



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

**CITY OF SAFFORD
SPECIAL COUNCIL MEETING/WORK SESSION MINUTES
MONDAY, November 25, 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, James D. Howes, and Richard Ortega

STAFF PRESENT: Eric Buckley, Interim City Attorney; Sandra Findley, Executive Assistant; John Griffin, Police Chief; Ann Waite, Chief Finance Officer; Christine Fisher, Human Resource Director; Jenny Howard, Public Works Director; Dustin Welker, Planning & Community Development Director; Don Knight, Administrative Services; Leanne McElroy, Library Director; Randy Petty, City Engineer; Georgia Luster, City Clerk and Dale Clark, I.T. Assistant, who assisted with the audio/video recording of the meeting.

OTHERS PRESENT: Harry Williams, John Howard, Gale Hedges, Kim Larkey, Valerie Buckley, Jenifer Seale, James Bryce, and Jon Johnson, Eastern Arizona Courier.

- 1. WELCOME AND CALL TO ORDER:** Mayor Gibbs called the meeting to order at 6:01 p.m.
- 2. ROLL CALL:** A quorum of the Council was present (7).
- 3. PLEDGE OF ALLEGIANCE:** Mayor Gibbs led the Pledge of Allegiance to the Flag.
- 4. OPENING PRAYER:** Don Knight offered the opening prayer.
- 5. PUBLIC HEARING:** Mayor Gibbs opened the Public Hearing for the purpose of taking public comment relating to Arizona Department of Liquor Licenses & Control, (Application for Agent Change - Acquisition of Control) submitted by Kultor Singh Sandhu, License #09050002, on behalf of Beverage Palace (Business Name), located at 1930 Thatcher Blvd., Safford, Graham County, Arizona.

PUBLIC COMMENTS: There were no public comments regarding the application submitted by Kultor Singh Sandhu on behalf of the Beverage Palace.

- 6. ADJOURN PUBLIC HEARING AND CONVENE SPECIAL COUNCIL MEETING:** It was moved by Councilman Malloque, seconded by Vice Mayor Bingham and carried unanimously to adjourn the Public Hearing and opened a Special Council Meeting at 6:04:02 p.m. **MOTION ADOPTED**

7. **ARIZONA DEPARTMENT OF LIQUOR LICENSES & CONTROL, (APPLICATION FOR AGENT CHANGE - ACQUISITION OF CONTROL): Consider recommending approval/disapproval of a license to sell spirituous liquors of the class, and in the manner designated on the application for Agent Change - Acquisition of Control submitted by Kultor Singh Sandhu, License #09050002, on behalf of Beverage Palace (Business Name), located at 1930 Thatcher Blvd., Safford, Graham County, Arizona.**

There was a brief discussion regarding the application submitted by Kultor Singh Sandhu on behalf of the Beverage Palace.

It was moved by Councilman Ortega, seconded by Councilman Malloque and carried 6-1 that the application of Kultor Singh Sandhu, on behalf of the Beverage Palace, is recommended to the State Liquor Board for disapproval in the manner designated in the License Application.

MOTION ADOPTED

8. **ADJOURN SPECIAL COUNCIL MEETING AND ENTER COUNCIL WORK SESSION:** It was moved by Councilman Ortega, seconded by Councilman Malloque and carried unanimously to adjourn the Special Council Meeting and enter a Council Work Session at 6:18:04 p.m. **MOTION ADOPTED**

9. **Discussion of draft Opt-Out Policy to Smart Meters.** Don Knight and Eric Buckley led the discussion regarding a draft Opt-Out Policy to Smart Meters. Mr. Buckley noted that the City of Safford is instituting Automated Meter Reading System (AMI/AMR technology) for many reasons. He stated that Kim Larkey and Don Knight just returned from a conference and asked Mr. Knight to bring the Council up to date in regards to the AMI/AMR Program and draft Opt-Out Policy. He turned the time over to Don Knight.

