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OFFICE OF THE CITY CLERK

COUNCIL MINUTES

April 20, 2026

The City Council of the City of Mesa met in the Study Session room at City Hall, 20 East Main Street, on April 20, 2026, at 5:17 p.m.

COUNCIL PRESENT	COUNCIL ABSENT	OFFICERS PRESENT
Mark Freeman	None	Scott Butler
Scott Somers		Holly Moseley
Rich Adams		Jim Smith
Jennifer Duff		
Alicia Goforth*		
Francisco Heredia		
Dorean Taylor*		

(*Participated in the meeting through the use of video conference equipment.)

Mayor Freeman conducted a roll call.

1. Review and discuss items on the agenda for the April 20, 2026, regular Council meeting.

All of the items on the agenda were reviewed among Council and staff and the following was noted:

Conflict of interest: None

Items removed from the consent agenda: 5-e

In response to a question from Councilmember Goforth regarding Item 4-b, **(Mesa Public Safety Communications - Pre-Construction Services and Construction Manager at Risk (CMAR) (District 1))**, on the Regular Council Meeting agenda, City Engineer Lance Webb explained that the CMAR for the 911 communications center project was selected through the City of Mesa's (COM) standard Title 34 competitive procurement process, which he described in detail. He stated the proposed contract is for pre-construction services leading to the development of a guaranteed maximum price (GMP), which will be brought back to Council for consideration. He pointed out that the construction management fee will be established as part of the GMP. He noted that design is approximately 30% complete, the authorized bond amount for the project is approximately $54 million, and construction is anticipated to begin in approximately one year. He discussed the benefit of using the same contractor for the adjacent Fire Station 223 project and the 911 communications center project to identify efficiencies, shared infrastructure opportunities, and potential cost savings.

2-a. Hear a presentation, discuss, and provide direction on the Energy Resources Department budget.

Energy and Sustainability Director Scott Bouchie introduced Senior Fiscal Analyst John Petrof and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Bouchie provided the Energy Resources Department's public purpose and confirmed that the department's work aligns with the COM's priority of quality development and a thriving community. He discussed that the department is focused on stabilizing and reducing costs by providing customers with predictable, low-cost energy while maintaining reliable electric and natural gas service. He noted that reliability depends on ensuring employees have the education, training, and equipment needed to perform their work effectively. He highlighted the ongoing succession planning and cross-training efforts to develop future leaders, increase organizational depth, and build a more resilient utility prepared to meet future service needs. (See Pages 2 and 3 of Attachment 1)

Mr. Bouchie described the efforts to reduce and stabilize electric costs, including the use of reverse auctions for short-duration energy contracts, which have reduced costs by approximately $20 to $90 per megawatt hour and have provided direct savings to customers. He summarized the Parker-Davis voluntary reduction program, which allows the COM to use lower-cost alternative energy sources when available, saving customers approximately $600,000 since the program began in July. He noted that the department is increasing competition for power contracts by expanding the number of counterparties available for power trading, as part of its overall hedging strategy to reduce market exposure and maintain predictable, low-cost energy supplies. (See Page 4 of Attachment 1)

Mr. Bouchie stated that the department uses hedging strategies and fixed-price natural gas contracts with terms ranging from one to ten years to help stabilize costs. He reported that beginning in May 2026, the COM will participate in a municipal utility program expected to save approximately 10 cents per dekatherm on base-load service, resulting in an estimated $164,000 in savings. He highlighted several utility award recognitions, including a 2025 Certificate of Excellence in Reliability recognizing the COM among the top 25% of public utilities nationwide for reliability, and a diamond-level safety award. (See Pages 5 and 6 of Attachment 1)

Mr. Bouchie reviewed the system average interruption duration index (SAIDI), which measures the average length of time customers experience power outages. He explained that the COM's target is based on a rolling 10-year average and noted that recent outages were primarily due to issues such as an underground fault, tree contact with lines, and vehicle collisions with poles. He stated that the COM continues to compare favorably with other Arizona utilities and that the data reflects strong reliability, stable performance, and a well-maintained electric utility system. (See Pages 7 and 8 of Attachment 1)

Mr. Bouchie reported the gas emergency response time measures and the goal of responding to calls in less than 30 minutes, noting that the department meets this goal more than 95% of the time. He identified the most common calls and stated that emergency response staff undergo approximately one year of training before responding independently due to the complexity and urgency of these calls. He emphasized the resiliency of the gas utility and pointed out that the City's electric energy portfolio is 57% renewable and diversified through multiple low-cost contracts, which helps reduce dependence on any single provider. He highlighted the use of renewable natural gas produced at the Northwest Water Reclamation Plant, and stated that from December 2025 through March 2026, 16% of solid waste fueling came from gas that was cleaned to pipeline standards and used in solid waste vehicles. (See Pages 9 and 10 of Attachment 1)

