



# COUNCIL MINUTES

January 23, 2012

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 January 23, 2012 at 4:48 p.m.

## COUNCIL PRESENT

Scott Smith  
Alex Finter  
Christopher Glover  
Dina Higgins  
Dennis Kavanaugh  
Dave Richins\*  
Scott Somers

## COUNCIL ABSENT

None

## OFFICERS PRESENT

Christopher Brady  
Debbie Spinner  
Linda Crocker

(\*Councilmember Richins participated in the meeting through the use of telephonic equipment.)

### 1. Review items on the agenda for the January 23, 2012 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 deleted from the consent agenda: 5-b

### 2-a. Hear a presentation, discuss and provide direction on whether to expand Council oversight for service contracts as recommended by the Audit, Finance & Enterprise Committee.

Business Services Director Ed Quedens displayed a PowerPoint presentation (**See Attachment 1**) and reported that at the December 1, 2011 Audit, Finance & Enterprise Committee meeting, the members voted 2-1 that the issue of expanding the Council's oversight for service contracts be forwarded to the full Council for discussion. He briefly reviewed various sources wherein Mesa's procurement policy is governed. (See Page 3 of Attachment 1)

Mr. Quedens stated that Section 609(B) of the City Charter requires Council approval for the purchase of all materials when the cost exceeds \$25,000. He highlighted the items included under the "materials" definition. (See Page 4 of Attachment 1) He noted that since the

procurement of services is not outlined in the City Charter or the Mesa City Code, it currently falls within the duties of the City Manager for such approvals.

Mr. Quedens further remarked that the Engineering Department is responsible for capital improvements (construction) and related professional services, while all other procurements are the responsibility of the Purchasing Division/Business Services. He offered a short overview of the procurement policy updates that were recently implemented. (See Page 6 of Attachment 1)

Mr. Quedens, in addition, discussed management policy definitions for services, professional services-non construction, professional services-construction, and examples of each category. (See Page 7 of Attachment 1) He clarified that professional services require special knowledge, education or skill and said that the qualifications of those vendors are of primary importance to staff. Mr. Quedens also reviewed the procurement methods for the above-listed types of services (See Page 8 of Attachment 1) and noted that such methods were a major component of the Purchasing Division/Business Services' Procurement Policy update implemented last year.

Mr. Quedens, in addition, pointed out that in 2011, the Council approved 204 contracts for materials, capital equipment and construction services (over \$25,000), for a total of \$119 million. (See Page 10 of Attachment 1), with 116 services/professional services items administratively approved (over \$25,000) for a total of \$21 million. (See Page 11 of Attachment 1)

Mr. Quedens displayed a document titled "Reports Provided to Council" (See Page 12 of Attachment 1), which represents "a snapshot" of open-term contracts (Purchasing, Engineering and Citywide) at the points in time when staff generated the reports. He stated that there were 681 contracts for a total value of \$65.5 million.

In response to a question from Councilmember Kavanaugh, Mr. Quedens clarified that the Council has been provided two or three Service Contract reports, with the last one submitted on October 27, 2011.

Discussion ensued relative to examples of items that would be included on the reports to the Council (See Page 13 of Attachment); and that not all of the examples are traditional procurement contracts (i.e., Water Use It Wisely).

Mr. Quedens further remarked that in an effort to increase transparency, staff was in the process of developing a report of newly awarded contracts and professional service contracts over \$25,000, with January being the first reporting period. He displayed an example of the proposed report. **(See Attachment 2)** Mr. Quedens pointed out that staff continues to work on CityEdge, which will be the central repository of agreements and purchase contracts. He added that by the latter half of this year, staff will be able to generate reports more easily than they can today.

Further discussion ensued relative to the fact that AMS Advantage, the CityEdge solution, will centralize the storage of all contracts for the first time in Mesa's history; that if a contract is not located in Advantage, a payment will not be made against the contract; that such a system will help staff with accountability and transparency; that the policy changes implemented by staff ensure that the services/professional services have a greater structure with respect to the

manner in which they are procured; and that CityEdge will electronically “flag” contracts that go beyond the period of their term, which will assist staff in the management of those contracts.

In response to a question from Councilwoman Higgins, City Manager Christopher Brady explained that all services, whether commodities, labor, purchases, or professional services, should have a contract. He noted, however, that the manner in which such services are selected might be different (i.e., bid for landscape or janitorial services vs. procurement for an attorney or engineer).

Mayor Smith clarified that there should be a distinction between landscapers and painters who provide services, as opposed to engineers, attorneys or doctors who provide professional services.

