

COUNCIL MINUTES

April 6, 2023

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 April 6, 2023, at 7:30 a.m.

COUNCIL PRESENT

John Giles
Francisco Heredia
Jennifer Duff
Mark Freeman
Alicia Goforth
Scott Somers
Julie Spilsbury

COUNCIL ABSENT

None

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

Mayor Giles conducted a roll call.

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

Office of Management & Budget Director Brian Ritschel introduced Budget Coordinator Billie Schomer and displayed a PowerPoint presentation. **(See Attachment 1)**

Mr. Ritschel reviewed the funding sources of the Utilities Capital Improvement Plan (CIP). He discussed purchases for operations and maintenance and provided examples. He summarized the current CIP challenges and highlighted completed projects for Fiscal Year (FY) 22/23. He provided projects currently under construction including Wastewater and Energy Department projects. (See Pages 2 through 6 of Attachment 1)

City Manager Christopher Brady announced the opening of LG Energy Solution battery plant in Queen Creek, which is located within the City of Mesa's gas service area. He emphasized the demand it would have on Mesa's service area. He noted staff are working to recover capital costs.

In response to comments from Mr. Brady, Energy Resources Program Manager Anthony Cadarin provided details on the LG plant, including the amount of energy used and how that would affect Mesa. He commented that with this large of a project, staff looks at capacity and cost recovery.

Responding to a question from Councilmember Freeman, Mr. Cadarin stated the location is the northeast corner of Ironwood and Germann Road. He stated Mesa's service area ends at Meridian on the west side and extends past the Central Arizona Project (CAP) Canal on the East. He added Mesa's service territory northern boundary is halfway between Germann and the SR24 at the Pecos alignment.

Mr. Ritschel continued by summarizing projects initiated in FY 23/24 and future funded projects for Water, Wastewater, Energy and Solid Waste. He pointed out that the Central Reuse Pipeline is estimated to be completed in 2025; however, water credits will not be seen until 2027. He noted that the Gila River Indian Community (GRIC) requires a full year of flow to determine credits. (See Pages 7 and 8 of Attachment 1)

Responding to a question from Mayor Giles, Water Resources Department Director Christopher Hassert reported that the Signal Butte Water Treatment Plant (SBWTP) expansion will be completed in phases. He explained that the City is waiting for guidance from the Bureau of Reclamation regarding CAP cuts and the City is taking a measured approach until full expansion.

Mr. Brady added that single-family permits have decreased, affecting demand. He explained the City's approach to building capital.

Additional discussion ensued on the Central Reuse Pipeline construction and location.

In response to a question from Councilmember Duff, City Engineer Beth Huning discussed the Salt River Project (SRP) relocations and undergrounding of SRP power. She stated pavement condition and pedestrian safety are big drivers for the project.

Mr. Brady pointed out that this is one of the projects qualified under Proposition 400.

Responding to multiple questions from Vice Mayor Heredia, Energy and Sustainability Director Scott Bouchie remarked staff is working with engineering and design consultants. He noted that the upcoming Energy Resources budget presentation would provide updates on electric and natural gas utilities.

In response to an inquiry from Councilmember Goforth, Mr. Ritschel reported updates on the East Mesa Service Center.

Mayor Giles thanked staff for the presentation.

1-b. Hear a presentation, discuss, and provide direction on Water Resources Department budget.

Water Resources Director Chris Hassert introduced Water Resources Deputy Director Seth Weld and displayed a PowerPoint presentation on the Water Resources Department budget. **(See Attachment 2)**

Mr. Hassert detailed the department's purpose, priorities, and objectives. He reported on the performance measures for beneficial use of reclaimed water, which represents recycled water from the three water reclamation plants in Mesa. He noted examples of beneficial uses and reported on the performance of each plant and how it relates to GRIC or the Granite Reef Underground Storage Project (GRUSP). He mentioned that GRUSP is currently closed due to Salt River flow, noting that SRP must release water to keep the reservoirs ready to accept the melting snow. He stated that the City does not receive credit when water is diverted to the Salt River. He remarked that upon pipeline completion, performance will be 100%. (See Pages 2 through 4 of Attachment 2)

Responding to a question from Mayor Giles, Mr. Hassert stated pipeline construction will begin in a few weeks and the water will be a significant part of the exchange with GRIC.