Mr. Petrof provided an overview of expenditures and budget projections. He advised that electric operations and maintenance expenditures were approximately $464,000 underbudget and gas operations and maintenance expenditures were approximately $275,000 underbudget, primarily due to vacancy savings. He reported that the Fiscal Year (FY) 2025/26 electric operations and maintenance are projected to end approximately $400,000 underbudget due to personnel services savings, fleet cost savings, and lower material costs. He added that gas operations and maintenance are projected to end approximately $200,000 underbudget due to vacancy savings and lower-than-anticipated costs for the Fiber to the Premises (FTTP) project. He confirmed that the proposed FY 2026/27 operations and maintenance budgets include an increase of approximately $300,000 for electric, due to a one-time AMI outage software payment and proposed merit increases, as well as an increase of approximately $300,000 for gas, due to merit and fleet cost increases. (See Page 11 of Attachment 1)

Mr. Petrof reviewed energy supply costs, pointing out that FY 2024/25 electric supplies were approximately $600,000 underbudget, and gas supplies were approximately $3.2 million underbudget. He reported that electric supplies for FY 2025/26 are expected to be near budget, while gas supplies are projected to be approximately $6.1 million underbudget due to warmer-than-usual winter weather, supply contract pricing, and lower market prices. He noted that the proposed FY 2026/27 supply budgets include $23.3 million for electric and $16.1 million for gas. (See Page 12 of Attachment 1)

Mr. Petrof outlined the proposed department reductions totaling approximately $263,000, including eliminating the college intern program, reducing utility locating temporary staff as the fiber project concludes, absorbing overtime within electric transmission and distribution maintenance vacancy savings, and increasing retained revenue from developer deposits by 2%, resulting in approximately $60,000 in additional revenue. (See Page 12 of Attachment 1)

Responding to a question from Mayor Freeman, Mr. Bouchie recalled that the COM serves approximately 19,000 electric and 80,000 natural gas customers. He emphasized employee retention and commented that the department competes with regional utility providers such as Southwest Gas, SRP, and APS for skilled employees. He confirmed that while pay competitiveness remains important, the COM offers stable employment, strong benefits, career development, succession planning, and opportunities for employees to gain broad experience and advance within the organization.

Mayor Freeman thanked staff for the presentation.

2-b. Hear a presentation, discuss, and provide direction on Memorandum of Understanding for fiscal years 2026 through 2029 with the Mesa Police Association and with the United Mesa Fire Fighters Association.

Assistant City Manager Ken Cost displayed a PowerPoint presentation. **(See Attachment 2)**

Mr. Cost reviewed the proposed memorandum of understanding (MOU) effective July 2026 through June 2029. He stated that public safety remains a top priority for the COM and that compensation is reviewed against comparable market cities to support recruitment and retention. He explained that the proposed agreement includes a 3% market adjustment for the ranks of firefighter, engineer, and captain, as well as eligibility for a 5% merit increase each year during the term of the MOU. (See Page 2 of Attachment 2)

Responding to a question from Mayor Freeman, Mr. Cost reported that while individual ranking among market cities may vary by position and top-out pay, the COM's public safety compensation remains generally within approximately 1% of comparable agencies. He stated that the focus is on remaining competitive with the market average, rather than ranking first in every category and that additional benchmarking will occur in future years, with potential market adjustments of up to 3% to maintain competitiveness. He emphasized that total compensation includes not only wages, but also the City's competitive benefits package, including wellness and medical benefits.

Mr. Cost stated that the same market analysis had been completed for the Police Department. He confirmed that the proposed adjustment includes a 3.3% market adjustment for police officers and the entry level of the sergeant range, and a 4% adjustment at the top of the sergeant range. He explained that police officers and sergeants will also be eligible for a 5% merit increase during the term of the MOU. He added that additional market benchmarking will be conducted in spring 2027, with any resulting adjustment effective July 2027, and that a second salary adjustment may occur effective July 1, 2028, based on current benchmark cities, in an amount up to, but not exceeding, 3%. (See Pages 3 and 4 of Attachment 2)

Mr. Cost provided an overview of additional compensation items for Police and Fire personnel. He referred to patrol incentive pay for the Police Department and stated that it supports retention of experienced officers in patrol assignments to assist with training and mentoring newer officers. He noted increases related to uniform allowances due to rising equipment costs, as well as special assignment pay for advanced training and aviation-related duties, including helicopter and drone operations. (See Page 5 of Attachment 2)

