

COUNCIL MINUTES

October 7, 2019

The City Council of the City of Mesa met in a Study Session in the lower level meeting room of the Council Chambers, 57 East 1st Street, on October 7, 2019 at 4:31 p.m.

COUNCIL PRESENT

John Giles
Mark Freeman
David Luna
Francisco Heredia
Kevin Thompson
Jeremy Whittaker

COUNCIL ABSENT

Jennifer Duff

OFFICERS PRESENT

Christopher Brady
Dee Ann Mickelsen
Jim Smith

Mayor Giles excused Councilmember Duff from the entire meeting.

1. Review and discuss items on the agenda for the October 7, 2019 Regular Council meeting.

Fire Department Assistant Chief Mike Dunn provided information on Item *4-b, **Purchase of Fire Station Alerting System Equipment Upgrade for 20 Fire Stations for the Mesa Fire and Medical Department as requested by the Information Technology Department (Sole Source). (Citywide)** on the Regular Council meeting agenda.

Chief Dunn stated the current system is 10 years old and the upgrade to the G2 system is to improve response times.

In response to a question from Vice Mayor Freeman, Chief Dunn explained Phoenix and other entities have the upgrade. He advised the upgrade includes a color-coding system that alerts which crew is being called, with a large display showing the type of call and the address firefighters can view while putting on their turn-out gear.

2-a. Hear a presentation and discuss utility projects included in the Capital Improvement Program.

Office of Management & Budget Deputy Director Scott Butler introduced Water Resources Director Jake West and Energy Resources Director Frank McRae and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Butler provided an update on the utility projects included in the Fiscal Year (FY) 19/20 Capital Improvement Program (CIP) adopted by Council on May 20, 2019 with approximately \$800 million forecasted for utility projects. (See Pages 2 and 3 of Attachment 1)

Mr. Butler stated the considerations in the evaluation included department assessments, financial constraints and ability to complete projects to identify short-term needs while staying on track for long-term infrastructure objectives. (See Page 4 of Attachment 1)

Mr. Butler explained the current projects for FY 19/20 include \$164 million for utility infrastructure investment at the Greenfield Water Reclamation Plant, Mesa Drive Phase II, several electric substation improvements and annual scheduled replacements. (See Page 5 of Attachment 1)

Mr. Butler described in the last four fiscal years over \$400 million has been invested in various utility system improvement projects with the majority of the money coming from the long-term bond financing and Enterprise revenue. (See Page 6 of Attachment 1)

Mr. Butler highlighted the water treatment and wastewater reclamation projects, and transmission, distribution and collections projects. (See Pages 7 and 8 of Attachment 1)

Mr. Butler pointed out on the asset management side there are inspections done to ensure the assets are performing in a reliable manner. He stated to extend the life of the utilities, video line inspections, physical inspections, leak surveys and detection, safety evaluation and risk assessments are performed. (See Page 9 of Attachment 1)

Mr. West identified Water Resources went through an audit process a few years ago and developed a formal program for asset management prioritization. He stated each project is assigned a risk score with the probability and the consequences of an occurrence. (See Page 11 of Attachment 1)

Mr. West explained \$5.8 million is spent annually on water asset management and \$3.1 million on wastewater asset management. He added Water Resources follows an intensive waterline inspection process to ensure there will not be a catastrophic failure and to minimize disruptions to residents. He stated wastewater has their own truck with a camera which takes 3D pictures of pipes to identify defects. (See Pages 12 and 13 of Attachment 1)

Mr. McRae stated gas and electric utilities use a Distribution Integrity Management Program to evaluate the system for existing and potential threats by applying a probability risk assessment. He added the criteria used to prioritize projects is the safety of employees and the public, reliability and quality of service, and the efficiency of service. Mr. McRae added that natural gas is heavily regulated through the Arizona Corporation Commission and is subject to audits every 12 months. (See Page 14 of Attachment 1)

Mr. McRae remarked almost \$6 million a year is spent performing various inspection assessments. He stated a few years ago the Environmental Defense Fund and Google surveyed the Mesa system and found a tight, robust system with a very low level of leakage compared to other systems. (See Page 15 of Attachment 1)

Mr. McRae explained on the electric side \$2.1 million is spent on asset management using infrared camera technology to identify risks. He stated the frequency of inspecting certain devices has been increased. (See Page 16 of Attachment 1)

Mr. Butler described the categories used to evaluate needs are customer demand, system reliability and contractual obligations. He highlighted the priority projects in the next three years are as follows: (See Pages 17 through 22 of Attachment 1)

- Neighborhood Infrastructure
 - Gilbert & Baseline
 - Alma School & Guadalupe
- Transmission
 - Broadway Road: Country Club to Stapley Drive
 - 6th Street: Gilbert Road to Lindsay Road
 - Country Club Drive & Southern Avenue

Mr. Butler explained on the customer demand side the projects are Ellsworth Road between SR 24 & Pecos and Signal Butte Road between Williams Field to Pecos. He added due to growth in the area, a reclaimed waterline will be constructed from the Northwest Water Reclamation Plant to the existing line that conveys reclaimed water to the Greenfield Water Reclamation Plant to allow continued use of the exchange credits with the Gila River Indian Community (GRIC). (See Page 24 of Attachment 1)

Mr. Butler summarized the three-year utility infrastructure investment for each category and stated the total is approximately \$263 million. (See Page 25 of Attachment 1)

In response to a question from Vice Mayor Freeman, Mr. West responded that the infrastructure reliability project will be changing the transmission lines in the neighborhoods due to the pipe approaching its lifecycle. He stated the 6th Street project includes realigning the pipe off school property and away from power lines for safety.

In response to a series of questions posed by Councilmember Thompson, Mr. West stated Water Resources has a comprehensive system that identifies the type, size and age of the pipe in the City. He advised he is unclear if staff tracks alkalinity in the soil, but staff is sensitive to flood irrigation areas affecting pipes.