Councilwoman Higgins stated that it was her remembrance that the recent Audit, Finance & Enterprise Committee report included two different categories: professional services and professional service contracts.

Councilmember Finter, who serves as Chairman of the Audit, Finance & Enterprise Committee, explained that the report included “other services,” which may have been mislabeled. He commented, however, that different services have been included in the professional services category and said it was difficult to understand “how it was broken out.”

Mr. Quedens clarified that services, in general, are acquired through a bid process or a proposal process, whereas a Request for Qualifications (RFQ) is used for professional services. He cited, as an example, that a bid or proposal process would be used for printing services.

Mr. Quedens further reported that since the Procurement Policy update was implemented, staff is undergoing “cultural changes” with respect to identifying the difference between non-professional services and professional services. He explained that the old accounting system included an object code called “Professional Service/Others” and indicated that any service that did not fall into one of the other categories, whether it was a professional service that Engineering and Purchasing would define it as, or any other service, was listed under that code.

Mr. Quedens noted that staff was seeking direction as to whether to expand Council approvals to include service contracts and professional service contracts as recommended by the Audit, Finance & Enterprise Committee. He stated that the Committee directed that this issue come forward to the Council for discussion and, with definition, staff would sort out what services and professional services do or do not come to Council.

Councilmember Finter clarified that at the December 1<sup>st</sup> meeting, the motion was as follows: “Directing staff to draft an ordinance mandating or calling for all expenditures greater than \$25,000 in value to be brought before a public meeting of the City Council for approval in advance of execution. The ordinance will contain a list of services and expenditures exempted from the City Council’s approval. The ordinance would stipulate that a quarterly report be provided to the City Council listing some of these expenditures.” He noted that the criteria he was hoping for is found in Management Policy 200 (MP 200), which includes those items for which the City currently does not require bidding.

Mr. Brady clarified that MP 200 distinguishes between commodity services and professional services.

Councilmember Finter stated that with respect to professional services, it would be inappropriate to go through a bid process in an open meeting, but suggested that all other services be captured in an approval process with the Council.

Mr. Brady clarified that based on the conversation with the members of the Audit, Finance & Enterprise Committee and now with the Council, it was his understanding that the Council was comfortable in creating a distinction between professional services that are procured through a qualifications-based process versus those that focus on a low bid process.

Mayor Smith restated that the Council is directing staff and the City Attorney's Office to prepare an ordinance and bring back specifics as it relates to a distinction between professional services and commodity or contract non-professional services. He further suggested that staff create a list of services that would be required to be approved by the Council.

Mr. Brady pointed out that MP 200 describes the various professional services and provides a list of examples.

Mayor Smith reiterated that if a service is bid based on price (over \$25,000), it should be brought to the Council for approval.

Mayor Smith thanked Mr. Quedens for his presentation.

2-b. Hear a presentation and discuss the grant application that will be used for the Physician Assistant Pilot Program by the Fire Department.

Fire Chief Harry Beck introduced Executive Assistant Fire Chief Dan Stubbs, who was prepared to assist with the presentation.

Chief Beck displayed a PowerPoint presentation (**See Attachment 3**) and reported he was requesting Council direction to allow the Mesa Fire Department (MFD) to submit a grant application to the Center for Medicare and Medicaid Innovation for an expanded Physician Assistant Pilot Program. (**See item 6-g on the January 23, 2012 Regular Council Meeting agenda.**)

Chief Beck pointed out that the MFD has been engaged in pilot programs with physician assistants to offset the overload in emergency rooms (ER) and the high activity with the City's ambulance companies, which tends to hold the MFD's response units at an incident longer than necessary. He stated that the MFD has managed its response times through its Transitional Response Vehicle (TRV) Program and also improved the level of care through the efforts of the physician assistants.

Chief Beck remarked that the MFD became aware of the grant via information provided by Vice Mayor Somers. He briefly discussed some of the elements of the grant as follows:

- The grant request would be for approximately \$12 million.
- There is no cost match and a three-year period of performance.

- The MFD is not required to continue with an ongoing program at the end of the grant.
- The MFD is expected to evaluate and implement a model that could be reproduced in other areas of the country.
- The MFD is in a strong position to apply for the grant due to its considerable experience with the TRV Program, which includes a physician assistant component.

Chief Stubbs advised that the purpose of the research/concept grant is to test innovative health care payment and service delivery models. He noted that the MFD's goal is to develop the best practice model with respect to this program since none currently exist. Chief Stubbs also stated that there is a compressed grant announcement and application period and noted that pending Council approval, the grant submission date is no later than January 27, 2012.