Mr. Cost reviewed the additional provisions for Fire personnel and highlighted fitness incentive pay for employees who meet top-tier medical evaluation standards. He confirmed that the program supports the department's focus on physical fitness and has shown positive results. He reviewed uniform allowances for recruits upon academy graduation and the continuation of cancer screening services. (See Page 6 of Attachment 2)

Office of Management and Budget Director Brian Ritschel provided the financial impact of the proposed MOU on the General Governmental Fund forecast. He stated that the proposed budget initially achieved positive net sources and uses; however, when the impact of the memorandum of understanding is included, net sources and uses become negative in FY 2029/30, shifting from a positive $1.8 million to a negative $8.4 million. He noted that FY 2030/31 decreases from a positive $13.7 million to a positive $3.4 million. He explained that the FY 2028/29 benchmark adjustment result is an additional $10 million impact, increasing the negative net sources and uses from $22 million to $32 million. He confirmed that overall, the MOU has an approximate $40 million impact on the ending reserve balance over the forecast period, reducing the projected ending fund balance from approximately $160.9 million to $121 million. He noted that this impact is in addition to the prior year's public safety benchmarking adjustment, which was approximately $20 million ongoing. (See Page 7 of Attachment 2)

City Manager Scott Butler commented on the collaborative process used to develop the MOU and expressed appreciation for the partnership with the United Mesa Firefighters Association and Mesa Police Association. He stated that while all parties may not agree on every issue, the process resulted in a compromise that recognizes the COM's constraints while addressing employee concerns. He emphasized that the proposed agreement is market-driven and supports the COM's priority of public safety by helping recruit and retain trained police officers and firefighters and pointed out the importance of investing in employee health and safety through incentives, cancer screenings, and other proactive measures. He acknowledged that maintaining competitiveness requires significant investment and affects both the General Fund and Public Safety Sales Tax Fund and emphasized that these investments are necessary to retain high-quality public safety employees in Mesa. He confirmed that additional budget information would be brought back to Council during the April 30 budget wrap-up discussion.

Mayor Freeman expressed support for maintaining competitive compensation and strong retention efforts for public safety employees. He emphasized the importance of health and wellness resources, including peer support, particularly in light of recent firefighter and police memorials and firefighter deaths. He reiterated that public safety remains a non-negotiable priority and acknowledged the need for continued collaboration between the COM and labor associations to balance costs while meeting the needs of public safety personnel.

Mayor Freeman thanked staff for the presentation

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

3-a. Board of Adjustment Public Hearing meeting held on February 4, 2026.

3-b. Board of Adjustment Study Session meeting held on February 4, 2026.

3-c. Planning and Zoning Board Special meeting held on March 11, 2026.

3-d. Planning and Zoning Board Public hearing held on March 11, 2026.

3-e. Planning and Zoning Board Study Session held on March 11, 2026.

It was moved by Councilmember Heredia, seconded by Vice Mayor Somers, that receipt of the above listed minutes be acknowledged.

Upon tabulation of votes, it showed:

AYES – Freeman–Somers–Adams–Heredia–Duff–Goforth–Taylor
NAYS – None

Carried unanimously.

4. Current events summary including meetings and conferences attended.

There were no reports on meetings and/or conferences attended.

5. Scheduling of meetings.

City Manager Scott Butler stated that the schedule of meetings is as follows:

Thursday, April 30, 2026, 7:30 a.m. – Study Session

6. Adjournment.

Without objection, the Study Session adjourned at 6:10 p.m.

MARK FREEMAN, MAYOR

ATTEST:

HOLLY MOSELEY, 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 20th day of April 2026. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

sr
(Attachment – 2)

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Energy Resources

April 20, 2026

Scott Bouchie; Energy and Sustainability Director

John Petrof; Senior Fiscal Analyst

Fiscal Year 2026/27

ublic Purpose

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The Energy Resources Department exists to sustainably procure and deliver natural gas and electric power through a safe and reliable infrastructure with predictable, affordable prices aligning with Mesa's priority of quality development and a thriving community

WHY WE EXIST

OUTCOMES-base of kpis

HOW WE ALIGN TO THE PRIORITIES

utcome Areas

Stabilize and reduce supply costs

Meet customer needs

- Ensuring reliability of Natural Gas and Electric service
- Staffing

Provide opportunities for staff within department

- Succession Planning
- Cross Training

Resiliency

educe & Stabilize Costs – Electric Resources

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Efforts to Reduce Electric Resources Costs

Reverse Auction

- Mesa capped cost per MWh; counterparties underbid each other
- November 2025

Parker-Davis Voluntary Reduction Program

- Option to receive payments instead of hydropower if financially beneficial
- Began July 2025

