

# JOINT FINANCE/UTILITY COMMITTEE MINUTES

April 24, 1997

The Finance and Utility Committees of the City of Mesa met in a joint meeting in the lower level meeting room of the Council Chambers, 57 East 1st Street, on April 24, 1997 at 8:05 a.m.

## FINANCE COMMITTEE PRESENT

John Giles, Chairman  
Jim Stapley

## UTILITY COMMITTEE PRESENT

Dennis Kavanaugh, Chairman  
Pat Gilbert

## COMMITTEE ABSENT

Joan Payne

## COUNCIL PRESENT

None

## STAFF PRESENT

C.K. Luster  
Don Ayers  
Robyn Baker  
Wayne Balmer  
Cindy Barris  
Bonnie Briscoe  
Wayne Evans  
Jack Friedline  
Mike Hutchinson  
Barbara Jones  
Harry Kent  
Kari Kent  
Karl Kohlhoff  
Ron Krosting  
Greg Marek  
Tom Mattingly  
Bryan Raines  
Tom Remes  
Denise Samuel  
Jenny Sheppard  
Jeff Welker  
Ralph Wisz

## OTHERS PRESENT

Jim Davidson  
Chris Moeser  
Terry Smiley  
Tom Verploegen  
Claudia Walters  
Jim Zaharis  
Others

### 1. Discuss the most recent update of the Average Homeowner's Charges survey.

Senior Management Assistant Bryan Raines presented the results of the most recent Average Homeowner's Charges survey comparing Mesa's tax and utility rates (excluding natural gas and electric) to those of other communities for an "average" family residing in a detached, single-family residence. Mr. Raines reported that for the second year, Mesa has retained the position with the lowest overall total due to increases in sales tax and utility rates in other communities and remains one of the lowest when incorporating

rate adjustments proposed for the upcoming year. Mr. Raines noted that increases in average home costs have affected property taxes in other communities.

2. Discuss and consider various recommended adjustments to utility rates.

a. Solid waste collection and disposal fees.

Solid Materials and Facilities Director Jack Friedline outlined proposed rate adjustments in solid waste collection and disposal fees as recommended by the Solid Waste Rate Committee, including: 1) increase by \$1.00 the rate for 90-gallon garbage collection service and by \$.50 the rate for 60-gallon service; 2) increase the eight cubic yard bin monthly base rate from \$78.00 to \$82.00; 3) adjust the recycling rates for businesses requesting recycling bins; 4) adjust the roll-off and compactor rates to reflect different rates for different size containers and offer a landfill tonnage alternative to customers who have heavy materials to dispose; 5) adjust the overweight container fee for roll-offs and compactors; 6) allow the Solid Waste Division to enter into 2- to 3-year service agreements (contracts) with commercial customers; 7) increase the 300 /440-barrel commercial rate from \$57.00 per month to \$61.00 per month; 8) establish a \$2.50 monthly fee for a 90-gallon green waste barrel; 9) allow multi-units (12 to 20 units) to utilize the commercial rate schedules for bin and barrel service; and 10) delete various rates due to the completion of the blue barrel recycling implementation.

Mr. Friedline commented that the proposed rate adjustments are designed to offer more equitable charges for solid waste generation, improve service to customers, and allow the City to remain competitive with the private sector.

The Committee and staff spoke concerning the makeup of the Solid Waste Rate Committee, service provided by private haulers, overweight container fees, the initial surcharge to cover acquisition costs for the blue barrel program, and increased landfill tonnage fees. Committeemember Gilbert suggested that in the future surcharges be removed once the purpose for such surcharge has been completed.

Additional discussion ensued pertaining to Mesa's solid waste charges when compared to other communities, contributions to the General Fund, charges for "extra" barrels, and the effectiveness of the green barrel pilot program.

It was moved by Chairman Kavanaugh, seconded by Committeemember Stapley, to recommend to Council approval of the solid waste collection and disposal fees as proposed by the Solid Waste Rate Committee.

A tabulation of votes showed:

AYES - Gilbert-Giles-Kavanaugh-Stapley  
NAYS - None  
ABSENT - Payne

Chairman Giles declared the motion carried unanimously by those present.

b. Water and wastewater rates.

Water

Mr. Raines noted the division of the City's water service area into three zones-Western, RWCD, and Eastern-and provided background information concerning steps begun in Fiscal Year 1993/94 to equalize water rates between the three zones over a period of several years. Mr. Raines advised that no rate adjustments were proposed last year but stated that based on a recent evaluation by Black and Veatch Engineers, the following rates are recommended for Fiscal Year 1997/98 to complete the equalization process: \$1.39 per 1,000 gallons for the first 12,000 gallons of water and \$2.09 per additional 1,000 gallons of water. Mr. Raines indicated that the proposed rates represent an increase for the Western and RWCD zones and a decrease for the Eastern zone and generate additional revenue to the City over operational expenses.

