

COUNCIL MINUTES

September 19, 2022

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 September 19, 2022, at 5:15 p.m.

COUNCIL PRESENT

Jennifer Duff
Mark Freeman
Francisco Heredia*
David Luna
Julie Spilsbury
Kevin Thompson

COUNCIL ABSENT

John Giles

OFFICERS PRESENT

Scott Butler
Holly Moseley
Jim Smith

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

Vice Mayor Duff conducted a roll call.

Vice Mayor Duff excused Mayor Giles from the entire meeting.

1. Review and discuss items on the agenda for the September 19, 2022, 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: None

Office Of Management & Budget Assistant Director Brian Ritschel displayed a PowerPoint presentation related to Item 8-a, **(Notice of Intention to adjust utility rates)**, on the Regular Council meeting agenda. **(See Attachment 1)**

Mr. Ritschel stated that upon direction from Council, staff adjusted several items from the original presentation. He noted the rates for the water typical customer for commercial landscape have increased from 6.4% or \$8.96 per month, to 7.3% or \$10.08 per month. (See Pages 2 and 3 of Attachment 1)

Mr. Ritschel stated the commercial set fee was increased from \$6.50 to \$56.50, which increased the one-time green waste customer fee from \$365.55 to \$415.55; and the one-time trash customer fee from \$344.82 to \$394.82. (See Pages 4 through 7 of Attachment 1)

Mr. Ritschel presented an updated forecast, indicating Fiscal Year (FY) 27/28 increased from 10.4% to 10.6%. He commented the total net sources and uses for water increased for FY 23/24 from approximately negative \$120,000 to negative \$19,000. (See Page 8 of Attachment 1)

In response to a question posed by Vice Mayor Duff, Mr. Ritschel confirmed the Notice of Intention to adjust utility rates begins the 60-day public notice period before the ordinance is introduced. He stated staff would return to Council in November for consideration, followed by the public hearing for ordinance adoption. He remarked that this Notice of Intent sets a maximum amount of adjustment. He commented that Council can direct staff to adjust lower; however, an increase from the set rates would restart the notice for 60 additional days.

Councilmember Freeman stated an in-depth analysis of the private sector rates would allow the City to balance waste fees. He pointed out that Mesa's rates are less than half of the commercial rates, so this increased adjustment enables the City to be more competitive and helps offset negative balances. He recommended future staff presentations show a comparison between the private sector and the City's rates.

Responding to multiple questions from Vice Mayor Duff, Interim Solid Waste Director Sheri Collins stated the Commercial Program is a competitive program, and the Roll-Off business is open to both commercial and residential customers for competition.

In response to a question from Councilmember Freeman, Ms. Collins commented that other municipalities provide Roll-Off services, and she discussed various rate structures. She pointed out Mesa is the largest Roll-Off service provider, but other municipalities provide this service.

Responding to an additional question from Vice Mayor Duff, Ms. Collins advised that the City does not compete with surrounding municipalities; therefore, only the private sector is used for rate comparisons.

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

2-a. Parks and Recreation Advisory Board meeting held on July 13, 2022.

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 – Duff–Freeman–Heredia–Luna–Spilsbury–Thompson

NAYS – None

ABSENT – Giles

Vice Mayor Duff declared the motion carried unanimously by those present.

3. Current events summary including meetings and conferences attended.

Councilmember Spilsbury –

Jobs for Arizona Graduates (JAG)

Councilmember Luna –

Local Government Hispanic Network (LGHN)

Hispanic Elected Local Officials (HELO)

Annual Celebration of Mexico's Independence – Mexican

Consulate and Phoenix Foreign Relations Committee

Councilmember Freeman –

Mesa Historical Museum – Ghost Tour

Vice Mayor Duff –

Maricopa Associated Governments (MAG) –Health
Services and Community Initiatives Committee
National League of Cities Women and Municipal
Government

4. Scheduling of meetings.

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

Thursday, September 22, 2022, 7:30 a.m. – Study Session

5. Adjournment.

Without objection, the Study Session adjourned at 5:30 p.m.

ATTEST:

JENNIFER DUFF, VICE MAYOR

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 19th day of September 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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(Attachments 1)

City of Mesa FY 2022/23 Utility Fund forecast and Rates Recommendations – Adjusted per Council Direction

City Council Study Session
September 19, 2022

Presented by Brian A. Ritschel – Management & Budget Assistant Director

Water - Typical Customer - Previous



	2022	2023	
Residential		Service Charge	2.75%
		Usage Charge	2.75%
	\$39.19/mo.	Drought Commodity Charge	\$0.08/kgal
		\$40.50/mo. (\$1.31/mo.)	
		Effective Increase	3.3%
Commercial General		Service Charge	2.75%
		Usage Charge	5.50%
	\$55.12/mo.	Drought Commodity Charge	\$0.08/kgal
		\$57.76/mo. (\$2.64/mo.)	
		Effective increase	4.8%
Commercial Landscape		Service Charge	2.75%
		Usage Charge	6.50%
	\$138.08/mo.	Drought Commodity Charge	\$0.08/kgal
		\$147.04/mo. (\$8.96/mo.)	
		Effective increase	6.4%