Increase counterparties with which Mesa is enabled to trade power

- Increase competition to potentially reduce power costs

Reduced Market Exposure

- Implement staggered (rolling) expiration dates for electric purchase contracts to minimize exposure to market volatility

educe & Stabilize Costs – Natural Gas Resources

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Efforts to Reduce Natural Gas Resources Costs

Prepay Program

- Participate in purchasing opportunities available exclusively to municipally owned gas distribution system
- Achieve a savings of $0.10 per dekatherm on 4,500 Dth per day, beginning May 2026

Fixed-Price Natural Gas Contracts

- Lock in fixed pricing for approximately 70% of annual natural gas usage, ensuring stable and predictable costs

Reduced Market Exposure

- Implement staggered (rolling) expiration dates for natural gas purchase contracts to minimize exposure to market volatility

ighlights and Accomplishments

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Utility Awards

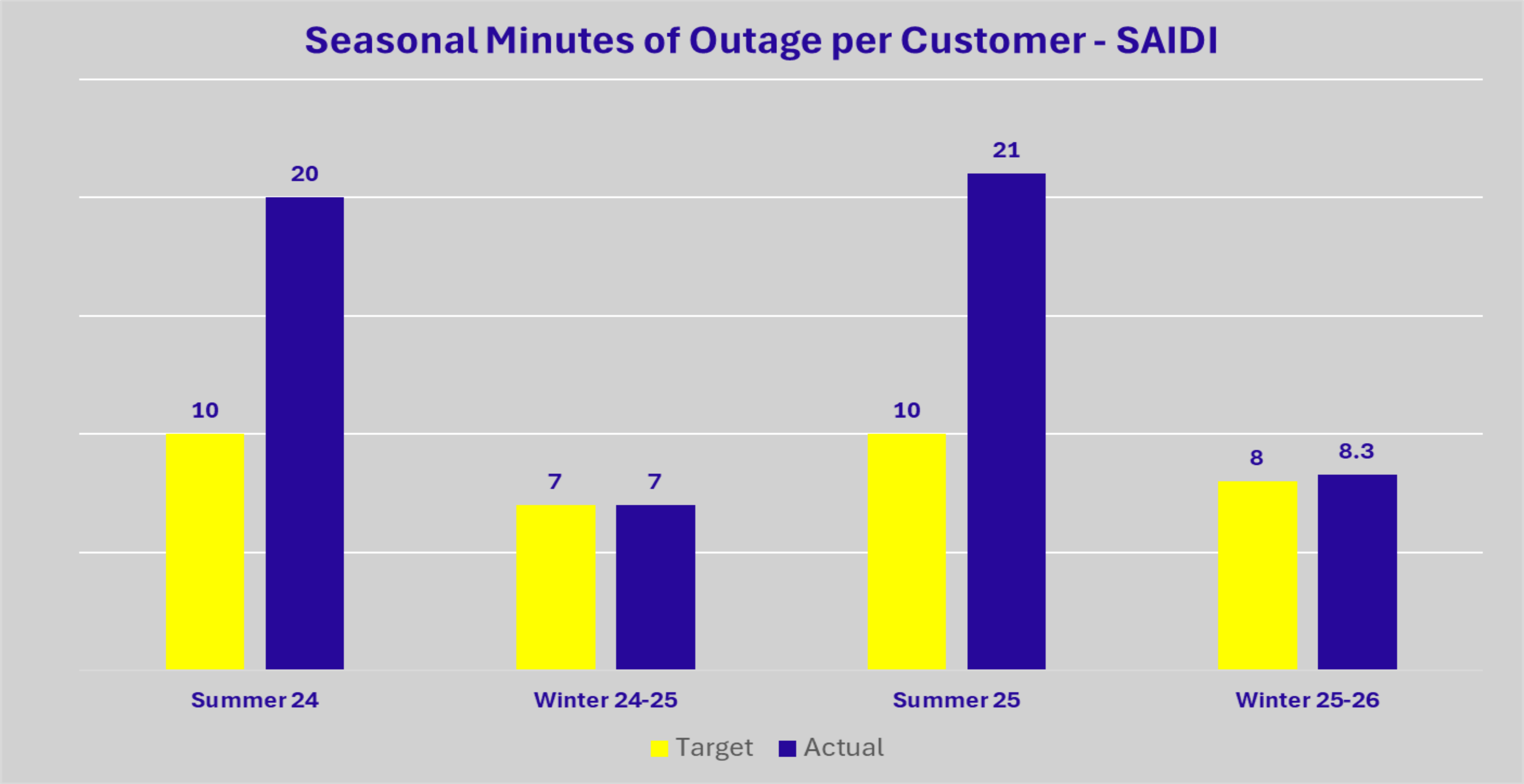
Natural Gas

- APGA SOAR Award – Silver Level Designation, 2025-2027

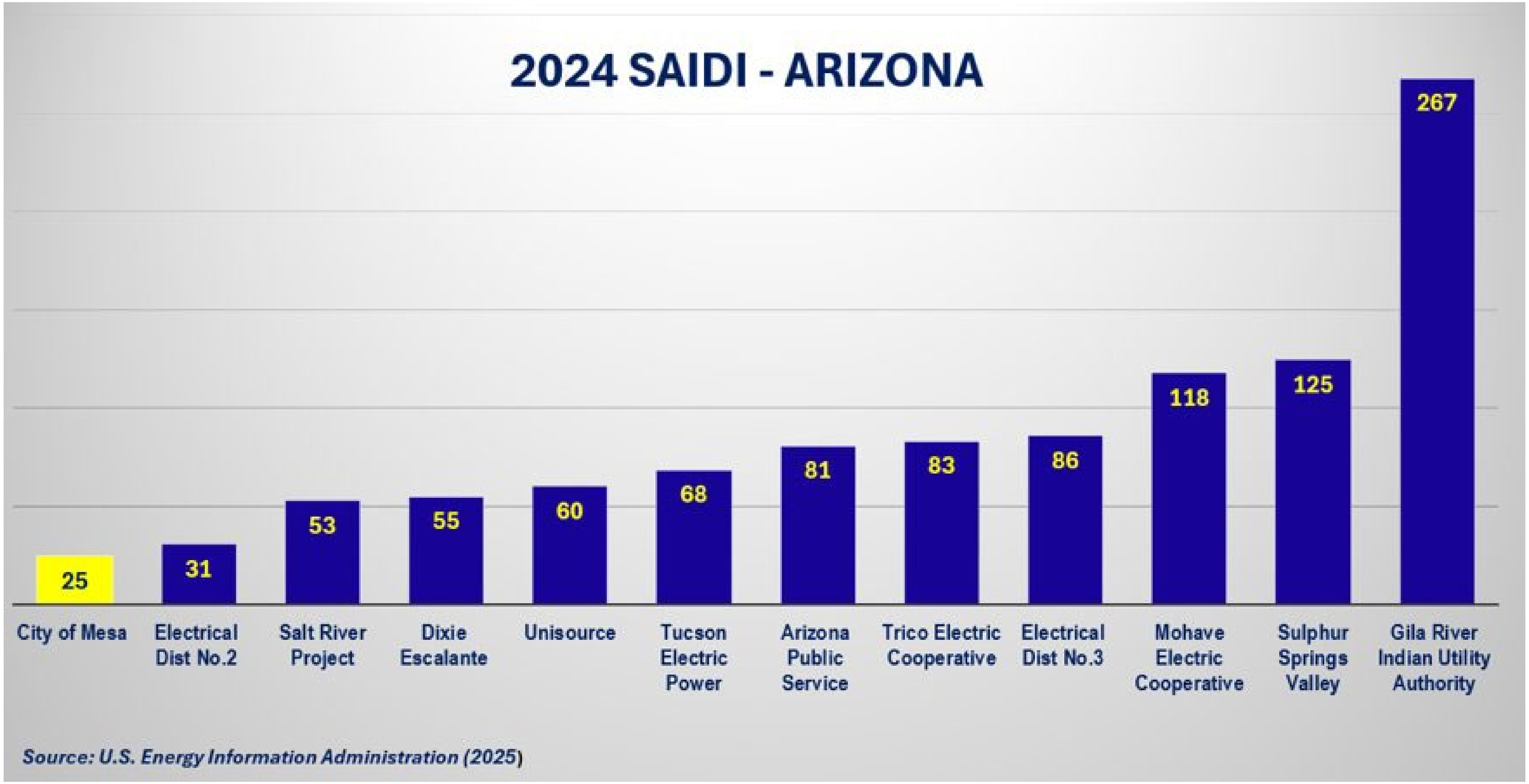
Electric

- APPA RP3 Designation. Platinum Member 2026-2029
- 2025 Certificate of Excellence in Reliability
- APPA Safety Award – Diamond 2025