Chief Stubbs remarked that the MFD would utilize contract and/or "hire back" employees to start the program. He indicated that if the program were to continue past the three-year period of the grant, it would be important for staff to develop a personnel model to fit the needs of the program. Chief Stubbs, in addition, stated that the MFD intends to contract for a Grant Performance and Accountability Manager, whose primary duties would be to provide the necessary oversight for the program.

Chief Stubbs further reported that the MFD expects to contract for its billing model, which is a mock billing during the grant period. He said that a key element of the program is the development of a home treatment billing model. Chief Stubbs cited, by way of example, that when the MFD receives a 911 call related to a behavioral health matter, staff must clear that individual through the ER, even if there are no outward signs of injury, before the MFD can take the person to a behavioral health specialist. He explained that depending upon how busy the ER is, the person could remain there for days. Chief Stubbs noted that it was the MFD's goal to clear these individuals in a timely manner not only to save staff time, but also Medicare and Medicaid billing costs.

Chief Stubbs reiterated that the MFD is not required to sustain the program past the grant cycle. He stated that if it was determined that the program was beneficial to the City and should be continued, staff would develop a program in the three-year period that is scaled to fit a sustainability model.

Vice Mayor Somers commented that this grant came to his attention while working with the National EMS Advisory Council. He stated that the most expensive way a citizen can receive healthcare is by accessing those services through the Fire Department and the ER. He noted that the MFD's proposal to adapt the TRV Program and add physician assistants would be a unique opportunity for staff to work with Medicare and Medicaid and explore ways to provide not only less expensive healthcare, but better healthcare.

Vice Mayor Somers further remarked that the program would provide preventative medicine to individuals in home healthcare facilities who are physically unable to see a doctor, who have behavioral health problems, and also address chronic 911 callers. He noted, in addition, that the program is an opportunity for the MFD to work with private partners, such as hospitals, in reducing the number of patients that return to the ER with complications after being discharged because they did not follow up with their physicians as recommended. Vice Mayor Somers added that this is an opportunity for the City of Mesa and the MFD to provide national leadership and innovation in emergency medical services and public health.

Mayor Smith stated that he becomes “leery” when the City receives a grant from the Federal government “with no strings attached” and then traps itself beyond a specific period of performance. He stressed the importance of staff managing the program not only to create sustainability, but also to plan for the inevitability that it will end in three years. Mayor Smith remarked that he would support the program only if the MFD is “very upfront” with people that this is a short-term proposition.

Chief Beck responded that the MFD’s Physician Assistant Program has been “off and on” in the past several years primarily because its model has always required a certain amount of cost recovery to go along with that service. He stated that staff has struggled to develop the continuity and partnerships locally to make that happen.

Chief Beck further remarked that one of the elements of this program that Medicare would like to see is a model to reduce costs. He noted that in order for the MFD to be successful, it will be necessary to bring all of the interested parties together to leverage their interests, reduce costs in certain areas, demonstrate that it is still a profitable enterprise, and at the same time having Medicare perform in a more efficient manner. Chief Beck added that based on the MFD’s limited experience with the TRV Program, he is confident that staff can meet those goals.

Mayor Smith thanked staff for the presentation.

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

3-a. Audit, Finance and Enterprise Committee meeting held December 1, 2011.

It was moved by Vice Mayor Somers, seconded by Councilwoman Higgins, that receipt of the above-listed minutes be acknowledged.

Carried unanimously.

4. Hear reports on meetings and/or conferences attended.

Councilwoman Higgins:	District 6 Pancake Breakfast
Mayor Smith:	“The Art of Warner Brothers” Exhibition at the Arizona Museum for Youth
Councilmember Kavanaugh:	District 3 “Coffee with the Councilmember Kavanaugh”; attended two Lunar New Year events at Mekong Plaza

5. Scheduling of meetings and general information.

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

Thursday, January 26, 2012, 7:30 a.m. – Mayor’s Breakfast

Saturday, January 28, 2012, 10:00 a.m. – 12<sup>th</sup> Annual Historic Home Tour in Mesa

Saturday, January 28, 2012, 6:00 p.m. – “Evening of Musical Magic” at Mesa Arts Center

Tuesday, January 31, 2012, 6:30 p.m. – District 6 Building Stronger Neighborhoods

Thursday, February 2, 2012, 7:30 a.m. – Study Session

6. Adjournment.

Without objection, the Study Session adjourned at 5:39 p.m.

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SCOTT SMITH, MAYOR

ATTEST:

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LINDA CROCKER, 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 23<sup>rd</sup> day of January 2012. I further certify that the meeting was duly called and held and that a quorum was present.