In response to a series of questions from Councilmember Heredia, Mr. West responded the Granite Reef Underground Storage Project (GRUSP) line is for illustration purposes only and that an alignment study will be done to determine the best location for the pipeline to maximize the water exchange with GRIC. He added the proposed reclaimed waterline will assist in the future expansion of the Signal Butte Water Treatment Plant and will allow the City to meet the water exchange agreement at a lower cost than Central Arizona Project (CAP) water. He clarified the proposed reclaimed waterline will connect to the existing waterline at Greenfield and Baseline.

City Manager Christopher Brady explained although the City is investing \$66 million in the project, the City will be able to quantify the savings compared to purchasing water on the open market.

In response to a question by Councilmember Heredia, Water Resources Advisor Brian Draper stated the GRIC exchange water rate is based on the energy rate paid to CAP, which can fluctuate. He identified today the City pays \$52 an acre foot for reclaimed water; whereas on the open market the rate is \$10,000 an acre foot. He added the projection is around 13,000 acre feet (af) of water which will be delivered to GRIC with the City getting back approximately 10,000 af. He remarked with the growth occurring in the technology corridor, the CAP supply will be maxed out within a few years which is the reason for expanding the Signal Butte Water Treatment Plant.

Assistant City Manager Kari Kent commented the City is in Year 15 of the 100-year GRIC agreement.

In response to a question posed by Councilmember Luna, Mr. West stated any employee that works on or near the school must have a background check and staff works with the principal throughout the process to keep them informed.

Mr. Brady added the projects will begin in July of 2020 and there will be outreach to the school districts and residents.

In response to a question from Councilmember Whittaker, Mr. Brady responded currently the water is stranded and is not being sent to GRIC because the infrastructure is not available to transport.

Mr. Draper commented that currently reclaimed water is being sent to GRIC from the Southeast Water Reclamation Plant, but per the agreement every year the amount increases until it reaches full capacity. He said in the event there is excess water that GRIC cannot hold, the City will transport the water to GRUSP and will receive credit as if it had been delivered.

In response to a question from Councilmember Whittaker, Mr. Draper explained the difference between the amount paid for exchange water to GRIC and CAP, stating the difference is due to federal assistance.

In response to a question from Councilmember Whittaker, Mr. Brady explained staff is in the process of determining the best alignment for the waterline and how long it will take to pay back. He stated the water will be needed at some future point and the City wants to be in a position to take advantage of the economic value of this investment.

In response to a question from Councilmember Whittaker regarding the percentage of the City's water use this will supply, Mr. Draper responded around one-third of the CAP supply.

Mr. Brady stated the waterline is for future planning purposes to ensure the City can meet the growing demand occurring for residential and industrial users.

In response to a question from Councilmember Thompson, Mr. Brady stated the City has had productive conversations with the Roosevelt Water Conservation District (RWCD) in which various options have been discussed regarding the placement of the waterline.

Mr. Brady advised staff will be coming back to Council to update the Enterprise Fund forecast.

2-b. Appointments to the Human Relations Advisory Board and the Personnel Appeals Board.

Councilmember Thompson suggested for future reference he would like to receive resumes from candidates to determine their background.

It was moved by Vice Mayor Freeman, seconded by Councilmember Thompson, that Council concur with the Mayor's recommendations and the appointments be confirmed. **(See Attachment 2)**

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Heredia-Luna-Thompson-Whittaker
NAYS – None
ABSENT – Duff

Mayor Giles declared the motion carried unanimously by those present.

3. Acknowledge receipt of minutes of various boards and committees.

3-a. Museum & Cultural Advisory Board meeting held on July 25, 2019.

3-b. Economic Development Advisory Board meetings held on August 13 and September 3, 2019.

It was moved by Councilmember Luna, seconded by Councilmember Thompson, that receipt of the above-listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Heredia-Luna-Thompson-Whittaker

NAYS – None

ABSENT – Duff

Mayor Giles declared the motion carried unanimously by those present.

4. Current events summary including meetings and conferences attended.

Mayor Giles –	Fiesta Latina Event at Mesa Community College Pas de Cristo Fundraising Breakfast
Vice Mayor Freeman –	District 1 Community Meeting Love Your City Service Day
Councilmember Heredia –	Love Your City Service Day State of Latinos in Mesa, Arizona at Mesa Arts Center Fiesta Latina Event at Mesa Community College
Councilmember Luna –	State of Latinos in Mesa, Arizona at Mesa Arts Center Food Truck Friday at Las Sendas Coffee with a Cop at Basha's Fiesta Latina Event at Mesa Community College
Councilmember Thompson –	Love Your City Service Day Mesa Public Safety Night at Desert Ridge High School Coffee with a Cop at Eastmark and Starbucks

5. Scheduling of meetings.

City Manager Christopher Brady stated that the schedule of meetings is as follows:

Thursday, October 10, 2019, 7:30 a.m. – Study Session

6. Convene an Executive Session.

It was moved by Councilmember Luna, seconded by Councilmember Thompson, that the Council adjourn the Study Session at 5:19 p.m. and enter into an Executive Session.

Upon tabulation of votes, it showed:

AYES – Giles-Freeman-Heredia-Luna-Thompson-Whittaker

NAYS – None

ABSENT – Duff

Mayor Giles declared the motion carried unanimously by those present.

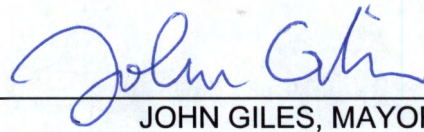
6-a. Discussion or consultation for legal advice with the City Attorney. (A.R.S. §38-431.03A (3)) Discussion or consideration of employment, assignment, appointment, promotion, demotion, salaries, discipline, dismissal, or resignation of a public officer, appointee or employee of the City. (A.R.S. §38-431.03A (1)):

1. City Manager Review
2. City Attorney Review
3. City Auditor Review
4. City Clerk Review

7. Adjournment.

Without objection, the Study Session adjourned at 6:04 p.m.