utage Duration - SAIDI



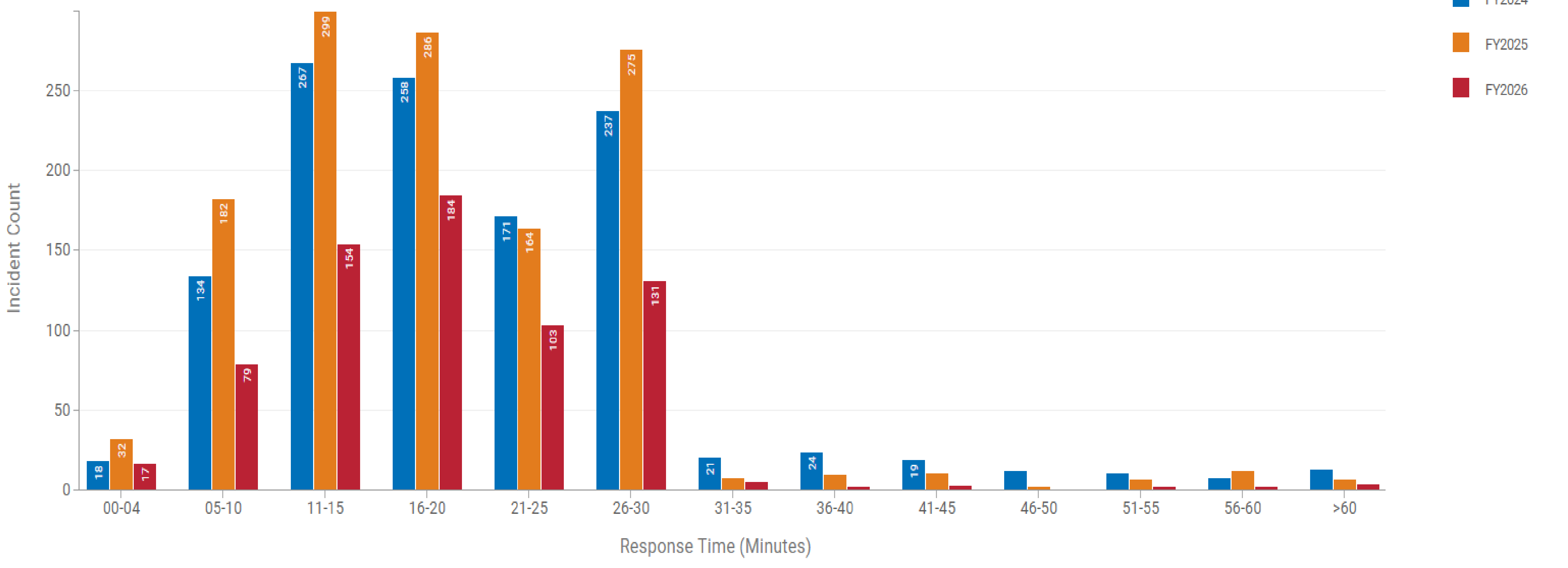
Outage Duration - SAIDI



Gas Emergency Response Time - Mesa

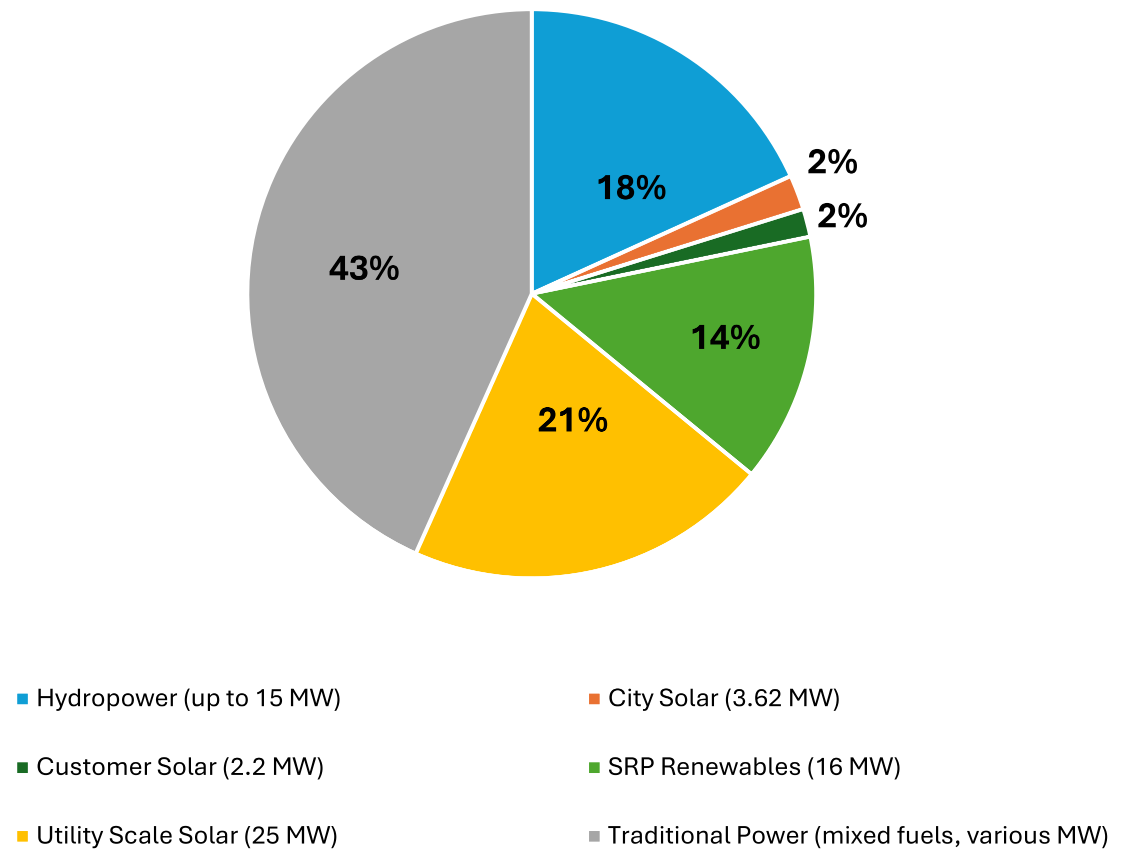
Gas Emergency Response Grouped by Time Segment - Mesa, last 3 fiscal years to date

