Tempe

Minutes
Enhanced Services Commission
February 6, 2013

Minutes of the Enhanced Services Commission held on February 6, 2013, 8:30 AM, at the City of Tempe Orchid House, Tempe, Arizona.

Members Present:
Mark Sanford, Chairman of the Board
Neil Calfee, President
Heidi Kimball, Vice President
Ken Jones, Treasurer
Lisa Collins , Secretary
Don Bessler
Gordon Cresswell
Nancy Hormann
Cheryl Hornyan

City Staff Present:
Roger Hallsted
Chris Messer
Nancy Ryan
Benicia Benson

Members Absent:
Kathy Berzins

Public Present:
Matt Mooney

Meeting convened at 8:40 am.

Agenda Item 1 – Consideration of meeting minutes: January 9, 2013

Mark Sanford confirmed the commission members had reviewed the minutes.

MOTION: Gordon Cresswell
SECOND: Neil Calfee
DECISION: Minutes approved

Agenda Item 2 – Public Appearances

There were no public appearances.

Agenda Item 3 – Capital Assessment
Chris Messer gave a background on the capital assessments which cover the lake infrastructure. The assessments are distributed amongst all property owners around the lake. When initially set up there was an annual 5% increase added to each property assessment which continues to grow until a certificate of occupancy (C of O) is acquired, this is called the Cost Index Factor. When C of O is acquired the entire assessment can be paid or amortized over 25 years at 5%. Roger Hallsted gave an example of Hayden Ferry Lakeside 1 (HFL1) assessments with the amortization percentages decreasing to 3%, 2%, 1% and a GPLET to show cost variation. The original concept of the GPLET was to cover extraordinary costs of building at the lake but it's a discretionary incentive which can create uncertainty. GPLET is not solely dedicated to the lake, its offered valley wide which creates a competitive disadvantage. Roger gave a second example of HF1 as vacant land with a building completion date of July 2013. The example showed

capital rate percentages staying at the current 5% and decreasing to 3%, 2%, 1% and a GPLET to show cost variations.
The Commission asked for an example with the CPI rate, examples and discussion will continue at the next meeting

Agenda Item 4 – Infrastructure Replacement

Chris Messer gave a refresher on the Infrastructure Replacement budget line item. It was intended to replace the rubber bladders and recovery wells. With the new dams there needs to be an overall Infrastructure Replacement Program put in place. Based on a past study and current analysis Chris suggested the new program cover items that keep the lake going from wall-to-wall, dam-to-dam. Items would include recovery wells, pumps, buoys, docks, warning poles, marina lake wall and lake edge. Based on the current market and the remaining life span of each item, Roger Hallsted gave examples of future replacement costs. The amounts would need to be adjusted annually by a CPI to keep up with inflation costs. Heidi Kimball asked if there were any other areas of savings to compensate for the increase in costs. Roger indicated the only variable budget is the replacement water and electricity line items because they are based on water flows. The overall O&M budget would increase approximately 8% without any changes and 16% with the projected changes.
Ken Jones stated it's not reasonable to make property owners responsible for replacing the dam. A reasonable proposal for both the land owners and the City needs to be sent to City Council. Items need to be reviewed line by line. If the lake was fully developed the City would still pay 40% based on property ownership. Property owner responsibility and City responsibility needs to be re-defined.
The Commission asked for an example showing the City taking ownership of the dam and property owners focus on all other estimated replacement costs. Discussion will continue at the next meeting
Don Bessler added, the Water Department is currently analyzing the costs of taking care of the lake in house instead of having a contract with SRP. The current SRP contract will expire the same year the dam will be replaced.

Agenda Item 5 – Boat Permit Fees

Kathy Berzins was absent, this item was continued to the next meeting.

Agenda Item 6 – Future Agenda Items and Meeting Dates

March 6, 2013

- Capital Assessments
- Infrastructure Replacement
- Boat Permit Fees

The next meeting will be March 6, 2013 at the City of Tempe, Orchid House, 21 East Sixth Street.

Meeting adjourned at 9:35 AM.

Prepared by: Benicia Benson
Reviewed by: Chris Messer

Lisa Collins
Secretary