



COUNCIL MINUTES

January 8, 2024

The City Council of the City of Mesa met in a Regular Council Meeting in the Council Chambers, 57 East 1st Street, on January 8, 2024, at 5:45 p.m.

COUNCIL PRESENT

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

COUNCIL ABSENT

Mark Freeman

OFFICERS PRESENT

Christopher Brady
Holly Moseley
Jim Smith

Mayor's Welcome.

Mayor Giles conducted a roll call.

Mayor Giles excused Councilmember Freeman from the entire meeting.

Mayor Giles led a moment of silence, followed by the Pledge of Allegiance.

Awards, recognitions, and announcements.

Mayor Giles declared January as Free Application for Federal Student Aid (FAFSA) month.

Education and Workforce Administrator Sarah Tolar accepted the proclamation and thanked the Mayor and Councilmembers for their support and recognition of this proclamation. She provided information about the Achieve60AZ initiative which has helped to increase FAFSA application completion and post-secondary education enrollment.

Mayor Giles proclaimed January as Anti-Human Trafficking month.

Councilmember Spilsbury stated human trafficking impacts millions of people each year across all demographics. She mentioned Mesa is committed to increasing public awareness of the human trafficking epidemic that is impacting the community. She introduced Mesa Police Department Sergeant Joshua Lee and Lieutenant Ryan Russell.

Sergeant Lee reported on the progress that has been made since Mesa committed to fight against human trafficking last year.

Former Town of Gilbert Councilmember Scott September thanked Council and staff for their collaboration with surrounding jurisdictions to stop human trafficking. He invited the public to attend the Night of Hope event to be held on February 18, 2024, at Grand Canyon University and to visit the website www.notinourcity.org.

1. Take action on all consent agenda items.

All items listed with an asterisk (*) will be considered as a group by the City Council and will be enacted with one motion. There will be no separate discussion of these items unless a Councilmember or citizen requests, in which event the item will be removed from the consent agenda and considered as a separate item. If a citizen wants an item removed from the consent agenda, a blue card must be completed and given to the City Clerk prior to the Council's vote on the consent agenda.

It was moved by Councilmember Somers, seconded by Councilmember Spilsbury, that the consent agenda items be approved.

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Goforth–Somers–Spilsbury
NAYS – None
ABSENT – Freeman

Mayor Giles declared the motion passed unanimously by those present.

*2. Approval of minutes of previous meetings as written.

Minutes from the October 12, October 19, November 9, November 20, November 30, December 4, December 7 and December 11, 2023, Study Sessions; and December 11, 2023, Regular Council meeting.

3. Take action on the following liquor license applications:

*3-a. St. Timothy Roman Catholic Parish Mesa

This is a one-day event to be held on Friday, January 26, 2024, from 5:00 P.M. to 9:00 P.M. at St. Timothy Roman Catholic Parish Mesa located 1730 West Guadalupe Road. **(District 3)**

*3-b. Mesa United Way, Inc.

This is a one-day event to be held on Friday, January 19, 2024, from 6:00 P.M. to 11:00 P.M. at ASU Mix Center located 50 North Centennial Way. **(District 4)**

*3-c. Macayo's Mexican Food

A restaurant that serves lunch and dinner is requesting a new Series 12 Restaurant License for Kind Macayo LLC, 1920 South Dobson Road - Navayogasingam Thuraisingam, Agent. The existing Series 6 Bar License will remain inactive until transferred or sold. **(District 3)**

*3-d. Morning Glory Restaurant

A restaurant that serves breakfast, lunch, and dinner is requesting a new Series 12 Restaurant License for Morning Glory Restaurant LLC, 9221 East Baseline Road, Suite 101 - Eusebia Ambrocio Lopez, agent. There is no existing license at this location. **(District 6)**

4. Take action on the following contracts:

- *4-a. Dollar Limit Increase to the Term Contract for Fire Department Uniforms for the Mesa Fire and Medical Department. **(Citywide)**

In November, the City extended the term contract for six months to allow time to re-bid and award a new contract. The limit increase is needed due to price increases for approved Class B uniforms, badges, name bars, etc. for Transport and Dispatch; uniform allowance increases for MFMD members; additional purchases for promotions and Fall Academy members; as well as for the normal usage through the six-month contract extension.

The Fire and Medical Department and Purchasing recommend increasing the dollar limit with United Fire Equipment Company by \$275,000, from \$450,000 to \$725,000 through June 30, 2024, based on estimated requirements.

- *4-b. Job Order Master Contracts (JOC) Electrical Construction Services. **(Citywide)**

The selection of three contractors is needed for the JOC Electrical Construction Services. These services will include new construction, renovations and repairs, additions, demolition, and facility upgrade for City buildings and facilities. Contracts are for three full years, with the two optional one-year extensions of the contracts based on successful contract performance and City concurrence.