Incident response times (in minutes) grouped into time segment bins over a specified period of time. Target time is <=30 minutes

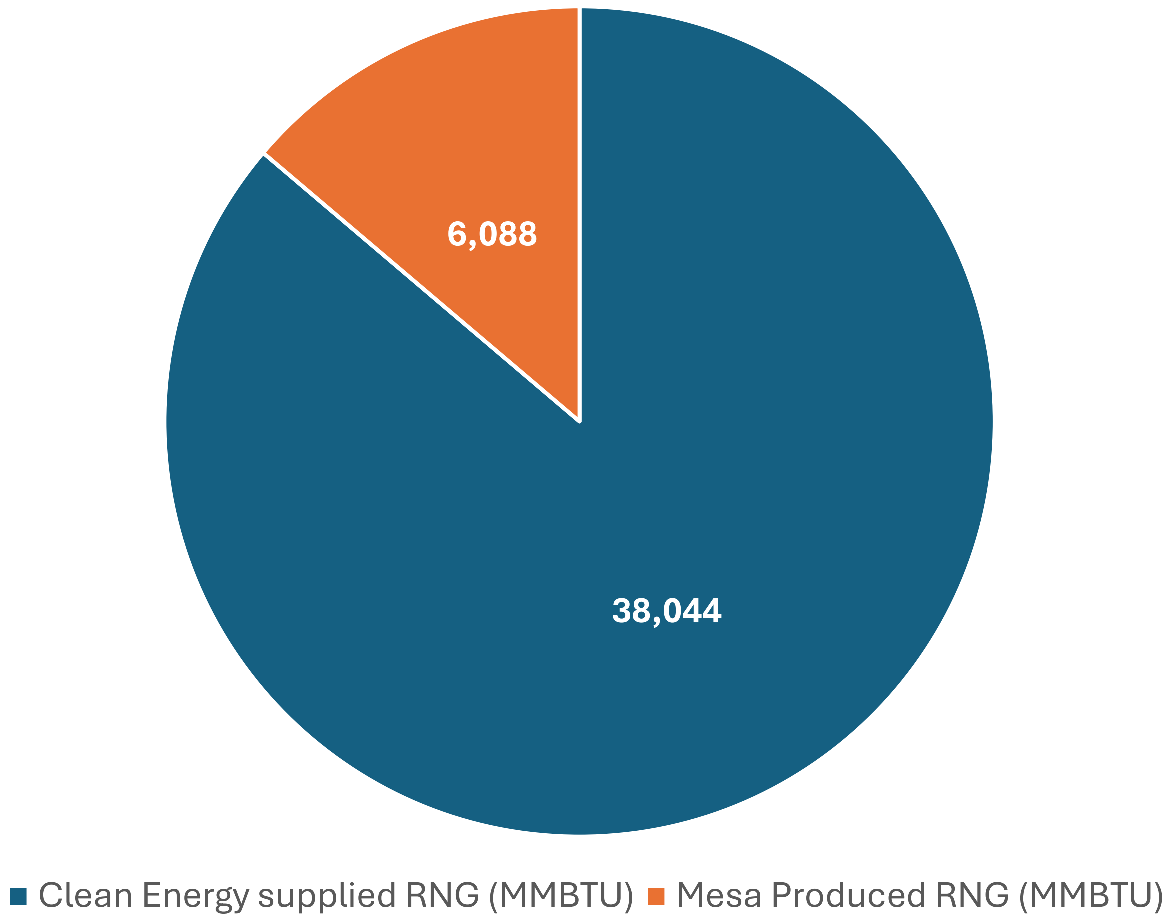


Resiliency

Percentage Renewable / Traditional Power Fiscal Year 27-28



Transportation CNG Used by Mesa (December 2025 to March 2026)



