretary. He extended appreciation to the City of Safford for providing support for the past years. He stated the Board is looking forward to working with the City in the future. They intend to provide the best Boys and Girls Club ever. Weekly meetings will be held - the next meeting will be held on August 31<sup>st</sup>.

City Manager Kincaid stated a draft contract has been provided to the Boys and Girls Club for their review. Once the board has reviewed the contract, it will be provided to the Council for its review and consideration. He explained that the intent of the City is to transfer funds to the Boys and Girls Club on a quarterly basis. By doing so, the Club will be accountable for all expenses it takes to operate the Club.

6. **UTILITY PROJECTS UPDATE:** At the request of the Mayor and City Council, Jenny Howard will provide regular project status updates with regards to all active Utility Projects.

Jenny Howard provided an update in regards to all active utility projects.

- WIFA grant - 100% funded - \$35,000 to conduct study and provide plans to expand solar field at Morris Well Cluster to accommodate three wells. Agreement is executed, should receive notice to proceed within 30 days and complete project within 6 months.
- Bonita Phase II Grant, Solomon Water Infrastructure: Compiling grant application which is due August 31. Estimated expenses - \$2,000,000, to resurface streets because of spaghetti cuts in the streets to replace all utility services. This project is being coordinated with Graham County.
- 69Kv line in-service deadline is this July. T & D, the contractor, staked the line two weeks ago, eliminated ten structures, and changed from wood structures to steel structures. Between the two, expenses may be offset or decreased (longer spans, less hardware on poles). Design should be completed within the next couple of months; ready to proceed with geo-technical field work - 6 bore sites to conduct soil testing to determine the depth and width of the foundations for the main angle structures (should be in the works within the next couple of weeks). Expect to bid

construction in November/December and ready to begin construction in February; T & D contemplates construction to take 30-45 days if weather permits to complete construction and to be in service by the deadline. She pointed out that Graham County Electric staff and City staff will identify the areas that will require construction of the new distribution infrastructure as stipulated in the agreement between the City and the Co-op.

7. **NATURAL GAS COMMODITY CHARGE: Presentation and Discussion Natural Gas fuel commodity charge calculation and retention of savings from new BP & Munigas contracts.**

City Manager Kincaid stated the City is in a fairly good position from a natural gas cost standpoint. A three-year contract was just re-negotiated regarding the fixed price natural gas hedging contract which lowered gas cost from \$7.70 to \$6.36 per MCF. He explained the City hedges approximately 50% of its gas purchases and purchases the other 50% on the spot market. Currently the spot market is very favorable and is much lower than hedged gas prices. He recalled that in 2010 the Council approved to provide a gas rebate to its residents in an attempt to reduce the gas stabilization account. He stated the goal is to continuedecreasing the gas stabilization account to \$150,000. On another note, the City currently does not have a gas reserve account. He explained a gas reserve account is important for a number of reasons - such as gas volatility, maintenance and upgrade of the gas system. He stated that with this favorable gas climate and without impacting current customers, it would be a good time for Council to give consideration to building a gas reserve account. With the new contract, the City's blended cost and spot market will slightly be over \$5.00 per MCF. Currently, the blended rate is at \$6.72 per MCF. Therefore, one-half of the difference may be rebated back to the customer in reduced rates and the other half may be applied to a restricted gas reserve account. Don Knight stated it would be favorable to have a six-month operating (\$1.3 million) natural gas reserve account. Once a six-month reserve is met rates could be readjusted back to the customer.

It was the consensus of the Council to direct the City Manager to develop a resolution to bring back to the Council for giving consideration to adjusting natural gas rates to fund a restricted gas reserve account for the purposes of emergency conditions and capital improvements to the gas system.

8. **COMMERCIAL UTILITY DEPOSITS: Presentation and Discussion regarding**

commercial utility deposits.

City Manager Kincaid referred to the City's current utility deposit policy for commercial utility customers. Staff is re-addressing the policy to reflect a fair and equitable policy in relation to refunding commercial utility deposits. Staff suggests revising the policy to reflect a refund of their utility deposit if the customer requests. However, the customer must have a three year good payment history or the customer will not receive a refund of their deposit. Secondly, staff is seeking Council guidance and direction regarding utility deposits for realtors turning on utilities just to clean and show property(ies). He explained residential deposits are established on a sliding scale based on credit history: Green requires no deposit because of a good credit history; Yellow requires one month deposit for all utilities; and red requires two months deposit because of bad credit history. Also, residential utility deposits are refunded after two years, upon request, based on a good payment history. He asked the Council to comment.

There was discussion regarding commercial customers being required to put up a cash deposit of two and one-half times the amount of the largest utility consumption. Discussions included refunding 50% of the utility deposit; charging a flat rate rather than a deposit and run a credit check (cannot run credit check on businesses).

