

COUNCIL MINUTES

May 19, 2022

The City Council of the City of Mesa met in a Special Session in the lower-level meeting room of the Council Chambers, 57 East 1st Street, on May 19, 2022, at 7:30 a.m.

COUNCIL PRESENT

John Giles
Jennifer Duff
Mark Freeman
Francisco Heredia
David Luna
Julie Spilsbury

COUNCIL ABSENT

Kevin Thompson

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

Mayor Giles conducted a roll call.

Mayor Giles excused Councilmember Thompson from the entire meeting.

1. Take action on the following resolution:

- 1-a. Authorizing the acquisition of interstate natural gas pipeline transmission capacity through participation in the bidding process and approving and authorizing the City Manager to enter into associated contracts upon a successful bid. **(Citywide)** – Resolution No. 11867

Energy Resource Department Director Frank McRae discussed the bidding process for the acquisition of interstate natural gas pipeline transmission capacity. He stated that the City has sufficient pipeline capacity under the federally-regulated tariffs with El Paso Natural Gas or Kinder Morgan. He mentioned as the City's system grows with new customers and gas fire generation for Mesa's electric utility, staff is researching ways to increase capacity to the City's interstate pipeline transportation contracts. He explained the pipeline is federally regulated and the bid is not based on price, but rather on the length of time the company is willing to contract for that capacity. He mentioned to increase the City's chances of winning the bid and acquiring the capacity, bids of up to 50 years are being accepted. He highlighted this is a great opportunity for the City to obtain some additional capacity, minimize the City's costs by not having to go through an open season asking pipeline companies to build new capacity, and taking advantage of existing capacity released into the market.

In response to multiple questions from Mayor Giles, Mr. McRae stated the department continues pursuing electric generation capacity utilizing natural gas, which will enable the City to meet the needs of the industrial developments taking place in the area of Mesa's gas service territory. He indicated the electric utility will benefit as gas-fired generation is added into the City's resource mix, as well as serve Mesa's gas customers in Pinal County and the City of Mesa (COM).

City Manager Christopher Brady reported that the area that the City can service for gas utility is bigger than the COM and there is considerable demand from large potential users. He noted that the natural gas pipeline is another opportunity to meet the demand.

In response to a question posed by Councilmember Heredia regarding why the contractor is not rebidding, Mr. McRae explained companies may go out of business or the utility demand may fall for several reasons, which will enable them to release the contracts and avoid paying capacity charges. He added often utilities forecast their needs far in advance and acquire that pipeline capacity, yet the load does not materialize, which is why the capacity is released. He mentioned there is no deficiency in the way the pipeline is operated, maintained, or managed.

Mayor Giles thanked staff for the presentation.

It was moved by Councilmember Luna, seconded by Vice Mayor Duff, that Resolution No. 11867 be adopted.

Upon tabulation of votes, it showed:

AYES – Giles-Duff-Freeman-Heredia-Luna-Spilsbury

NAYS – None

ABSENT – Thompson

Mayor Giles declared the motion carried unanimously by those present and Resolution No. 11867 adopted.

2. Adjournment.

Without objection, the Special Council meeting adjourned at 7:36 a.m.

JOHN GILES, MAYOR

ATTEST:

HOLLY MOSELEY, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Session of the City Council of Mesa, Arizona, held on the 19th day of May 2022. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

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