JOHN GILES, MAYOR

ATTEST:


DEE ANN MICKELSEN, CITY CLERK

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Study Session of the City Council of Mesa, Arizona, held on the 7th day of October 2019. I further certify that the meeting was duly called and held and that a quorum was present.


DEE ANN MICKELSEN, CITY CLERK

Capital Improvement Program

Utility Infrastructure Investment

City Council Study Session
October 7, 2019

Scott Butler, Office of Management & Budget
Jake West, Water Resources
Frank McRae, Energy Resources

1

Purpose

- Update City Council on utility projects included in the adopted FY19/20 Capital Improvement Program
- Review specific short-term prioritized projects that are included in the Enterprise Fund forecast



Background

- On May 20, 2019 Council adopted the Five-Year Capital Improvement Program (CIP)
- Included in the 5-Year CIP were approximately \$800M in forecasted utility projects



Background

- Staff identified definitive short-term needs (3 years) while staying on track for long-term infrastructure objectives
- Considerations included department assessments, financial constraints and ability to complete projects



Current Projects (FY19/20)

\$164M for Utility Infrastructure Investment

- Greenfield Water Reclamation Plant Expansion
 - \$62M
- Mesa Drive Phase II
- Electric Substation Improvements
- Scheduled Replacements: Valves, meters, hydrants, poles, switches, transformers, vaults



Historical Infrastructure Investment

- From FY 2016-2019, the City of Mesa has invested over \$400M in utility system improvements.
 - Long-term bond financing
 - Enterprise revenue (cash)
- 2 major plant projects
 - Signal Butte Water Treatment Plant
 - Greenfield Water Reclamation Plant Expansion
- Transmission/Distribution/Collection infrastructure
- Substation improvements





Plants

FY 2016-2019

Water Treatment \$139.1M

Wastewater Reclamation \$101.8M





Transmission – Distribution – Collection

FY 2016-2019

Electric \$11.5M

Natural Gas \$25.1M

Water \$111.6M

Wastewater \$16.5M



Asset Management

- Distribution Integrity Management Program
- Video Line Inspection
- Physical Inspection
- Leak Survey & Detection
- Safety Evaluations
- Risk Assessments



Water Resources Asset Management

Policy Objectives:

- Evaluate and prioritize capital projects to optimize limited available funding
- Address relative importance of projects with multiple competing objectives
- Assure capital expenditure/project accomplishes intended goals and objectives



Water Resources Asset Management

- Each project is assigned a risk score
- Probability is the likelihood of an occurrence happening within a certain period of time
- Consequences assess the seriousness of a project based on the following criteria:
 - Safety & Health
 - Liability for Consequential Loss
 - Loss of Service
 - Public Confidence
 - Environmental
 - Economic



Water Asset Management

\$5.8M Annually Spent Towards Water

Asset Management

- Water Distribution Operation & Maintenance
- Water Line Inspection Program
- Meter Replacement Program
- Fire Hydrant and Water Valve Replacement



Wastewater Asset Management

\$3.1M Annually Spent Towards Wastewater Asset Management

- Wastewater Collection System
Maintenance
- Sewer Line Conditional Assessment
Program
- Manhole Evaluation and Rehab Program



Natural Gas Asset Management

Distribution Integrity Management Program (DIMP)

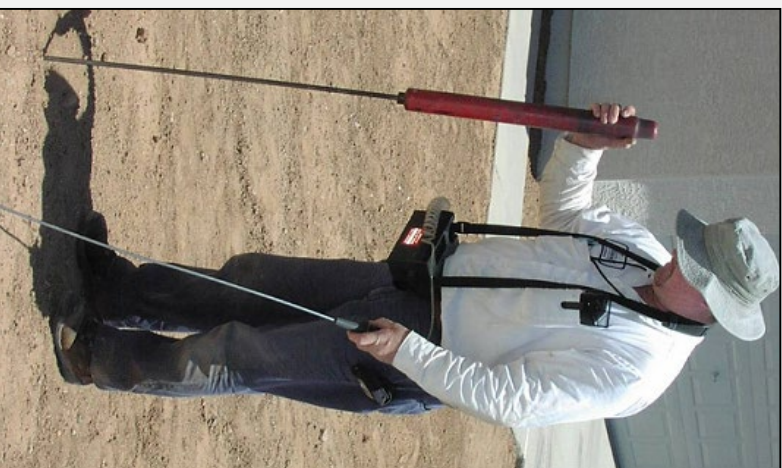
- Evaluate system: design, characteristics, operating conditions, and maintenance/operating history
- Identify existing and potential threats
- Evaluate and rank risks
- Identify and implement measures to address risks
- Evaluate program performance, monitor results, and effectiveness
- Report performance results to Federal & State Pipeline Safety Regulators
- Assess and improve the Integrity Management program



Natural Gas Asset Management

\$5.9M Annually Spent Towards Natural Gas Asset Management

- Prescriptive safety regulations drive system management
- Provide tools for compliance, reliability, and efficiency
- Identify safety risks
- Promote continuous assessment
- Ensure system capacity for current and forecasted customers