Water - Typical Customer - Updated



	2022	2023	
Residential		Service Charge	2.75%
		Usage Charge	2.75%
	\$39.19/mo.	Drought Commodity Charge	\$0.08/kgal
		\$40.50/mo. (\$1.31/mo.) <i>Effective Increase</i>	3.3%
Commercial General		Service Charge	2.75%
		Usage Charge	5.50%
	\$55.12/mo.	Drought Commodity Charge	\$0.08/kgal
		\$57.76/mo. (\$2.64/mo.) <i>Effective increase</i>	4.8%
Commercial Landscape		Service Charge	2.75%
		Usage Charge	7.50%
	\$138.08/mo.	Drought Commodity Charge	\$0.08/kgal
		\$148.16/mo. (\$10.08/mo.) <i>Effective increase</i>	7.3%

Commercial Roll Off Recommendations - Previous

- Increase set fee by \$6.50
 - Increase from \$83.00 to \$89.50
- Increase haul fee by \$3
 - 30-yard box increase from \$140.00 to \$143.00
- Increase tonnage rate by 6.22% to follow landfill increase
 - Increase trash from \$35.25 to \$37.44
 - Increase green waste from \$41.75 to \$44.35

Commercial Roll Off Recommendations - Updated

- Increase set fee by \$56.50
 - Increase from \$83.00 to \$139.50
- Increase haul fee by \$3
 - 30-yard box increase from \$140.00 to \$143.00
- Increase tonnage rate by 6.22% to follow landfill increase
 - Increase trash from \$35.25 to \$37.44
 - Increase green waste from \$41.75 to \$44.35

Commercial Roll Off Recommendations - Previous

- \$16.07 increase for a one-time trash customer
 - 30-yard box increase from \$328.75 to \$344.82
- \$17.30 increase for a one-time green waste customer
 - 30-yard box increase from \$348.25 to \$365.55

Commercial Roll Off Recommendations – Updated

- \$66.07 increase for a one-time trash customer
 - 30-yard box increase from \$328.75 to \$394.82
- \$67.30 increase for a one-time green waste customer
 - 30-yard box increase from \$348.25 to \$415.55

Utility Fund Forecast: Notice of Intent

As of 09/15/2022	FY 21/22 Actuals	FY 22/23 Projected	FY 23/24 Forecast	FY 24/25 Forecast	FY 25/26 Forecast	FY 26/27 Forecast	FY 27/28 Forecast
WATER	\$4,184,539	(\$3,897,749)	(\$19,550)	(\$3,410,239)	(\$4,938,329)	(\$6,867,840)	(\$8,252,130)
WASTEWATER	(\$8,572,222)	(\$11,954,358)	(\$10,332,043)	(\$6,527,964)	(\$4,063,099)	(\$886,621)	\$3,955,150
SOLID WASTE	(\$4,693,206)	(\$2,842,362)	(\$2,608,646)	\$1,492,666	\$891,244	\$341,342	\$841,238
ELECTRIC	\$3,093,468	(\$2,530,032)	(\$2,106,261)	(\$1,277,723)	(\$1,602,042)	(\$1,484,154)	(\$1,742,617)
NATURAL GAS	(\$1,509,847)	(\$4,290,323)	(\$3,292,115)	(\$1,573,176)	(\$825,089)	(\$212,103)	(\$123,063)
DISTRICT COOLING	(\$687,915)	(\$341,371)	(\$1,514,786)	(\$292,314)	(\$168,419)	(\$138,238)	(\$142,945)
TOTAL NET SOURCES AND USES	(\$8,185,182)	(\$25,856,195)	(\$19,873,401)	(\$11,588,751)	(\$10,705,734)	(\$9,247,613)	(\$5,464,368)
Beginning Reserve Balance	\$151,261,238	\$143,076,056	\$117,219,861	\$97,346,460	\$85,757,709	\$75,051,974	\$65,804,362
Ending Reserve Balance	\$143,076,056	\$117,219,861	\$97,346,460	\$85,757,709	\$75,051,974	\$65,804,362	\$60,339,994
Ending Reserve Balance Percent*	30.1%	24.4%	20.0%	16.8%	13.6%	11.9%	10.6%
*As a % of Next Fiscal Year's Expenditures							
WATER Residential	2.50%	2.75%	3.50%	3.50%	3.50%	3.50%	3.50%
WATER Non-Residential (general usage)	5.00%	5.50%	5.50%	5.50%	5.50%	5.50%	5.50%
WASTEWATER Residential	3.00%	4.25%	4.75%	4.75%	4.75%	4.75%	4.75%
WASTEWATER Non-Residential	4.00%	4.50%	5.00%	5.00%	5.00%	5.00%	5.00%
SOLID WASTE Residential	2.00%	2.00%	3.00%	3.00%	3.00%	3.00%	3.00%
SOLID WASTE Commercial	3.75%	4.50%	3.00%	3.00%	3.00%	3.00%	3.00%
SOLID WASTE Rolloff	3.50%	7.75%	3.00%	3.00%	3.00%	3.00%	3.00%
ELECTRIC Residential - svc charge	\$1.50	\$0.00	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
ELECTRIC Non-Residential - svc charge	\$2.50	\$0.00	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50
GAS Residential - svc charge	\$0.50	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75	\$0.75
GAS Non-Residential - svc charge	\$0.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00	\$2.00

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