In response to comments from Mr. Brady, Mr. Hassert indicated Mesa is one of five cities that share the 91st Avenue Wastewater Treatment Plant in Tolleson, Arizona. He discussed effluent water and where it flows today. He commented that the five partners have completed a study to purify the 50 million gallons daily to drinking water standards. He stated that Phoenix would take the water because the plant is closer to Phoenix and then Mesa would receive an exchange for its share.

Additional discussion ensued on GRUSP and City water resources.

Mr. Hassert outlined performance measures for sewer miles cleaned. He explained how the four Vector trucks work and said they are very labor-intensive and complicated pieces of equipment. He noted the challenge of reaching the 18-mile target when there are not enough trucks due to maintenance issues. He stated staff is working with the Fleet Division and has provisions in the CIP to acquire another truck. He pointed out that a newly hired field coordinator was hired to plan out work and analyze performance measures for the sewer collection team. He commented that a temporary truck rental agreement allowed staff to move past the target and they are now working on a permanent agreement. (See Page 5 of Attachment 2)

Responding to a question from Vice Mayor Heredia, Mr. Hassert replied that when the Vector truck is not responding to emergency situations, it addresses trouble spots. He noted that teams can also handle insect and pest control. He discussed the Sewer Line Rapid Assessment Tool (SL-RAT) and remarked that the staff has exceeded the goal in that area.

Mr. Hassert explained the Sanitary Sewer Overflow industry performance goals and affirmed the City has not had a single sewer overflow so far this year and is doing well with this metric. (See Page 6 of Attachment 2)

Responding to a question from Mayor Giles, Mr. Hassert indicated a sewer overflow can be caused by contaminated soils, grease interceptors, flushing wipes, or construction debris in the manhole.

Mr. Weld displayed the expenditure summary, noting that the department came in significantly under budget. He indicated that supply chain issues hindered the department's procurement of goods and services. He outlined cost pressures for Water and Wastewater services including professional services contracts and commodities, chemical pricing, electricity, insurance premiums and drivers. He discussed shared obligations for the 91st Avenue Water Reclamation Plant and the Greenfield Water Reclamation Plant (GWRP). (See Pages 7 and 8 of Attachment 2)

Mr. Hassert emphasized the impact of inflation, noting a 17% increase in standard commodities and costs.

Mr. Hassert reviewed the Environmental Protection Agency (EPA) Regulated Lead and Copper Rule Service Line Inventory requirements. He stressed the importance of this budget request to hire workers and purchase equipment to ensure the EPA deadline is met. (See Page 10 of Attachment 2)

Responding to a question from Councilmember Duff related to lead in Mesa, Mr. Hassert stated that every service line in the City must be checked and listed the EPA requirements. He clarified that the area from the meter box to the home or business is the property owner's responsibility

and there are grants available to help with costs. He noted Mesa is a young city so there are few known instances of lead.

Mr. Hassert outlined the SRP Biomass 10-year agreement and identified its purpose. He stated the bio-incinerator generates renewable power by incinerating waste. He reported that staff requested that SRP allow a Power Purchase Agreement for a large segment of solar that Mesa's electric utility can use, which would boost the percentage of renewable power to the City's electricity portfolio. (See Page 11 of Attachment 2)

Mr. Hassert discussed the request to hire a reclaimed Water/Air quality supervisor for the Reclamation plant. He explained the need for this position to ensure obligations are met. (See Page 12 of Attachment 2)

Mr. Weld noted the request for additional funding at GWRP to respond to the rising cost of insurance premiums and increased costs of goods. He reported Mesa's shared cost and assured Council that the increased cost of insurance is not due to claims, it is the nature of the industry today and is seen throughout the entire market. (See Page 13 of Attachment 2)

Responding to a question from Councilmember Freeman, Mr. Weld stated the partners for the GWRP are Mesa, Queen Creek, and Gilbert, and the partners for the 91st Avenue Plant are Phoenix, Mesa, Tempe, Scottsdale, and Glendale.