Don Knight provided a draft summary to the Council. He stated the ultimate goal of instituting smart meters is to provide greater services and efficiencies for the customer, control the controllable costs and allow the customer to manage and maintain their utility accounts. There is a tremendous amount of uncertainty in the supply and cost of the utility markets even though the electrical and gas markets are fairly favorable at this time we are beginning to see upward pressure. It is predicted markets will be much more volatile moving forward which will no doubt increase prices for all of us. The electric market is currently undergoing extreme pressures - coal fired generation, a traditionally low cost source of electricity, will become a thing of the past due to legislation or become so costly and be priced out of the market. In 2011, the City of Safford cancelled its coal fired electric contracts due to the rising costs and market volatility. Hydroelectric power, traditionally the lowest cost power source, is also threatened due to the prolonged drought but also by environmental groups that want free flowing rivers and a federal system that may allow new users of hydroelectric power that have not had access to this power source previously. These sources will be replaced by more expensive alternatives of wind, solar and nuclear that will put upward pressure on pricing. He

noted that the AMI technology has the advantage of allowing the user to control when and where their utilities are used, thereby empowering the customer. Through proper education and training, the customer can become the expert in their energy usage and consumption thereby controlling their costs. This in turn allows the City to control its costs through improved purchasing practices. The technology will also allow users the opportunity to view consumption patterns on a real time basis to understand their habits, detect leaks and excess usage. Those utilities that have used this advanced technology are better able to meet customer needs such as time of use rates and prepaid utility accounts. They are also much more proactive in customer service as real time data can be used instead of data that can be as much as 50 days old. Staff has installed 1,500 water meters, 1,003 gas meters and 1,450 electric meters.

Mr. Knight addressed safety and privacy concerns (RFI emissions). He stated the AMR system produces non-ionizing radiation. Sensus meters used by the City of Safford are point to multi-point and not mesh grid. The point to multi-point requires transmission only six times per day for duration of less than one minute. This is in contrast to laptops or Wi-Fi routers which transmit constantly throughout the day. He stated it is staff's opinion that the system is a very good and safe system. The City is contracted with Sensus and will not keep usage records and only access the system for billing and to answer the customer's question(s). Staff believes the Sensus System is a very secure facility with backup abilities. He does not recommend implementing an OPT-OUT Policy.

Eric Buckley stated OPT-Out Policies are all over the map. Those customers who choose to Opt-out are charged a fee because it requires additional time of staff.

Council recommends giving the customer the option to opt out from participating in the AMR meter program. They believe an OPT-OUT Policy is necessary and directed staff to bring back a draft policy to the Council to consider at the January Meeting.

10. **Discussion regarding Capacity Fees:** Eric Buckley explained that a couple years ago, legislation changed the ways and the processes that cities and towns implement impact fees. Cities and towns were mandated to re-implement impact fees under different protocols. He referred to the Infrastructure Improvements Plan and Capacity Fees for Water and Wastewater Facilities conducted by Tischler Bise that was distributed to the Council.

Don Knight explained impact fees, by law, were adopted for cities/towns within its city limits. Capacity fees is a totally different law but may be applied to the whole utility system rather than just the system within the city limits. However, in comparison capacity fees will actually be compared back to impact fees, because capacity fees will be used for the same purposes such as growth by developers and individuals that are adding requirements to the capacity in water and wastewater systems. Funds are earmarked for water and wastewater systems. He noted the old impact fee monies must be expended

by 2020. The city has many projects such as well acquisition, increase of capacity in Bonita Creek lines, etc. According to the study conducted by Tischler Bise, capacity fees for water facilities are calculated by multiplying the number of gallons per residential connection by the capacity ration for the corresponding size and type of water meter multiplied by the net cost per gallon. The impact for the capacity fees for the larger meters will not be as high as they were. Unfortunately, the study does recommend an increase in the water capacity fee for the 5/8" & 3/4" meters while the capacity fees decreased for larger meters. He explained Tischler Bise was aware of and addressed capacity fees when compiling the water rate study, otherwise water rates would have to be increased to cover the capital needs of the City.

Eric Buckley reminded the Council that the theory of capacity fees is to not put the burden on existing customers, but to address new growth requiring for new customers and developers to pay for their development.

