



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

**CITY OF SAFFORD
SPECIAL WORK SESSION MINUTES
MONDAY, June 17, 2013 @ 6:00 PM
Safford Library Program Room, 808 S. 7th Avenue, Safford, Arizona**

PRESENT: Wyn “Chris” Gibbs, Mayor; Mary Bingham, Vice Mayor; Council Member’s Gene Seale, Arnold A. Lopez, Kenneth Malloque, Richard Ortega and James D. Howes.

STAFF PRESENT: David Kincaid, City Manager; Sandra Findley, Executive Secretary; John Griffin, Police Chief; Ann Waite, Finance Director; Don Knight, Administrative Services Director; Eric Buckley, Utilities Director; Leanne McElroy, Library Director; Jenny Howard, Public Works Director; and Georgia Luster, City Clerk. Dale Clark, IT Assistant, assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Tisha Clark, Kim Larkey, David Morse, Valerie Buckley, Glen Orr, Steve McGaughey, and others who did not sign in.

- 1. WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:02:20 p.m.
- 2. ROLL CALL:** All 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:** Councilman Lopez offered the opening prayer.
- 5. Water System Cost of Service and Rate Study Presentation.** (Copy of PowerPoint attached)

City Manager Kincaid stated that Brian Jewett with Black and Veatch, contracted with TischlerBise, will make the presentation on the City of Safford Water System Cost of Service and Rate Study. He read Sections D and E of Arizona Revised Statutes 9-511.01 in reference to compliance when increasing water rates. Section D reads: Any proposed water or wastewater rate or rate component, fee or service charge adjustment or increase shall be just and reasonable. Section E reads: Rates and charges demanded or received by municipalities for water and wastewater service shall be just and reasonable. Every unjust or unreasonable rate or charge demanded or received by a municipality is prohibited and unlawful. He turned the time over to Brian Jewett. He noted that Black & Veatch was the design engineer of the wastewater treatment facility.

Mr. Jewett stated Black & Veatch is a very large worldwide, international utility engineering firm. He explained he is presenting the water rate study and at a later date TischlerBise will provide the Impact Fee Study. He has 19 years financial consulting experience and is a contributing member of American Water Works Association (AWWA) Rates & Charges Committee. He explained this committee develops the standard manual for rate setting in the United States and they are currently updating the rate study design manual for smaller systems because smaller systems have different needs than larger systems. The study was prepared for the City to document the development of a multi-year financial plan, the cost of service analysis and the design of a rate structure for the City's Water Enterprise Fund. The financial study of the Water Fund is focused on potable operations. Specific Goals of the study were to:

- Review and evaluate existing policies and procedures affecting potable water rates.
- Develop a sound financial plan for potable rates covering a five-year study period for ongoing operations, planned capital improvements, and debt service.
- Allocate the potable water projected revenue requirements to the various service areas and customer classes in accordance with the respective service requirements.
- Develop a suitable rate schedule that produces revenues adequate to meet financial needs, recognizes customer costs of service, and encourages water conservation in a resource-constricted environment.

Mr. Jewett presented and reviewed a PowerPoint Presentation on Water Cost of Service Study & Rate Design. PowerPoint Presentation is attached.

City Manager Kincaid stated a special work session will be held on Wednesday, June 19th to consider going forward with the proposed Water Cost of Service Study & Rate Design.

City Manager Kincaid stated the Utilities Budget is being presented next. He prefaced the discussion beginning with the landfill because there has been a significant amount of discussion regarding the landfill and its closure fee. He stated the information regarding the closure fees, appears not to be sound because of some assumptions (tonnage discrepancy & life of landfill) made in the 1993 and 2008 studies (2008 study did not deal with closure). As a result, the landfill budget includes an expense for conducting a closure study in FY 2013/2014 seeking current up-to-date information.

At this time he turned the time over to Eric Buckley who provided a background of each of the six divisions in the Utilities department.

6. Utilities Budget Presentation and Discussion : (attachment)

- **ADMINISTRATION: FY 12-13 \$412,768; FY 13-14 \$386,360; decreased 6.40% from FY 12-13 budget:** No significant changes.
- **LANDFILL: FY 12-13 \$932,846; FY 13-14 \$945,850; increased 1.4% from FY 12-13 budget:** Noted #3 - landfill closure study. He explained capital expenses: Posishell cover and Posishell sprayer significantly expands the life of the landfill. Boundary fencing around the perimeter of the landfill. Otherwise, no significant changes in the landfill budget.
- **WATER: FY 12-13 \$8,059,304; FY 13-14 \$8,889,075; decreased 10.30% from FY 12-13 budget:** He reviewed Note #1 - testing requirements; #2 \$10,000 Gila Water Shed; #3 \$55,000 for Thatcher Agreement (final payment); #4 \$31,000 Phase III Bonita Engineering; #5 \$20,000 Impact Fee and Rate Study; #6 \$10,000 update 20/20 Vision Plan; #7 \$10,000 DEQ Sanchez Bridge; #8 \$20,000 UCMR; and #9 \$11,300 Kempton Cathodic. Secondly, he reviewed Capital Expenses. Solomon Colonias Grant - \$2,500,000 CDBG Grant; New Water Source Development \$1,000,000; 12" Main Discovery Tank to 26th St. (materials only) \$50,000; Flexnet meter Renewal \$955,530 (estimate labor @\$60,000); Airport Fire Tank Recondition & Install (provides better fire suppression) -\$20,000; Annex - Xeriscape Demo Garden - \$50,000 (possible grant); Webster Hill Upgrade/Replacement - tap moratorium - \$120,000 (possible grant); and Fire suppression, Water Storage Tank at Airport - \$750,000 (possible RDA Grant).
- **WASTEWATER: FY 12-13 \$1,070,646; FY 13-14 \$1,344,120; increased 25.54% from FY 12-13 budget:** Reviewed Notes #1 - East Valley Sewer Feasibility (San Jose to State Prison); #2 - \$10,000 carryover wastewater master use plan; #3 - \$35,000 sewer video.
- **WASTEWATER-TREATMENT PLANT: FY 12-13 \$1,330,510; FY 13-14 \$1,066,600; decreased 10.84% from FY 12-13 budget:** New contract with Severn Trent decreased 25.14%. Utilities increased. He reviewed Capital expenses.
- **GAS FY 12-13 \$2,438,243; FY 13-14 \$2,502,735; increased 2.65% from FY 12-13 budget:** No significant changes. Reviewed Capital expenses: Gas Reserves -\$128,000 and Flexnet Meter System -\$23,000.
- **ELECTRIC: FY 12-13 \$7,820,677; FY 13-14 \$7,966,339; increased 1.86% from FY 12-13 budget:** Reviewed Note #1 - \$50,000 testing substation 2015; #2 - Grand Canyon training \$16,000. Reviewed Capital expenses: Cover of Parking Structure MYOC - \$25,000; Replace old junction poles with engineered poles -