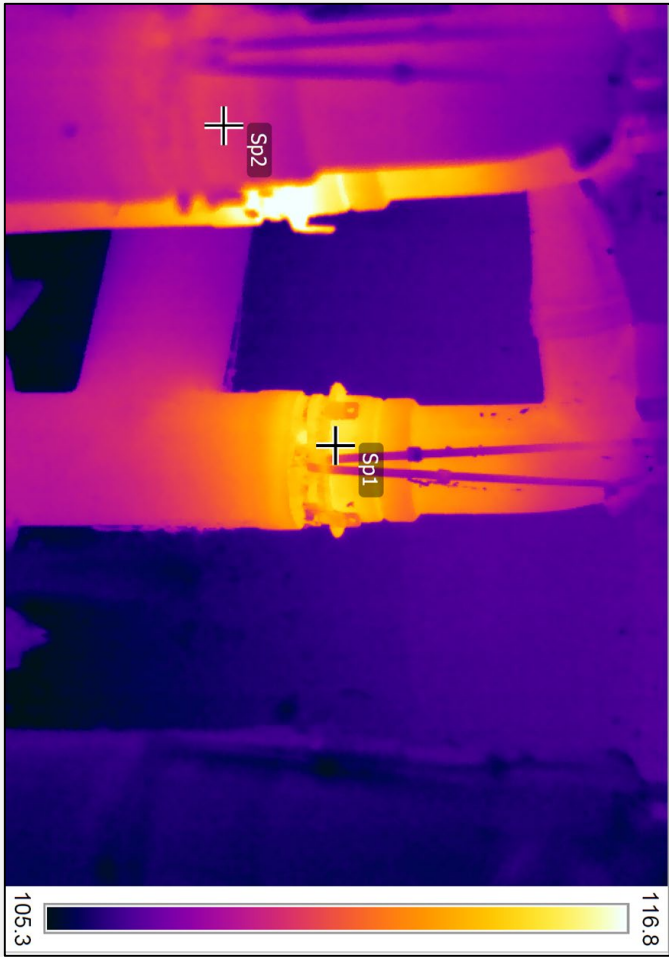


Electric Asset Management

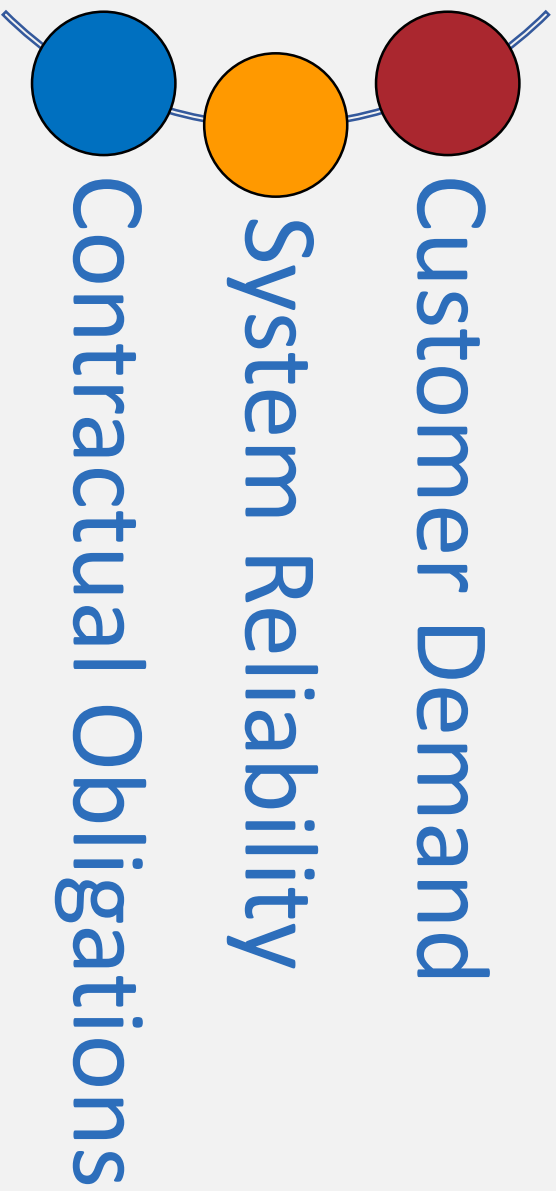
\$2.1M Annually Spent Towards

Electric Asset Management

- Wood Distribution Poles
- Distribution Transformers/Switches
- Vaults and Lids
- Substation Transformers
- Substation Switchgear, Circuit Breakers
- Electric Meters