Staff recommends awarding Job Order Master Contracts to DP Electric Inc., Hawkeye Electric Inc., and K2 Electric. Individual Job Orders will have a limit of \$4,000,000 per job, or as otherwise approved by Council.

- *4-c. Cooperative Contract Use for the Eleven-Month Term Contract with Three Years of Renewal Options for Bulk Gasoline and Diesel Fuel for the Fleet Services Department. **(Citywide)**

This contract will supply bulk gasoline and diesel fuel to support the City's fleet of vehicles and equipment.

The Fleet Services Department and Purchasing recommend authorizing the purchase using the State of Arizona cooperative contract with Pilot Travel Centers LLC dba Saratoga Rack Marketing LLC and Senergy Petroleum LLC at \$7,000,000 annually, based on estimated usage.

- *4-d. Cooperative Contracts Use for HVAC Services for Citywide Facilities as requested by the Parks, Recreation and Community Facilities Department. **(Citywide)**

This contract will provide HVAC equipment, replacement parts, installation, preventative maintenance, and repairs for Citywide facilities.

The Parks, Recreation and Community Facilities Department and Purchasing recommend authorizing the purchases using the Omnia Partners cooperative contract with Trane Technologies, Comfort Systems Southwest, and Daikin Comfort; and using the 1GPA cooperative contract with HACI Services LLC, and Pueblo Mechanical; at \$4,000,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *4-e. Three-Year Term Contract with Two Years of Renewal Options for Tree Pruning, Removal, and Other Related Services for the Parks, Recreation and Community Facilities Department. **(Citywide)**

This contract will provide tree pruning, removal, and other related services, including emergency services for the Parks, Recreation and Community Facilities Department, including Aquatics, Parks and Sports Fields Maintenance, Facilities, Cemetery, and Golf Course, on an as-needed basis. The Contractor may also perform safety sensitive responsibilities including emergency tree work related to storm drains and citizen complaints.

A committee representing the Parks, Recreation and Community Facilities Department and Purchasing evaluated responses and recommend awarding the contract to the highest-scored proposal from West Coast Arborists Inc. at \$1,057,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *4-f. Three-Year Term Contract with Two Years of Renewal Options for Badger Water Meters, Registers, Equipment, and Parts for the Water Resources Department (Single Response). **(Citywide)**

This contract will provide for the purchase of 1.5" and 2" water meters and AMI-compatible registers required for the Smart metering project and ongoing meter maintenance and operations. Large water meters (3" and greater) will also be provided for commercial projects and ongoing meter maintenance and operations.

The Water Resources Department and Purchasing recommend awarding the contract to the single, responsive, and responsible bidder, Badger Meter Inc. at \$4,600,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *4-g. Three-Year Term Contract with Three Years of Renewal Options for Carbon Replacement in Aeration Basin Towers for the Water Resources Department. **(Citywide)**

This contract will provide for the replacement of carbon in the odor control towers at the Greenfield and Northwest Water Reclamation Plants. Services include the removal and proper disposal of existing carbon and replacement with new carbon in each tower. The carbon in the towers needs to be removed and replaced on a regular maintenance schedule to maintain the effectiveness of the plant's odor control system.

The Water Resources Department and Purchasing recommend awarding the contract to the lowest, responsive, and responsible bidder, Karbonous, Inc. at \$368,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *4-h. Three-Year Term Contract with Two Years of Renewal Options for Original Equipment Manufacturer (OEM) Cummins Generator System Diagnostic, Maintenance, and Repair Services for the Water Resources Department (Sole Source). **(Citywide)**

This contract will provide Cummins generator diagnostic, preventive maintenance, inspections and service-interval, and major repair services, rental services, and refueling services at facilities throughout the City.

A committee representing the Water Resources Department and Purchasing evaluated responses and recommend awarding the contract to the sole source vendor, Cummins

Inc. dba Cummins Sales and Service at \$1,000,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *4-i. Three-Year Term Contract with Two Years of Renewal Options for Trench Shoring Safety Equipment and Rental Services for the Water Resources and Energy Resources Departments. **(Citywide)**

Water Resources and Energy Resources maintenance crews will use the trench shoring equipment, crossing plates, and related supplies and services to perform utility service maintenance work.