Don Knight referred to Page 20 of the Study. The Study recommends a decrease in capacity fees for wastewater facilities. He explained that the funds the City received from the Federal government to pay off the debt of wastewater treatment facility helped decrease the proposed capacity fees. Additionally, he explained that the Study included an extension of the wastewater system to expand services to the east of the City limits (State Prison). At this time, staff is not recommending the adoption of the East Valley Service Area, wastewater sewer extension project.

Councilman Malloque inquired about what capacity fees are for the Town of Thatcher.

Don Knight reviewed the proposed calendar to adopt new charges as mandated by State Statute. He asked the Council to provide any comments to him or Eric so that the information can be given to Tischler Bise to prepare the final copy.

11. **Review and discussion of proposed modification of City of Safford Construction Standards for Public Works and Utilities within Subdivisions and Rights of Way:** Eric Buckley explained the changes made to the Constructions Standards are very basic. To avoid some confusion with contractors, the City used to follow Tucson water standards. The language was clarified to read "City of Safford Standards". Update is being provided to the Council for review and will need to be adopted at a future meeting.
12. **Update on Water situation:** Eric Buckley updated the Council by reviewing a static water well depth chart for 2013 that was prepared by Harry Williams.

Static Well Depths: The chart indicates water tables are increasing but are still not back to normal. He reminded Council that conditions are good at this time - demands are down because it is winter time and wells are turned off, but conditions will change in summer. Councilman Seale asked staff to provide prior history for a comparison.

Bonita Creek System: Staff continues to work with FreePort McMoRan (FMI) on the syphon project of the Bonita Creek System. He will keep the Council informed.

Drilling wells south of town: One (1) well completed, tested and yield is satisfactory; Second (2nd) well is complete, but not tested at this time.

Councilman Lopez inquired about the stages of water use as indicated in the City's water policy. There was brief discussion regarding the usage of water. What is the new normal?

Eric Buckley believes the public is reacting very well to conserving water and hopes the process is setting the new normal for water usage. He desires the public to trust the City's ability and judgment regarding water use.

Item 14 was addressed at this time.

14. ANNOUNCEMENTS:

- Tuesday, November 26, 2013 @ 7 AM- Pick-up Holiday Turkey at City Hall
- Thursday, November 28, 2013 - Thanksgiving Day Holiday
- Monday, December 9, 2013 - Regular Council Meeting - CANCELLED & rescheduled for Monday, December 16, 2013
- Monday, December 10, 2013 - All Employee Meeting - CANCELLED and rescheduled for Monday, December 16, 2013.
- Friday, November 29, 2013 - Merry Main Street. The Council will meet at 5:15 p.m. behind the Court House to ride the fire truck to City Hall to light the Christmas Tree to begin the Holiday Season
- Saturday, December 7, 2013 - Annual Light Parade
- Saturday, December 7th is the annual bombing of Pearl Harbor - last gun barrel of the USS Arizona (war began) and USS Missouri (treaty to end war was signed on the deck of the USS Missouri. Ceremony at the State Capital beginning at 10:00 a.m.

13. EXECUTIVE SESSION: The Council may elect to enter executive session pursuant to Arizona Revised Statutes §38-431.03(A)(3) and §38-431.03(A)(4), to discuss and consult for legal advice with the Interim City Attorney on pending OR CONTEMPLATED litigation matters with regard to the Gary Gardner and Ricky Williams/Nicole Williams cases; and to provide an update to the Council regarding the Golf Course.

It was moved by Councilman Howes, seconded by Vice Mayor Bingham, and carried unanimously to enter executive session at 7:37:31 p.m. to discuss and consult for legal advice with the Interim City Attorney on pending OR CONTEMPLATED litigation matters.

MOTION ADOPTED

15. ADJOURN: The Council adjourned executive session and reconvened regular session at 8:41:00 p.m. It was moved by Councilman Howes, seconded by Vice Mayor Bingham and carried unanimously to adjourn the meeting at 8:42 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 Council, Graham County, Arizona held Tuesday, November 25, 2013, and approved at a Regular Council Meeting on Monday, December 16, 2013. I further certify the meeting was duly called, held and that a quorum was present.

Dated: December 16, 2013

Georgia Luster, MMC, City Clerk