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LINDA CROCKER, CITY CLERK

pag  
(attachments – 3)



# Service Procurement Approvals

**City Council Study Session**

**January 23, 2012**



## Audit, Finance and Enterprise Committee

- Went before the committee on December 1, 2011
- Committee voted 2-1 to move discussion forward to full council
- Issue – whether to expand Council oversight for service contracts



## Mesa Procurement Governance

- City Charter - Section 609
- City Code - Title 1 - Chapter 21
- ARS Title 34 – Construction
- Management Policy 200
- Standard Procurement Rules
- Targeted Topics
  - Other Management Policies
  - Procurement Bulletins



# City Charter

- Section 609(B) requires council approval for purchases of all “materials” when the cost will exceed \$25,000
- “Materials” are defined as:
  - Materials
  - Supplies
  - Commodities
  - Equipment
  - Insurance
  - Capital Improvements
- Since procurement of services is not outlined in the Charter or in Mesa City Code, it currently falls within the daily duties of the City Manager



# Management Policy

- **Engineering Department**
  - Responsible for Capital Improvements (Construction) and related Professional Services
  - Per the City Code, Capital Improvements are procured in accordance with the procedures established in ARS Title 34



# Management Policy

- **Purchasing Division/Business Services**
  - Responsible for all other procurements
  - Procurement Policy Update
    - Updated City Code and Management Policy 200
    - Created Standard Procurement Rules
    - Updated solicitation boilerplates, forms, reports, websites, etc.



# Management Policy - Definitions

TITLE	DEFINITION	EXAMPLES
<p><b>Services</b></p>	<p>Furnishing of labor, time or effort by a contractor/subcontractor which will achieve the desired result through performance and not through the delivery of materials</p>	<ul style="list-style-type: none"> <li>• Landscaping</li> <li>• Painting</li> </ul>
<p><b>Professional Services – Non Construction</b></p>	<p>Requires special knowledge, education or skill and the qualifications of vendors rendering the services are of primary importance</p>	<ul style="list-style-type: none"> <li>• Attorneys</li> <li>• Entertainers</li> <li>• Financial/operational audits</li> <li>• Benefits studies</li> <li>• Consultants</li> <li>• Pro-tem Judges</li> </ul>
<p><b>Professional Services - Construction</b></p>		<ul style="list-style-type: none"> <li>• Engineers</li> <li>• Geologists</li> <li>• Architects</li> <li>• Landscape Architects</li> </ul>



# Procurement Methods

TITLE	DEFINITION	
<p><b>Services - Non Construction</b></p>	<p>&gt;\$ 25,000 Done through competitive selection (bid/proposal/qualifications) unless exempted by the City Manager or Designee as not practicable or advantageous.</p>	
<p><b>Professional Services – Non Construction</b></p>	<p>&gt;\$ 50,000 Recommended to be done through competitive selection (proposal/qualifications) unless exempted by the City Manager or Designee as not practicable or advantageous.</p>	
<p><b>Professional Services - Construction</b></p>	<p>As outlined in ARS, Title 34</p>	
<p><b>Services Exempted from Competitive Selection – Non Construction</b></p>	<ul style="list-style-type: none"> <li>• Artists</li> <li>• Entertainers</li> <li>• Subscriptions</li> <li>• Travel</li> <li>• Regulated Services (Postage, Utilities)</li> <li>• Advertising</li> </ul>	<ul style="list-style-type: none"> <li>• Attorneys</li> <li>• Professional witnesses</li> <li>• Pro-tem judges</li> <li>• Temporary consultants</li> <li>• Non-profit corporations</li> <li>• Training seminars</li> <li>• Subscriptions (e.g., journals)</li> </ul>



# Management Policy - Approvals

APPROVAL LEVELS	
<b>City Council</b>	>\$25,000 Materials and Insurance >\$25,000 Construction
<b>City Manager</b>	>\$25,000 Services and Professional Services



# Council Approvals - 2011

Materials, Capital Equipment and  
Construction over \$25,000

Group	Number	Amount
Purchasing	144	\$42,406,451
Engineering	60	\$76,787,421
Total	204	\$119,193,872



# Administrative Approvals - 2011

- Services and Professional Services over \$25,000
- Does not include small Purchases (under \$25,000) and benefits programs
- Estimates

Group	Number	Services	Professional Services
Purchasing	66	\$13,072,603	\$192,896
Other Depts.	16	\$2,540,647	\$245,000
Engineering	34		\$5,215,436
Total	116	\$15,613,250	\$5,653,332



# Reports Provided to Council

- **Service Contract Reports**
  - 3 Lists Provided to Council
    - Purchasing, Engineering, Citywide
  - Snapshot in time
  - Open Term Contracts
  - Estimates