Balancing needs for the next 3 years



System Reliability

Neighborhood Infrastructure

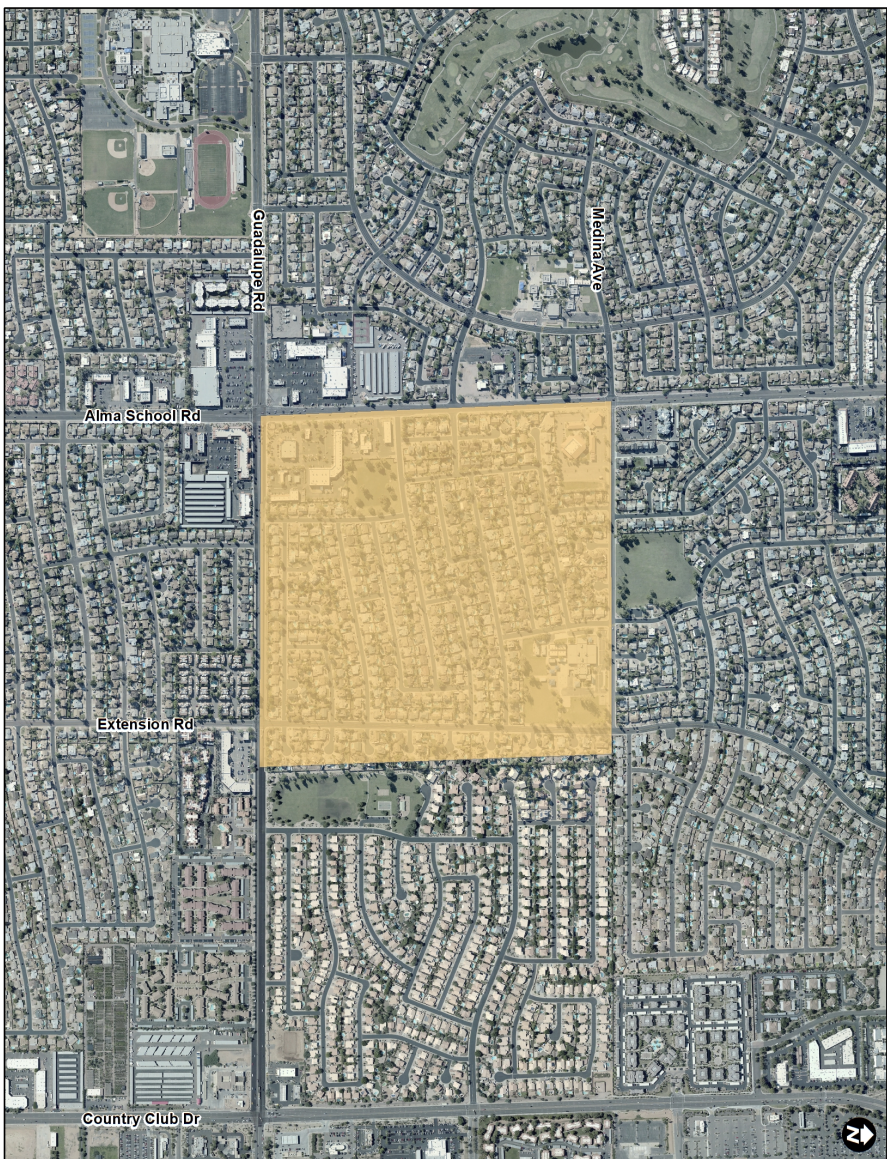
- Gilbert & Baseline
- Water \$5.0M



System Reliability

Neighborhood Infrastructure

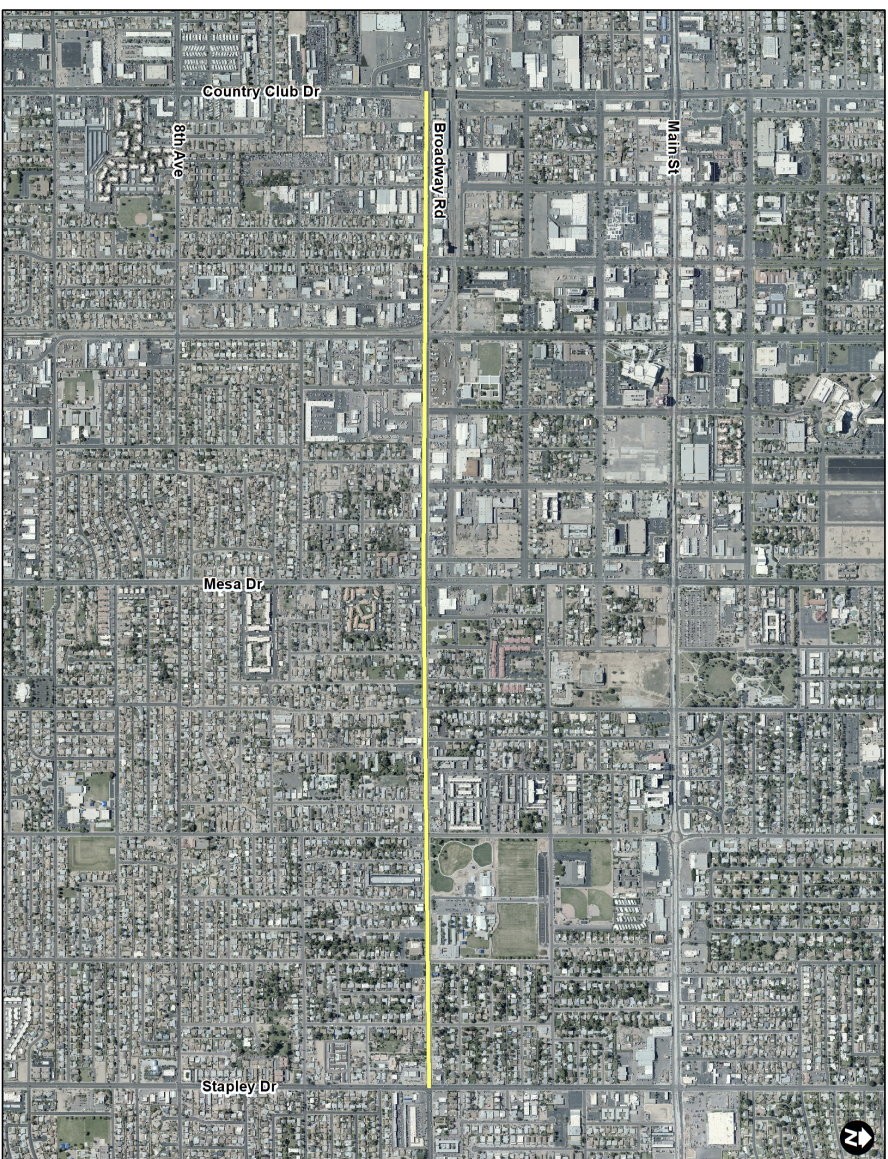
- Alma School & Guadalupe
 - Water \$5.2M