Mr. Weld presented the request to bring on an Advanced Metering Infrastructure (AMI) Data Analyst to support, administer, and analyze the AMI and MDMS system data and reports. (See Page 14 of Attachment 2)

Additional discussion ensued on smart meters.

Mr. Weld outlined the FY 23/24 Budget Adjustment Summary, noting one-time adjustment requests total \$606,841 and \$1,012,706 in ongoing requests. (See Page 15 of Attachment 2)

Discussion ensued regarding the funding for the Biomass project and the Lead and Copper Rule Service Line inventory, and details of the Environmental Compliance Fee.

Responding to a question from Mayor Giles, Mr. Hassert discussed strategies used to retain employees, including salary adjustments.

In response to additional comments from Mayor Giles, Mr. Brady outlined ideas for incentivizing water conservation.

Mayor Giles thanked staff for the presentation.

Mayor Giles declared a recess at 8:46 a.m. The meeting reconvened at 9:00 a.m.

1-c. Hear a presentation, discuss and provide direction on the Solid Waste Department budget.

Solid Waste Director Sherri Collins introduced Solid Waste Senior Fiscal Analyst Justin Stadt and presented a PowerPoint Presentation. **(See Attachment 3)**

Ms. Collins outlined the Department's purpose, priorities, and objectives. She reviewed the Household Hazardous Materials (HHM) facility user performance measure and mentioned that a

contract employee was converted to a full-time employee to meet facility demand. She emphasized the importance of safety to prevent work-related injuries. (See Pages 2 through 4 of Attachment 3)

Ms. Collins reviewed the expenditure and revenue summaries. She outlined the budget adjustment requests, including the addition of three foreman and one administrator to oversee field operations. She requested two special purpose garbage trucks and a truck for residential use. She explained the special use garbage trucks allow staff to service hard to reach areas and provided examples. (See Pages 5 through 9 of Attachment 3)

Ms. Collins presented the FY 23/24 Budget Adjustment Summary and noted a one-time budget adjustment request of \$2,280,000 and an ongoing cost of \$724,212. She provided an update on the Material Recovery Facility (MRF). She pointed out the benefits of a City-owned MRF and possible transfer station, specifically having the infrastructure to control materials without relying on the private sector. (See Pages 10 and 11 of Attachment 3)

Responding to multiple questions from Councilmembers, Mr. Brady discussed the MRF and the Solid Waste servicing strategies.

In response to a question from Councilmember Spilsbury, Mr. Stadt discussed the monthly \$.96 fee charged to residents and noted a portion of the fee funds household hazardous waste. He provided an update on current construction projects.

Mayor Giles thanked staff for the presentation.

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

2-a. Museum & Cultural Advisory Board meeting held on January 26, 2023.

2-b. Library Advisory Board meeting held on January 17, 2023.

2-c. Judicial Advisory Board meeting held on March 22, 2023.

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

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Freeman–Goforth–Somers–Spilsbury

NAYS – None

ABSENT– None

Carried unanimously.

3. Current events summary including meetings and conferences attended.

Mayor and Councilmembers highlighted the events, meetings and conferences recently attended.

4. Scheduling of meetings.

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

Thursday, April 13, 2023, 7:30 a.m. – Study

5. Adjournment.

Without objection, the Study Session adjourned at 9:31 a.m.

ATTEST:



John Giles

JOHN GILES, MAYOR

Holly Moseley

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 6th day of April 2023. I further certify that the meeting was duly called and held and that a quorum was present.

Holly Moseley

HOLLY MOSELEY, CITY CLERK

td
(Attachments -3)

Utility Capital Improvement Program

FY 2024-2028

April 6, 2023

Brian A. Ritschel – Office of Management and Budget Director

Billie Schomer – Office of Management and Budget CIP Coordinator

Funding Sources

- **Local Revenues**
- **Utility Revenue Obligations**
- **Utility Taxable Obligations**

Operations and Maintenance

One-time start up purchases and ongoing costs are reviewed and included in the financial forecast with the completion of a project to ensure the City can meet the operational requirements.

