



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

**CITY OF SAFFORD
SPECIAL COUNCIL WORK SESSION MINUTES
MONDAY, June 19, 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, and James D. Howes.

ABSENT: Richard Ortega, Councilman.

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

OTHERS PRESENT: David Morse, Steve McGaughey and others who did not sign in.

1. **WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:02:14 p.m.
2. **ROLL CALL:** A quorum of the Council was present (6-1).
3. **PLEDGE OF ALLEGIANCE TO THE FLAG:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
4. **OPENING PRAYER:** Eric Buckley offered the opening prayer.
5. **Discussion and possible action on Water Rate Design for City of Safford water service.**
(Study attached)

Mayor Gibbs emphasized his concerns over the water drought issues that are occurring.

City Manager Kincaid stated the consultant provided a presentation of the proposed Water System Cost of Service and Rate Study last Monday evening. He asked the

Council to provide direction to staff of where it wants to set water rates. Staff cannot move forward with publication until the Council gives direction. Once the Council has recommended going forward with a rate structure, the process will begin the legal process, beginning by publishing a “**Notice of Intention**” to increase water rates inviting the public to attend and express comments. He distributed examples of water rate structures in Arizona and a copy of the Amended and Restated Agreement with the Town of Thatcher. He stated staff is recommending Council approve the rate structures presented to Council Monday evening.

Councilman Seale asked how many customers use 2,500 gallons or less per month. (18.23%) per 2012 calendar year.

Mayor Gibbs asked how many customer use 10,000 gallons or less per month? (80%)

Mayor Gibbs referred to the City **Manager’s “talking points”** of Revenue Effects of Conservation. To understand the revenue and rate implications of conservation programs, one must examine how conservation programs affect water use in the short and long term.

Short Term Costs: A reduction in consumption may result in a need to raise rates to maintain operations. However, for customers who implement efficiency measures, this will be offset by the fact they will also be paying less for using less water.

Long Term Costs: Conserving water is the cheapest source of additional supply. It is much more expensive for a utility to buy additional water supply. These other sources of supply will have a much greater impact on rates than conserving existing supply. In addition, in a system like ours where we do not have to treat the water, additional supply might be of a poorer quality and may need expensive treatment options. Simply put, ignoring conservation can lead to situations that will require large rate increases.

Safford water would like to see a reduction in use that will allow us to meet the demands of the region in support of economic development and growth without investing heavily in acquiring new supply sources and without the need to treat water of a lesser quality.

The whole idea of implementing cost effective conservation programs is to lower the long term cost structure and thereby reduce the revenue requirements of the water utility. By putting off the day that expensive capacity additions are required, long term conservation can result in customer bills that are lower than they would be otherwise.

Secondly, he added that the proposed water rate structure is so much lower than rates from other cities/towns (documents provided).

There was discussion regarding: not increasing rates of low water users; including fifth tier; increasing base rates of lower and higher tiers; noted that base charge recaptures the costs of operation and maintenance of the water system; increasing rates for highest users; conservation is the least expensive method of water rates; high water users will pay more; acquiring additional water resources will increase customer cost; institutional users (schools, hospital, prisons) are highest volume users; implement rate for effluent water.

Mayor Gibbs stated he can support (Pg. 26) the rate structure of projected Tiers 1 & 2, but recommended revising Tier 3 to reflect 20,001-40,000 gallons and Tier 4 to reflect 40,001 and above.

Vice Mayor Bingham recommended revisiting the rate structure next year.

It was the consensus of the Council to ask the consultant to revise Tier 3 to reflect 20,001-40,000 gallons and Tier 4 to reflect 40,001 and above. Results will be provided to the Council at the next meeting for consideration.

Schedule for increasing water rate structure :

Monday, Jun 24, 2013 - Council meeting: Notice of Intention to increase water rates.

Wednesday, July 24, 2013 - Public Hearing & Special Meeting: Public Hearing and adopt emergency Resolution. Becomes effective once posted, which is Thursday, July 25, 2013.

6. **ADJOURN:** It was moved by Councilman Howes, seconded by Vice Mayor Bingham and carried unanimously to adjourn the work session at 7:22:44 p.m.
MOTION ADOPTED

APPROVED:

Wyn "Chris" Gibbs, Mayor
City of Safford

ATTEST:

Georgia Luster, MMC
City Clerk

CERTIFICATION

STATE OF ARIZONA)
) ss
County of Graham)

I hereby certify that the foregoing minutes are a true and correct copy of the Special Council Meeting of the Safford City, Graham County, Arizona held Monday, June 24, 2013, and approved at a Regular Council Meeting on Monday, July 8, 2013. I further certify the meeting was duly called, held and that a quorum was present.

Dated: July 8, 2013

Georgia Luster, MMC, City Clerk