System Reliability

Transmission

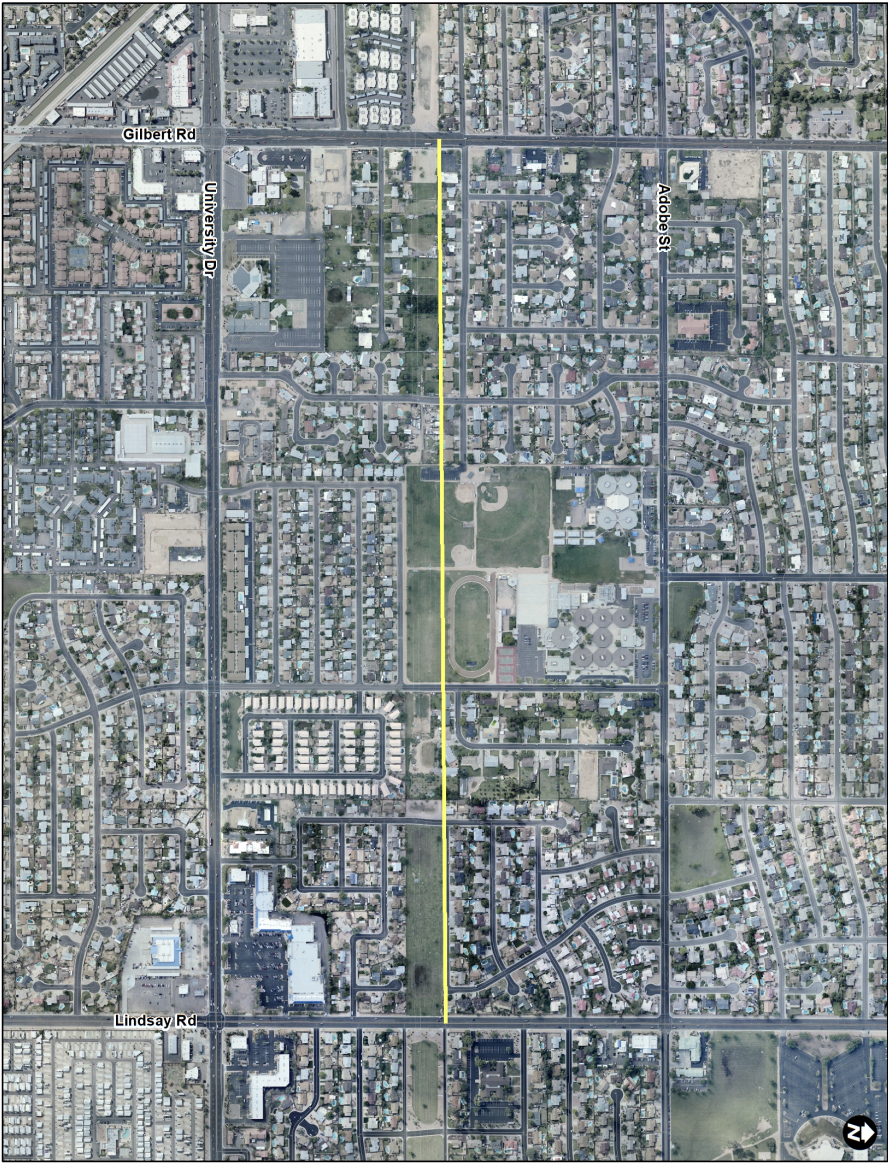
- Broadway Road: Country Club to Stapley Drive
 - Water \$10.6M