A committee representing the Water Resources Department and Purchasing evaluated responses and recommends awarding the contract to the responsive proposal from United Rentals (North America), Inc. (a Mesa business) at \$487,900 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

5. Take action on the following resolutions:

- *5-a. Approving and authorizing the City Manager to enter into an Intergovernmental Agreement with Mesa Unified School District #4 for Surveillance System Emergency Access. **(Citywide)** – Resolution No. 12140
- *5-b. Approving and authorizing the City Manager to enter into an Intergovernmental Agreement with the Arizona Department of Revenue for the uniform administration of the City's transaction privilege tax, use tax, severance tax, jet fuel excise and use tax, and rental occupancy taxes imposed by the State or the City of Mesa. – Resolution No. 12141
- *5-c. Approving and authorizing the City Manager or designee to enter into an Intergovernmental Agreement with the Salt River Pima Maricopa Indian Community to continue providing mutual law enforcement aid. **(Citywide)** – Resolution No. 12142
- *5-d. Extinguishing a Public Utilities and Facilities Easement at 409 South Country Club Drive to allow for construction of a new self-storage facility, requested by the property owner. **(District 4)** – Resolution No. 12143

6. Introduction of the following ordinances and setting January 22, 2024, as the date of the public hearing on these ordinances:

- *6-a. ZON22-00054 "Agritainment District at Pioneer Crossing." **(District 1)** Within the 3600 to 3800 blocks of East Thomas Road (south side), within the 3400 to 3600 blocks of North Val Vista Drive (both sides). Located south of Thomas Road on the east and west sides of Val Vista Drive (17.7± acres total). Rezone 13.8± acres from Single Residence-6 with a Planned Area Development overlay (RS-6-PAD) to Multiple Residence-2 with a Planned Area Development overlay (RM-2-PAD). This request will correct the ordinance map for Ordinance No. 5683; Rezone 1.0± acres from Mixed Use with a Planned Area Development overlay (MX-PAD) to Single Residence-6 with a Planned Area Development overlay (RS-6-PAD). This request will modify the Pioneer Crossing Planned Area Development and allow for the development of a commercial development. This request will also correct the ordinance map for Ordinance No. 5683; Rezone 2.91± acres from Mixed Use with a Planned Area Development overlay (MX-PAD) to Mixed Use with a Planned Area Development overlay (MX-PAD) and Site Plan

Review. Todd R/Lisa K Burden, Burden West Limited Partnership LLP, and Reserve 100 LLC, owners; Ralph Pew, Pew & Lake PLC, applicant. – Ordinance No. 5841

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote 7-0)

- *6-b. ZON22-01274 "SEC Center Street & Lynwood Lane." (**District 1**) Within the 2200 block of North Center Street (east side) and within the 2200 block of North Pasadena (west side). Located north of McKellips Road on the east side of Center Street (8.6± acres). Rezone 8.4± acres from Single Residence-43 (RS-43) to Small Lot Single Residence-3.0 with a Planned Area Development overlay (RSL-3.0-PAD) and 0.2± acres from Multiple Residence-4 (RM-4) to RSL-3.0-PAD. This request will allow for a single residence development. Brighton Homes, owner; Sean Lake, Pew & Lake PLC, applicant. – Ordinance No. 5842

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 7-0)

- *6-c. ZON23-00478 "88 Southern Townhomes." (**District 5**) Within the 8800 to 9000 blocks of East Southern Avenue (north side) and within the 1100 block of South 88th Street (east side). Located west of Ellsworth Road on the north side of Southern Avenue (4.4± acres). Rezone from Agriculture (AG) to Multiple Residence-2 with a Planned Area Development Overlay (RM-2-PAD) and Site Plan Review. This request will allow for a multiple residence development. Coconut Properties LLC and Bart Clune Dillon, owners; Shaine Alleman, Tiffany & Bosco P.A., applicant. – Ordinance No. 5843

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote 7-0)

- *6-d. ANX23-00480 (**District 5**) Annexing property located west of Ellsworth Road on the north side of Southern Avenue (4± acres). This request has been initiated by the applicant, Shaine Alleman, Tiffany & Bosco P.A., for the owners, Coconut Properties LLC, and Bart Clune Dillon. – Ordinance No. 5844

7. Introduction of the following ordinance and setting February 5, 2024, as the date of the public hearing on this ordinance:

- *7-a. Amending Section 11-31-34(A) of the Mesa Zoning Ordinance pertaining to Medical Marijuana Dispensaries and Dual Licensee Facilities. The amendments include, but are not limited to, modifying the spacing requirements between Medical Marijuana Dispensaries and Dual Licensee Facilities. – Ordinance No. 5845

This ordinance modifies the ordinance pertaining to the spacing requirements between marijuana facilities that was introduced at the August 21, 2023, City Council meeting.