Kim Larkey stated the reason the policy reflects a deposit of two and one-half times is because the bill is already a month behind when submitted; therefore, when the final bill is billed, the customer is really two months behind. A deposit protects the customer and the City. In actuality the City is really holding the deposit for the commercial customer because the **customer's** deposit may be applied to the first and last month bill when the account is disconnected.

**Recommendations:**

Realtors/contractors: Waive deposit for marketing or cleaning a property based on length of time and with specified disconnect date as long as they stay current with each billing as presented, otherwise utilities will be disconnected and credit will not be extended for those purposes.

Commercial accounts: Policy reflect the customer may request a refund of their utility deposit after having three years of good payment history or they will not receive a refund of their deposit. Refund one-half of the deposit.

Mr. Kincaid stated realtors will receive a letter informing them that the person

requesting utility service will solely be financially responsible for that utility bill unless the real estate agent informs the City differently.

Evaluate residential connection fee:

9. **PROPOSED GREASE ORDINANCE**: Presentation and Discussion on possible grease ordinance to protect the investment at the WWTP.

City Manager Kincaid stated that Eric Buckley and Jeremy Samuels are present to answer any questions the Council may have.

Eric Buckley began the discussion by stating fats, oils, and greases (FOG) introduced into the treatment facility are a huge detriment to the wastewater treatment facility because it coats and clogs the pipes. When this happens the coating can become as hard as concrete. Over a period of time, the pipes become restricted and will eventually seal off causing the sewer system to backup and overflow. Greases are introduced primarily from restaurants and can also originate from homes. No treatment plant in the world is intended to handle grease. He commented that the current Municipal Code is very vague and is not specific enough to address grease and is proposing an ordinance to provide effective methods of FOG discharge control. He stated Jeremy Samuels manages the wastewater facility through Severn Trent and asked him to comment.

Jeremy Samuels reiterated what Eric Buckley said regarding how grease damages and destroys the wastewater plant. Additionally, he stated the new belt press will be damaged, if grease is allowed to continue entering the system.

Eric Buckley reminded the Council that the belt press is approved in the FY 2011-2012 budget. He explained the oils and grease would clog the belt press because the belt is made of a material that allows the liquid to press through. The belt press will remove the moisture from the plant, eliminate the drying beds at the Landfill, eliminate hauling of sludge, and eliminate Twas tank (thickened waste tank) process. He encourages the Council to consider the adoption of a grease ordinance. What effect will a grease ordinance have on restaurants? Restaurants most likely will not be the most effected by the ordinance; the most effected will be the haulers who pump grease traps in the Valley. He commented that Tucson Tallow (Tucson based company) currently haul grease and oils from some of the local restaurants. These companies want the oils and pick up it up for no cost because they use it to make bio-diesel fuel. He would like to inform the haulers and local restaurants before an ordinance is implemented.

Jeremy Samuels commented that the large Twas tank has the capability to be converted into a bio-diesel tank in the future and perhaps a bio-diesel program could be arranged through the college in the future.

Eric Buckley also commented that someday in the future another option to consider is to purchase a d-watering grease press which accepts grease. The grease does not enter the wastewater facility. Once the grease goes through this process, it becomes a landfill item. It is not impossible to process but would require a substantial financial capital to construct and to maintain the press.

City Manager Kincaid pointed out that the Wastewater Treatment Facility is a huge capital investment that must be maintained. He noted that the belt press is a huge factor in the process of extending the capacity of the plant without adding any capacity to the plant. If the greases are not eliminated, the plant cannot be extended.

It was the consensus of the Council to have staff develop a grease ordinance and bring it back to the Council for their consideration.

**Proposed Future Work Session Agendas:**

- Councilman Smith would like to discuss the Electric Demand Charge
- September Work Session - Heinfeld, Meech & Associates/All Mail Ballot Election

**10. ADJOURN:** It was moved by Councilman Malloque, seconded by Councilmember Bingham, and carried unanimously (7-0) to adjourn regular session at 7:25:26 p.m.

**MOTION ADOPTED**

APPROVED:

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Wyn "Chris" Gibbs, Mayor  
City of Safford

ATTEST:

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Georgia Luster, MMC  
City Clerk

CERTIFICATION

STATE OF ARIZONA     )  
                                  )   ss  
County of Graham    )

I hereby certify that the foregoing minutes are true and correct minutes of the City of Safford Council Work Session of the City of Safford, Graham County, Arizona held Monday, August 22, 2011, and approved at a Regular Council Meeting on September 12, 2011. I further certify the meeting was duly called and held and that a quorum was present.

Dated: September 12, 2011

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Georgia Luster, MMC  
City Clerk