Type	Number	Value
<= \$25,000	460	\$1,662,782
>\$25,000	220	\$50,320,767
CityEdge	1	\$13,551,489
Total	681	\$65,535,038



# Reports Provided to Council

- **Examples of Items on Report**

Aircraft Rescue Services-PMGA	Gas Transport Agreement
Architects	Graffiti Abatement Services
Attorneys	Hazardous Materials Response
Barricade Rental	Landscape Maintenance
Biosolids Removal Services	Photo Safety Program
Consultants	Radio System Maintenance
County Elections Services	Storm Water Pump Maint
Custodial Services	Street Maintenance Services
Dial-a-Ride	Temporary Agency Services
DMA-DMA Parking Management	Transit Services
Electric Line Crew Services	Vehicle Rental/Lease Service
Engineering Services	Water Use It Wisely



## Next Steps

- To increase transparency, we are developing a report of newly awarded service and professional service contracts over \$25,000 starting in January 2012
- Work continues on CityEdge – central repository of purchases and contracts



# **Direction from Council**

*Issue – whether to expand council approvals to include service contracts as recommended by the Committee*



# Service Contract Awards

Report Dated: 1/12/2012

## Landscape Maintenance for Parkway Medians and Rights of Way - Section 1

ID: 6

The City currently has a total of twelve landscape maintenance contracts: six for medians and right of way areas, four for parks and retention basins, one for City aquatics facilities, and one for grounds adjacent to City facilities. The contract will furnish all supervision, labor and equipment to provide landscape maintenance of parkway medians and right of way areas owned by the City in an area designated as Section I. Major tasks include but are not limited to cleaning, irrigation, sprinkler system maintenance, trimming, mowing, weed control, fertilization, etc. depending on whether the area is turf, desert, or a combination of both.

The Purchasing Division recommends awarding the contract to the lowest, responsive and responsible bidder, Mariposa Landscape Arizona, Inc. at \$183,525.95 annually, based on estimated requirements.

**Council District:** Citywide **Contract Number:** 2011253  
**Vendor Name:** Mariposa Landscape Arizona, Inc. Glendale, AZ  
**Total Dollar Value:** \$183,525.95 Annual **Start:** 1/1/2012 **Expiration/Completion:** 12/31/2014  
**Type of Contract:** Services **Procurement Method:** Invitation for Bids  
**Procurement Agency:** Purchasing **Procurement Contact:** Ed Quedens (480) 644-4677

**Functional Department:** TRANSPORTATION: Field Operations  
**Functional Contact:** Dan Cleavenger (480) 644-3125

**Administrative Approval Date:** 1/3/2012

**Date Entered:** 1/11/2012

## Water & Wastewater Site Equipment Maintenance

ID: 5

This contract will provide for Site Equipment Maintenance including motor repairs and rewinds for electric motors located throughout Water Resources facilities. Staff evaluated six cooperative contracts from other public entities (City of Chandler, City of Goodyear, City of Peoria, Town of Queen Creek, Maricopa County and Pima County) and determined the Peoria contract best met the City of Mesa's needs for utilities motor repairs and other related equipment repairs.

The Purchasing Division recommends utilizing the Strategic Alliance for Volume Expenditures (S.A.V.E.) cooperative through the City of Peoria contract with Keller Electric.

**Council District:** Citywide **Contract Number:** P10-0074  
**Vendor Name:** Keller Electric Phoenix, AZ  
**Total Dollar Value:** \$30,000.00 Term **Start:** 1/1/2012 **Expiration/Completion:** 5/31/2012  
**Type of Contract:** Services **Procurement Method:** Cooperative Contract Use  
**Procurement Agency:** Purchasing **Procurement Contact:** Ed Quedens (480) 644-4677

**Functional Department:** WATER RESOURCES: Water Resources  
**Functional Contact:** Kathryn Sorensen (480) 644-2947

**Administrative Approval Date:** 1/3/2012

**Date Entered:** 1/11/2012

# SAMPLE



# Medicare and Medicaid Innovation Grant

Mesa Fire Department

1/23/2012



# Concept Grant

- Test innovative health care payment and service delivery models
- Develop best practice model
- Conceptual
- Compressed grant announcement and application period



# Personnel

- **Contract employees to start program**
- **Develop a personnel model to fit the program needs**
- **Grant performance and accountability manager**



# Billing

- **Contract for services**
- **Developing a home treatment billing model is a key component of the program**
- **Mock billing during grant period**



# Program Sustainability

- Not required to sustain past the grant cycle
- If continued will be scaled to fit sustainability model