System Reliability

Transmission

- 6th Street: Gilbert Road to Lindsay Road
 - Water \$4.6M

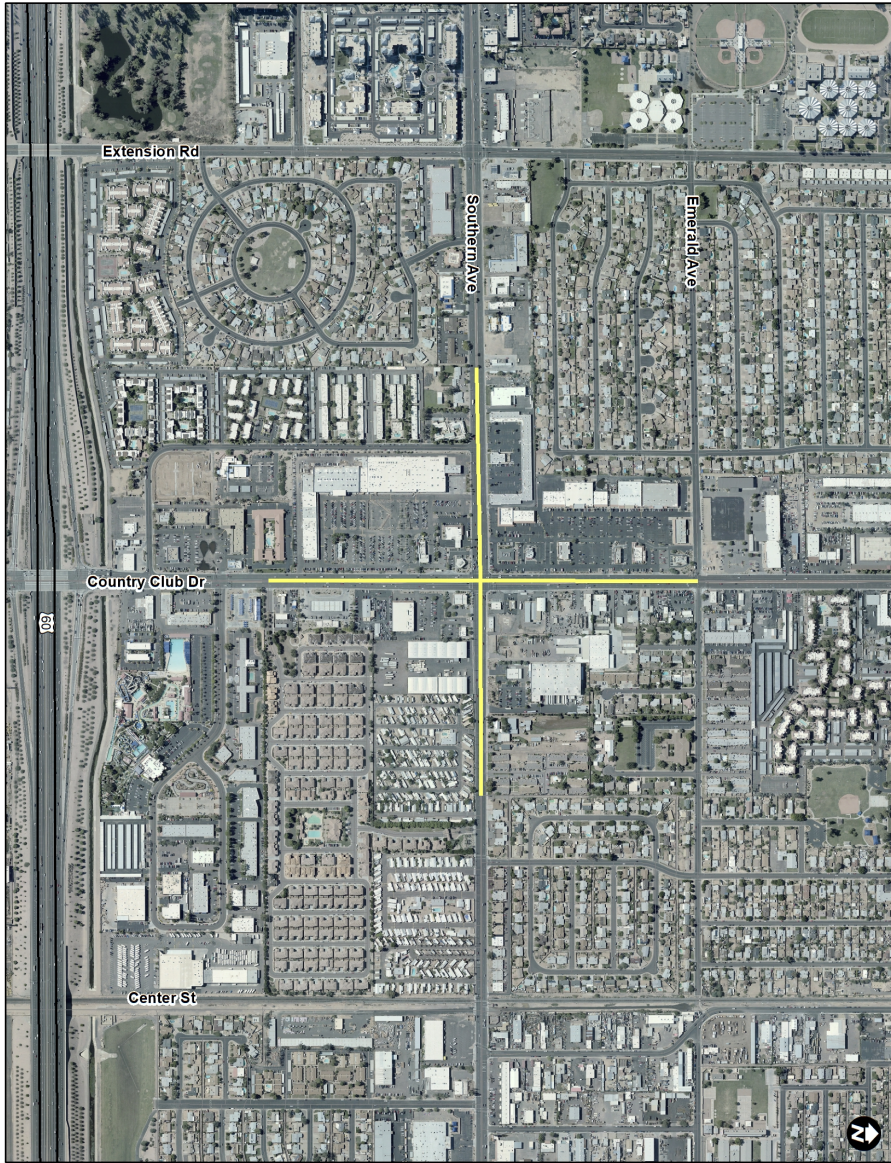


System Reliability

Country Club Drive & Southern Avenue

- Electric: \$0.4M
- Gas: \$1.9M
- Wastewater: \$0.6M
- Water: \$2.8M

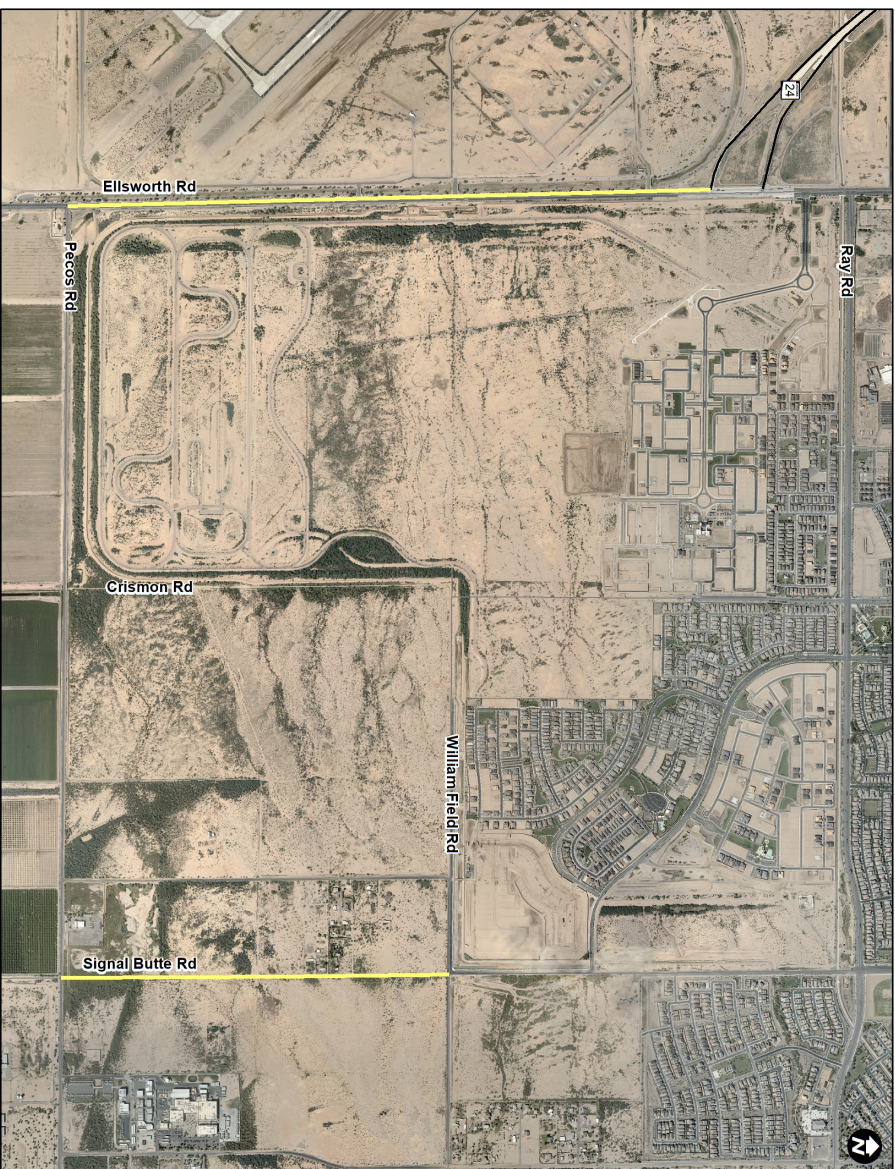
*Utility estimates only

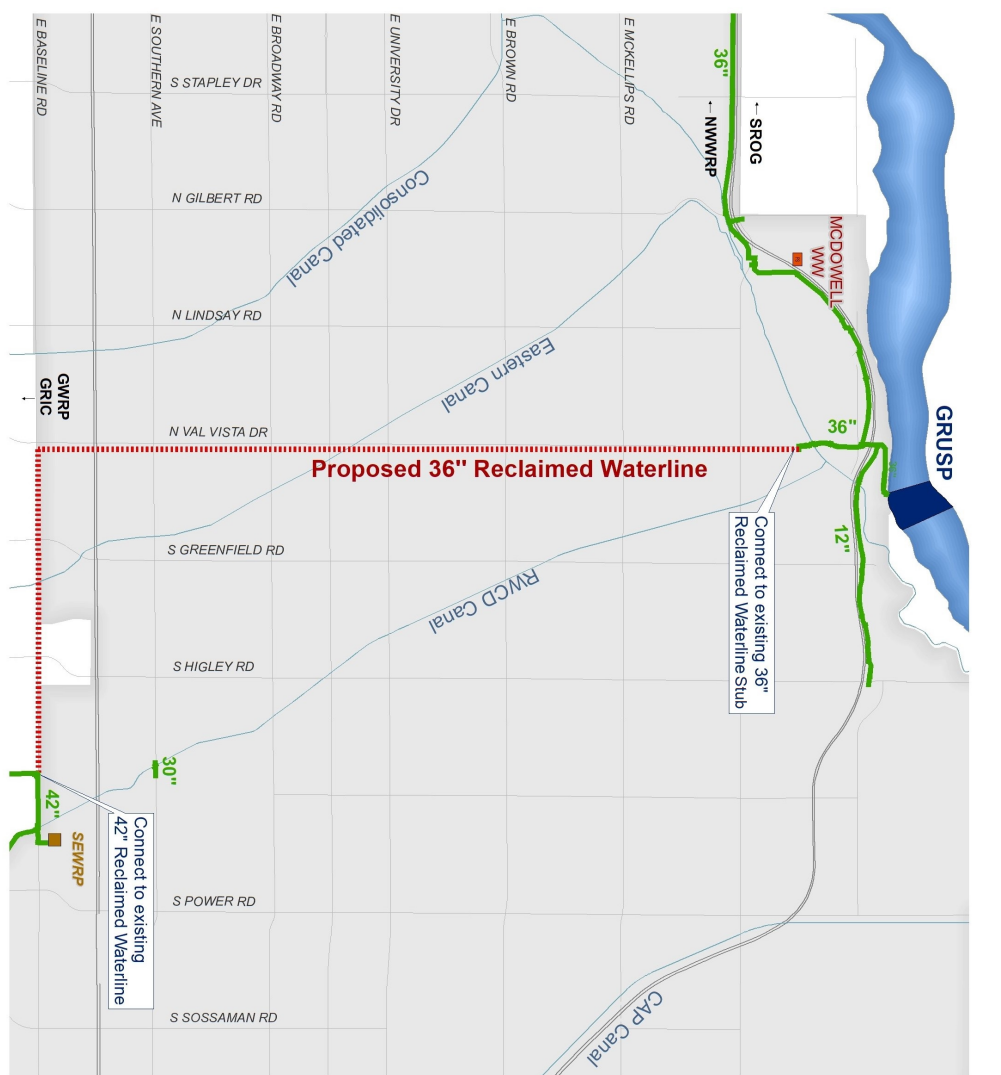


Customer Demand

- Ellsworth Road: SR 24 to Pecos
 - Wastewater \$1.7M
 - Water \$3.2M
- Signal Butte Road: Williams Field to Pecos
 - Water \$5.2M

*Utility estimates only



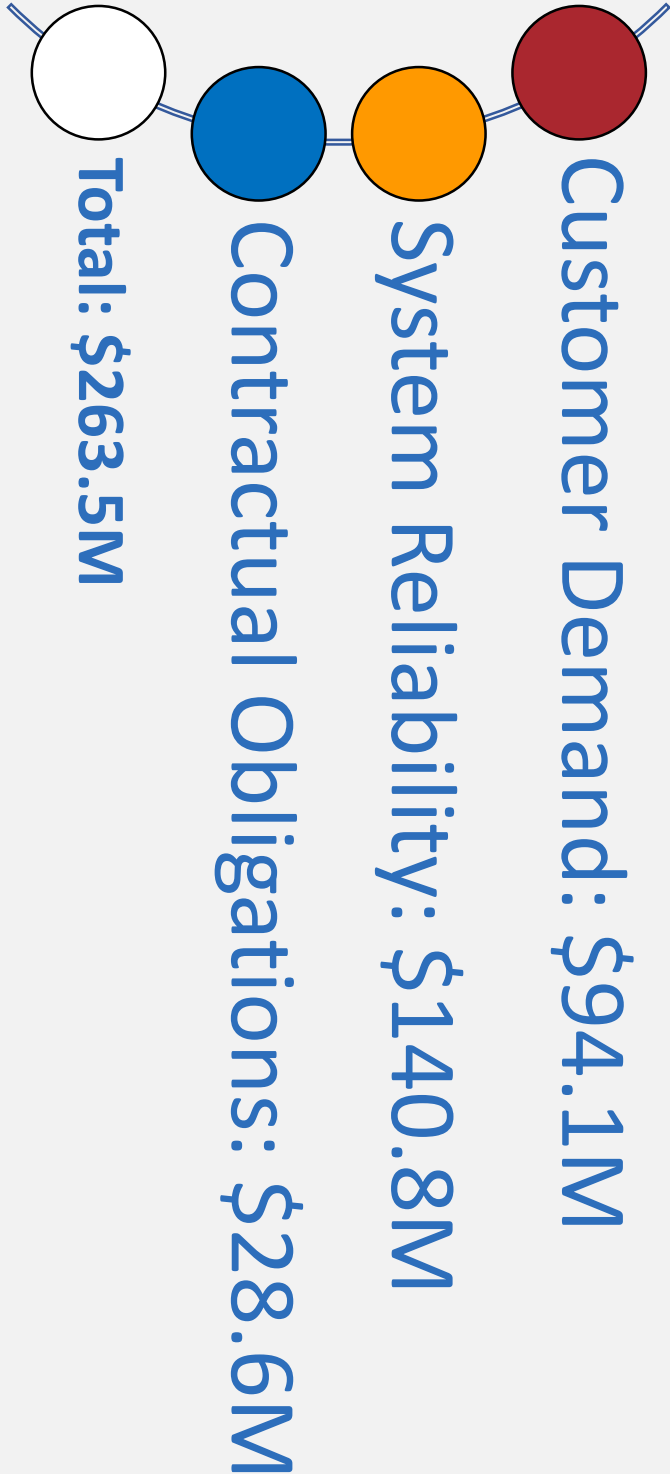


Customer Demand Reclaimed Waterline

- Construct waterline from Northwest Plant to existing line that conveys reclaimed water to Greenfield Plant
- Additional reclaimed water delivered to GRIC in exchange for CAP water
- Exchange provides additional CAP water to support customer demand
- Project Estimate - \$66M



3-Year Utility Infrastructure Investment



Questions?



October 7, 2019

TO: CITY COUNCILMEMBERS

FROM: MAYOR JOHN GILES

SUBJECT: Appointments to Boards and Committees

The following are my recommendations for appointments to City of Mesa Advisory Boards and Committees.

Human Relations Advisory Board – Eleven-member board including new appointment.

Tom Brennan, District 5. Mr. Brennan is the principal of Skyline High School in Mesa. He is a member of the Mesa Association of Hispanic Citizens and completed the Hispanic Leadership Institute in 2018. Mr. Brennan holds a Bachelor of Arts from Western Washington State University, a Master of Science in Counseling and Guidance from California State University in San Bernardino, and has a Principal Certification from Northern Arizona University. He has been a semi-professional musician and singer for over 30 years. Mr. Brennan will be filling a vacancy created by the resignation of Olga Danelowitz. His term will expire June 30, 2022.

Personnel Appeals Board – Five-member board including new appointment.

Jon Nielson, District 1. Mr. Nielson is a partner and sales manager at Pri Graphics. He studied at Arizona State University and has experience in Human Resources. Mr. Nielson is very involved in the community, serving as a Mesa United Way Board Member and as a member of the Mesa Chamber of Commerce and Valley Partnership. He will be filling a vacancy created by the resignation of Dr. Anthony Liuzzo. His term will expire June 30, 2022.