epartment Financial Summary

Core Business Process Energy Resources	FY 24/25 Year End Actuals	FY 25/26 Revised Budget	FY 25/26 Year End Estimate	FY 26/27 Proposed Budget
Expenditures				
Electric Operations and Maintenance	$6.4	$7.1	$6.7	$7.4
Gas Operations and Maintenance	$14.4	$16.0	$15.8	$16.3
Expenditures Total:	**$20.8**	**$23.1**	**$22.5**	**$23.7**
Energy Supply				
Planning and Acquisition of Electric Energy Supplies	$31.3	$25.2	$25.2	$23.3
Planning and Acquisition of Natural Gas Supplies	$14.3	$17.8	$11.7	$16.1
Total	**$66.4**	**$66.1**	**$59.4**	**$63.1**

Total Reductions: $263,353

Reduction in Temp Services - Administrative

- Eliminate college intern program - $50,000
- Reduce utility locating temps - $113,353

Reduction in Overtime Hours – Service

- Electric Transmission & Distribution Maintenance - $40,000

New Revenue - Administrative

- Increase retained revenue for developer deposits from 8% to 10% - $60,000

Y 26/27 Budget Reduction Summary

Reduction	Additional Income	Reduction Amount	Total	Fund
Reduction in Temp Services	N/A	$163,353	$163,353	Utility
Reduction in Overtime Hours	N/A	$40,000	$40,000	Utility
Increase in Developer Cash Contributions	$60,000	N/A	$60,000	Utility
Total	**$60,000**	**$203,353**	**$263,353**	

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Memorandum of Understanding

Mesa Police Association and United Mesa Fire Fighters Association

Term July 2026-June 2029

Fire-Compensation

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- Average analysis conducted for market cities
- Agreed upon market adjustments (effective July 2026):
  - Rank of Firefighter, Engineer and Fire Captain: 3%
- Firefighter, Engineer and Fire Captain will be eligible for up to a 5% merit “step” increase for all three fiscal years

PD Compensation

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- Average analysis conducted for market cities
- Agreed upon market adjustments (effective July 2026):
  - Rank of Police Officer: 3.3%
  - Rank of Sergeant: 3.3% (min) and 4% (max)
- Officers and Sergeants will be eligible for up to a 5% merit "step" increase for all three fiscal years

Compensation

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- Additional market analysis will be conducted in Spring of 2027 and implemented in July 2027
- Effective July 1, 2028, the City will provide a salary adjustment to the market average not to exceed three percent (3%), based on the current benchmark cities

Additional Provisions- Police

- Patrol Incentive Pay
- Uniform allowance increase
- Special assignment pay for advanced training and aviation

Additional Provisions-Fire

- Fitness Incentive Pay
- Uniform allowance increase for recruits graduating from academy
- Cancer screening

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General Governmental Funds – FY 26/27

Proposed Budget	Actuals FY 24/25	Projected FY 25/26	Budget FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Net Sources and Uses	**$16.8**	**($29.0)**	**($31.1)**	**($36.5)**	**($22.2)**	**$1.8**	**$13.7**
Ending Reserve Balance	$264.3	$235.3	$204.2	$167.7	$145.5	$147.2	$160.9
Ending Reserve Balance Percent*	36.1%	32.1%	27.1%	21.8%	18.7%	18.4%	19.3%

*As a % of all Next Year's uses of funding

Date as of Proposed Budget
dollars in millions

Proposed with MOU	Actuals FY 24/25	Projected FY 25/26	Budget FY 26/27	Forecast FY 27/28	Forecast FY 28/29	Forecast FY 29/30	Forecast FY 30/31
Net Sources and Uses	**$16.8**	**($29.0)**	**($35.0)**	**($40.8)**	**($32.7)**	**($8.4)**	**$3.4**
Ending Reserve Balance	$264.3	$235.3	$200.3	$159.5	$126.9	$118.4	$121.8
Ending Reserve Balance Percent*	36.1%	31.9%	26.4%	20.4%	16.1%	14.6%	14.5%

*As a % of all Next Year's uses of funding

Date as of Proposed Budget with MOU projected
dollars in millions

Questions?

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