Mr. Raines reported that overall, the proposed water rates increase the annual charge for residential customers (using approximately 12,642 gallons of water per month) by a weighted average of 5.3 percent, or \$1.30 monthly. Mr. Raines stated that the adjustments equate to a monthly increase of \$3.02 (13.5 percent) for the Western zone and \$2.14 (9.2 percent) for the RWCD zone and a monthly decrease of \$1.40 (5.2 percent) for the Eastern zone.

In response to questions from the Committee, Mr. Raines referred to a map outlining the City's water service area and division into three zones and indicated that information could be prepared relative to impacts on revenue per zone and effects should the proposed rate adjustments not be approved.

Wastewater

Mr. Raines advised that wastewater rates are consistent throughout the City and that an increase of approximately 5.1 percent is proposed for Fiscal Year 1997/98. Mr. Raines indicated that wastewater rates have not been adjusted to provide additional revenue since Fiscal Year 1992/93 (rate adjustments for Fiscal Year 1993/94 were designed to balance the cost of service while remaining revenue neutral). Mr. Raines reported that wastewater rates are based on both the amount of sewage discharged by a customer and the "strength" of the discharge/amount of treatment required. Mr. Raines stated that the proposed rate adjustments for residential customers with a winter water average of 8,204 gallons would equate to a monthly increase of approximately \$.74, divided among the following components: minimum billing, user consumption charge, and capital consumption charge.

Discussion ensued concerning treatment/operational costs, contributions (percentage) to the General Fund, and debt service.

It was moved by Committeemember Gilbert, seconded by Committeemember Stapley, to recommend to Council approval of the adjustments to the water and wastewater rates as proposed by staff.

A tabulation of votes showed:

AYES - Gilbert-Giles-Kavanaugh-Stapley  
NAYS - None  
ABSENT - Payne

Chairman Giles declared the motion carried unanimously by those present.

c. Natural gas service rates.

Utilities Manager Ralph Wisz advised that the Utilities Department is recommending that the City: 1) institute a new Interruptible Transportation Service (available to large customers such as TRW and Rosarita) and 2) increase customer charges by 10 percent for various specified services, resulting in an average residential bill increase of 2.3 percent and commercial bill increase of 5.7 percent. Mr. Wisz commented that the proposal will enable the City to remain competitive while continuing to return monies to the General Fund.

The Committee and staff spoke relative to unbundled rates, the possibility of companies such as TRW by-passing the City's system, marketing strategies, competition, and service/demand projections.

It was moved by Committeemember Gilbert, seconded by Chairman Giles, to recommend to Council approval of the new Interruptible Natural Gas Transportation Service and increased monthly customer charges as proposed by staff.

A tabulation of votes showed:

AYES - Gilbert-Giles-Kavanaugh-Stapley  
NAYS - None  
ABSENT - Payne

Chairman Giles declared the motion carried unanimously by those present.

3. Discuss and consider various revisions to the charges for utility-related services .

Mr. Wisz outlined a proposal to increase fees for certain gas, water, and wastewater services to reflect the cost of installation.

It was moved by Committeemember Stapley, seconded by Committeemember Gilbert, to recommend to Council approval of the revisions to the charges for utility-related services as proposed by staff.

A tabulation of votes showed:

AYES - Gilbert-Giles-Kavanaugh-Stapley  
NAYS - None  
ABSENT - Payne

Chairman Giles declared the motion carried unanimously by those present.

4. Discuss and consider revisions and amendments to the Building and Inspections Division's Schedule of Fees and Charges.

Development Services Coordinator Jeff Welker reviewed proposed amendments to the City's Schedule of Fees and Charges in relation to fees assessed and collected by the Building Inspections Division. Mr. Welker advised that the fees are evaluated each year to determine the relationship of current revenues to actual costs incurred in rendering services. Mr. Welker indicated that the proposed adjustments reflect an overall reduction in fees.

Mr. Welker responded to questions from the Committee concerning impact fees and the current/proposed fees structure when compared to other Valley communities.

Public Works Manager Harry Kent spoke regarding efforts to develop a telecommunications fee schedule. Mr. Kent stated that entities will be assessed fees to facilitate the recovery of actual costs incurred by the City.

Chairman Kavanaugh expressed concern relative to the risk of litigation if fees are not specified. Mr. Kent noted that a procedures manual has been developed and standards have been established.

It was moved by Committeemember Gilbert, seconded by Chairman Kavanaugh, to recommend to Council approval of the amendments to the Schedule of Fees and Charges as proposed by staff.

A tabulation of votes showed:

AYES - Gilbert-Giles-Kavanaugh-Stapley  
NAYS - None  
ABSENT - Payne

Chairman Giles declared the motion carried unanimously by those present.

5. Adjournment.

It was moved by Committeemember Stapley, seconded by Committeemember Gilbert, that the joint meeting of the Finance/Utility Committees adjourn at 9:18 a.m.

Carried unanimously.

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the joint meeting of the Finance/Utility Committees of the City of Mesa, Arizona, held on the 24<sup>th</sup> day of April 1997. I further certify that the meeting was duly called and held and that a quorum was present.

Dated this 3<sup>rd</sup> day of June 1997

BARBARA JONES, CITY CLERK