Examples of ongoing:

- Additional staff for water treatment plant expansion
- Plant maintenance costs for expansion of wastewater facility
- Chemical cost to treat wastewater

Examples of one-time:

- Furniture, fixtures, and equipment
- Vehicles

Current Challenges in CIP

- Cost overruns and delays in receiving construction materials
- Increased cost of labor
- Higher than normal inflation on commodities, services, and contracts
- Keeping up with growth while maintaining current infrastructure

Completed Projects FY 22/23

Water/Wastewater

- Warner Lift Station
- Water Meter Vault Rehab Phase 12
- Greenfield Water Reclamation Plant UPS Replacements
- Northwest Water Reclamation Plant Settlement Mitigation, Generator and Radiator Upgrade, and Alternate Centrate Bypass
- Desert Wells Reservoir Rehabilitation
- Pepper Place Sewer Line (Extension to Date)
- Signal Butte Water Treatment Plant Pipe & Concrete Improvements

Energy

- City Center Utilities
- Warner Lift Station
- High Pressure Gas Line Warner to Power
- High Pressure Gas Main Extension Queen Creek Road Phase B3 & B4

Solid Waste

- 6th Street CNG Facility Upgrade
- Household Hazardous Materials Loading Dock Ramada

Projects Under Construction



Community
Health & Safety



Skilled & Talented
Workforce



Neighborhoods &
Placemaking



Strong Community
Connections



Sustainable
Environment



Thriving
Economy



Water/Wastewater

- Transmission Main Improvements Phase II
- Quarter Section 44B/44D Harris Dr. North of University

Energy

- Infrastructure Replacements
- Smart Energy
- New Services
 - *(EcoMesa, The Grid, 2nd Ave. Commons, Mesa Arts District Lofts, Residences on 1st Phase III)*
- Solar Interconnection
- LG Gas Line Extension
- Flare to Fuel



Projects Initiated FY 23/24

Water/Wastewater

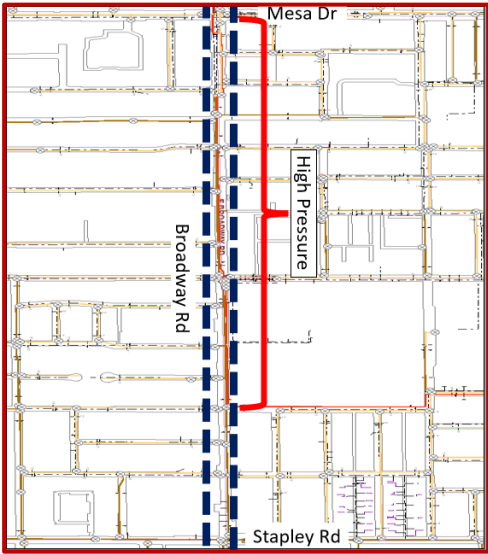
- Greenfield Plant Improvements
- Central Mesa Reuse Pipeline
- New Wells and Collection Lines
- Groundwater Well Replacement and Upgrades
- Northwest Process Improvements
- Central Mesa Interceptor

Energy

- Broadway Rd. – Mesa Dr. to Stapley
 - *(replacement of appx. 1 mile of 60 + year-old gas line)*

Solid Waste

- Household Hazardous Materials Facility Drainage



ure Funded Projects

Water/Wastewater

- Signal Butte Water Treatment Plant Expansion
- Quarter Section 12B/12D Rehab
- Pecos Rd. Relief Sewer Improvements

Energy

- Arizona Farms Road
- Southern and Country Club

Solid Waste

- East Mesa Service Center Improvements and Split Operations



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Water Resources

April 6, 2023

Presented by:

Christopher Hassert, Water Resources Department Director
Seth Weld, Deputy Director Water Enterprise Services

Fiscal Year 2023/24

Public Purpose

To provide superior water and wastewater services to our community.

rities/Objectives

Support strategic plan
of Water Stewardship
and Fiscal Responsibility

Maintain sensitivity to
affordability for our
customers

Reduce reactive and
preventative
maintenance costs

Increase productivity of
Operations staff

Innovative approach to
contract utilization



Performance Measures

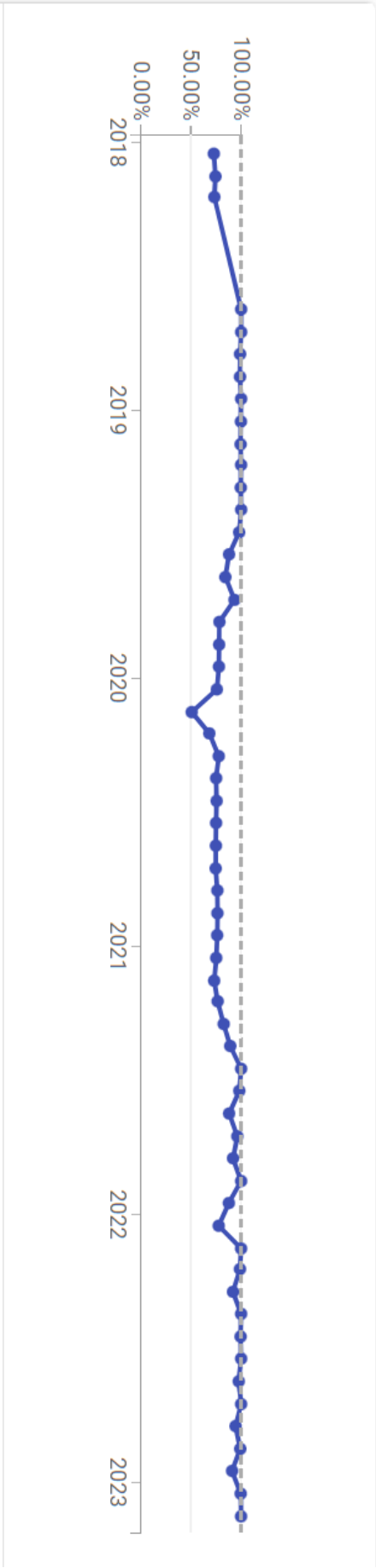
Percent of reclaimed water put to beneficial use

99.91%

2/1/23 - 2/28/23

 Near Target

Target 100.00%



Performance Measures

Miles of Sewer Lines Cleaned

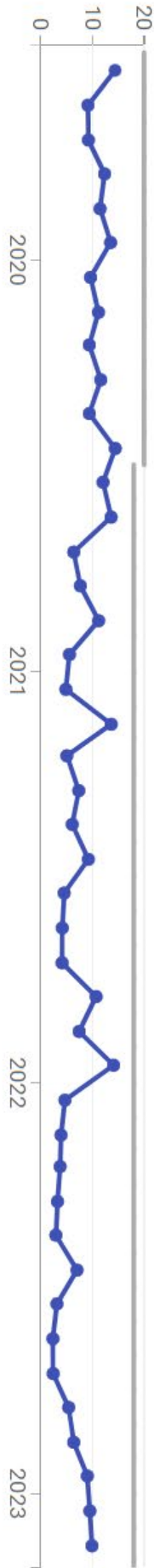
10

Miles

2/1/23 - 2/28/23

Off Track

Target 18 February 2023



Performance Measures

Sanitary Sewer Overflows

0

Overflows

1/1/23 to today

✓ On Track

Target 2 Q1 Mar 2023

All periods | Current period





Expenditure Summary

	FY 21/22	FY 22/23	FY 22/23	FY 23/24
Core Business Processes	Year End Actuals	Revised Budget	Year End Estimate	Proposed Budget
Expenditures				
Water Resources				
Water				
Water Distribution	\$31.1	\$35.5	\$35.4	\$37.3
Water Treatment	\$16.4	\$21.5	\$21.3	\$22.8
Reclaimed	\$13.0	\$14.4	\$16.0	\$17.8
Wastewater				
Wastewater Collection	\$5.3	\$6.3	\$5.9	\$6.3
Wastewater Treatment	\$23.2	\$31.3	\$28.4	\$34.7
Water Resources Total:	\$88.9	\$108.9	\$107.0	\$118.9
Expenditures Total:	\$88.9	\$108.9	\$107.0	\$118.9

Dollars in Millions



23/24 Standard Adjustment Summary

	FY22/23	FY23/24	Variance
Val Vista WTP Obligation	\$ 8,850,000	\$ 10,300,000	\$ 1,450,000
Water Chemicals	\$ 2,085,000	\$ 2,190,000	\$ 105,000
Water Electric	\$ 4,788,828	\$ 4,472,100	\$ (316,728)
Water Purchases	\$ 14,013,674	\$ 17,436,657	\$ 3,422,983
SROG (91st Ave WRP) Obligation	\$ 7,900,000	\$ 9,250,000	\$ 1,350,000
Wastewater Chemicals	\$ 3,860,000	\$ 5,427,700	\$ 1,567,700
Wastewater Electric	\$ 3,673,177	\$ 3,983,000	\$ 309,823
Wastewater Biosolids Removal ⁽¹⁾	\$ 461,000	\$ 794,560	\$ 333,560
Greenfield WRP - Mesa Share ⁽²⁾	\$ 5,191,206	\$ 5,784,779	\$ 593,573
Total	\$ 50,822,885	\$ 59,638,796	\$ 8,815,911

(1)

Biosolids removal services previously funded through Base Budget

(2)

Estimated GWRP Mesa Share. Actuals to be 46% of approved GWRP Joint Venture Budget

FY 23/24 Budget Adjustments

Lead and Copper Rule Service Line Inventory

One Time Cost: \$473,977

6 Temporary workers: \$396,989
Rental Vehicles: \$30,912
Laptops/Data Plans/licenses: \$29,420
Uniforms/Public Notification: \$16,656

- Inventory and document public and private service lines made of galvanized lead or non lead containing materials
- City of Mesa required to complete by October 16, 2024 to comply with EPA Regulation (Executive Order 13990)
- 158,973 water services



Focus Area 4: Water Stewardship

SRP Biomass 10 Year Agreement

Ongoing Cost: \$344,542

Total Cost: \$3,445,420

- 10 Year agreement beginning July 1, 2023
- Supports strategic forest thinning to protect Valley's watershed
- Supports practice of bioenergy for disposing of trees removed through biomass process
- Supports City of Mesa's climate goals



ports Community Needs and Growth

– Reclaimed Water/Air Quality

Supervisor with Truck

Ongoing Cost: \$120,432

- Position Costs
- Vehicle Maintenance

One-time Cost: \$110,197

- Workspace, Computer and Minor Equipment
- 1 vehicles (1/2 ton Ford Lightning)

30% Allocated to GWRP: \$69,189

- Mesa Cost Share 46%: \$31,827
 - Ongoing: \$16,620
 - One Time: \$15,207

- 5,384 Air quality compliance parameters tested monthly

- 1,564 Reclaimed water compliance parameters tested monthly

- CMRP and SBWTP expansion will increase samples to monitor and report



Greenfield Water Reclamation Plant (GWRP Joint Venture) 30% Market Pricing Adjustment

Ongoing Cost: \$426,320

- Insurance (Industry Increase) \$52,000
- Outside Materials (Pumps, Parts, etc.) \$240,000
- Mesa Cost Share \$134,320 (46%)

Funding increase requested to respond to rising cost of insurance premiums and increased costs of goods.



1 FTE – AMI Data Analyst

Ongoing Cost: \$104,792

- Position Costs

One-time Cost: \$7,460

- Minor Equipment
- Involvement of Data Analyst throughout project planning and deployment
- Will support, administer and analyze the AMI and MDMS system data and reports
- Will obtain frequent interval usage data reporting from the meter population to validate rate making decisions



23/24 Budget Adjustment Summary

Adjustment	FTE	One-Time	Ongoing	Council Strategic Priority
Lead and Copper Rule Service Line Inventory	0	\$473,977		 Community Health & Safety
SRP Biomass	0		\$344,542	
Reclaimed Water/Air Quality Supervisor w/Truck	1	\$125,404	\$137,052	
30% GWRP Market Pricing Adjustment	0		\$426,320	
AMI Data Analyst	1	\$7,460	\$104,792	
Total	2	\$606,841	\$1,012,706	 Sustainable Environment

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Solid Waste Management

April 6th, 2023

Presented by:

Sheri Collins, Solid Waste Director

Justin Stadt, Solid Waste Senior Fiscal Analyst

Fiscal Year 2023/24

ic Purpose

*To provide excellence in the
delivery of solid waste services
to Mesa's residents, businesses
and visitors*



ities/Objectives



Right Size the
Operation



Increase Efficiencies
in Service



Performance Measures

Household Hazardous Materials Facility Users

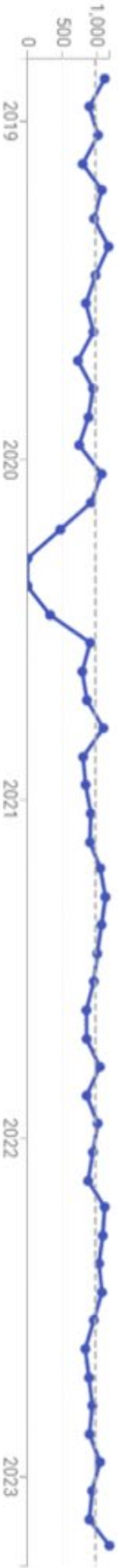
1,179

Drop Offs

3/1/23 - 3/31/23

On Track

Target 975



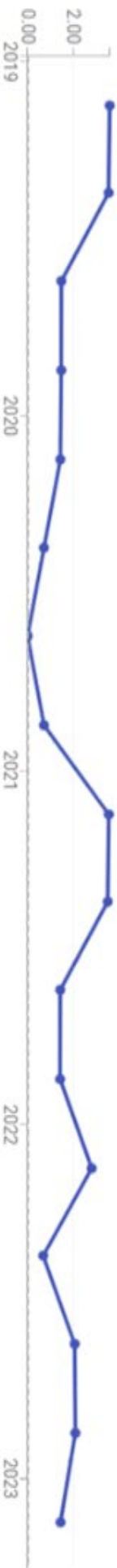
Work-Related Injuries

1.44

Injuries/Qty Work Hours

1/1/23 - 3/31/23

Off Track



Expenditure Summary

	FY 21/22 Year End Actuals	FY 22/23 Revised Budget	FY 22/23 Year End Estimate	FY 23/24 Proposed Budget
Core Business Process				
Solid Waste Admin	\$5.2	\$6.8	\$5.3	\$6.6
Recycling and Outreach	\$0.5	\$0.6	\$0.3	\$0.5
Safety	\$0.2	\$0.3	\$0.2	\$0.2
Collection Services	\$28.8	\$30.2	\$31.0	\$32.7
Household Hazardous Waste	\$0.5	\$1.5	\$1.5	\$0.9
Total	\$35.2	\$39.4	\$38.3	\$40.9

Dollars in millions

Revenue Summary

	FY 21/22 Year End Actuals	FY 22/23 Revised Budget	FY 22/23 Year End Estimate	FY 23/24 Proposed Budget
Core Business Process				
HHM Revenues	\$0.7	\$0.7	\$0.7	\$0.8
Other Revenues	\$1.1	\$1.2	\$1.1	\$1.2
Total	\$1.8	\$1.9	\$1.8	\$2.0

Dollars in millions

Meeting Community Needs and Growth – FY23/24 Budget Adjustments

3 Foremen

1 Administrator

Allows the department to maintain adequate service levels for a growing City as well as balance workload.

3 Growth

Residential Trucks

Allows the department to continue to service the growing residential areas within the City.

2 Special Use

Garbage Trucks

Allows the department to reach hard-to-service areas, out of zone requests and missed barrels.

Special Use Garbage Truck



to Service Areas



8/24 Budget Adjustment Summary

Adjustment	FTE	One-Time	Ongoing	Council Strategic Priorities
3 Foremen – 1 Administrator	4	\$200,000	\$428,612	Community Health & Safety Sustainable Environment
3 Growth Residential Trucks	0	\$1,650,000	\$195,360	Community Health & Safety Sustainable Environment
2 Special Use Garbage Trucks	0	\$430,000	\$100,240	Community Health & Safety Sustainable Environment
Total	4	\$2,280,000	\$724,212	

Serial Recovery Facility – 15% Design



- ***RFQ released to select a design consultant***
- ***Vendor Interview – week of April 9th***
- ***IGA to Council for approval***

Timeline

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