Staff Recommendation: Adoption

P&Z Board Recommendation: Adoption (Vote: 7-0)

8. Take action on the following subdivision plats:

- *8-a. SUB23-00808 "Mountain Vista Marketplace Parcel E." (**District 5**) Within the 10500 to 10600 blocks of East Hampton Avenue (north side) and within the 1300 to 1400 blocks of South 105th Place (west side). Located west of Signal Butte Road and south of Southern Avenue (2.16± acres). Signal Butte BFC LLC, developer; Robert S. Unger, Synergy Geomatics, surveyor.
- *8-b. SUB23-00452 "Elliot Tech Center - Phase II." (**District 6**) Within the 10400 to 10600 blocks of East Elliot Road (north side) and within the 3400 block of South Signal Butte Road (west side). Located north of Elliot Road and west of Signal Butte Road (48± acres). John Hako, Hunter Engineering, Inc., surveyor; TTRG Industrial AZ Mesa Elliot Signal PH 2 Land LLC, owner.
- *8-c. SUB23-00479 "The Confluence at Mesa Gateway." (**District 6**) Within the 8800 to 9200 blocks of East Ray Road (north side) and within the 4900 to 5100 blocks of South Ellsworth Road (west side). Located north of Ray Road and west of Ellsworth Road (52± acres). Robert A. Johnston, EPS Group, Inc., surveyor; Mesa Gateway Owner, LLC, and Mesa Gateway Owner PH2, LLC, owners.

9. Take action on the following bingo application:

- *9-a. Bouncing Balls Bingo Club

Joni Courchaine, Treasurer; 8700 East University Drive. (**District 5**)

Items not on the Consent Agenda

10. Hear a presentation and take action on the City of Mesa Fiscal Year 2023 Annual Comprehensive Financial Report and Single Audit Report:

- 10-a. Accepting the City of Mesa's Annual Comprehensive Financial Report (ACFR) and Single Audit Report for the Fiscal Year ended June 30, 2023.

Finance Director Irma Ashworth introduced Jean Dietrich, Partner with Clifton Larson Allen, LLP and displayed a PowerPoint presentation. (**See Attachment 1**)

Ms. Dietrich provided an overview of the audit results for the year ending June 30, 2023, reporting that the audit was performed in accordance with Government Auditing Standards. She said that the City had one change in accounting policy associated with the Governmental Accounting Standards Board (GASB) Statement Number 96 regarding Subscription-Based Information Technology Arrangements. She confirmed that the audit did not identify any deficiencies in the internal controls or material weaknesses and no irregular or fraudulent transactions were identified. She reported that the firm issued a clean, unmodified opinion on the report which is the highest level of assurance that can be issued from a Certified Public Accountant (CPA) firm. (See Page 2 of Attachment 1)

Ms. Ashworth summarized the results of the audit report and 2023 financial highlights. She reported that the City revenues increased by \$85 million from the prior year. She reviewed the revenues for the governmental activities for fiscal years 2021 through 2023. She confirmed that over the last five years the net position has increased. (See Pages 3 through 5 of Attachment 1)

Ms. Ashworth explained that the total assets for the City increased to \$5.3 billion and the largest portion of the assets are capital assets. She provided a snapshot of cash and investments,

which had increased from prior years. She explained the City's total liabilities are \$4.1 billion and have remained steady over the prior years. (See Pages 6 through 8 of Attachment 1)

Ms. Ashworth compared the types of long-term obligations, pension, and other post-employment benefits (OPEB) unfunded liabilities for the City from 2022 and 2023. (See Pages 9 and 10 of Attachment 1)

City Manager Christopher Brady thanked Ms. Ashworth and her staff. He reiterated that the audit is a year-round process and that this was the highest level of assurance that a CPA can give of a City's finances.

Councilmember Duff thanked staff and pointed out that it is a big deal for a City the size of Mesa to have no findings at all.

It was moved by Councilmember Somers, seconded by Vice Mayor Heredia, that Council accept the City of Mesa's Annual Comprehensive Financial Report (ACFR) and Single Audit Report for the Fiscal Year ended June 30, 2023.

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Goforth–Somers–Spilsbury
NAYS – None
ABSENT – Freeman

Mayor Giles declared the motion passed unanimously by those present.

11. Items from citizens present.

There were no items from citizens present.

12. Adjournment.

Without objection, the Regular Council Meeting adjourned at 6:15 p.m.

ATTEST:



HOLLY MOSELEY, CITY CLERK





JOHN GILES, MAYOR

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Regular Council Meeting of the City Council of Mesa, Arizona, held on the 8th day of January 2024. I further certify that the meeting was duly called and held and that a quorum was present.



HOLLY MOSELEY, CITY CLERK

Overview of Fiscal Year 2023 Annual Comprehensive Financial Report

Irma Ashworth
Finance Director



Jean Dietrich
Signing Director
(CliftonLarsonAllen LLP)



CITY OF MESA, AZ

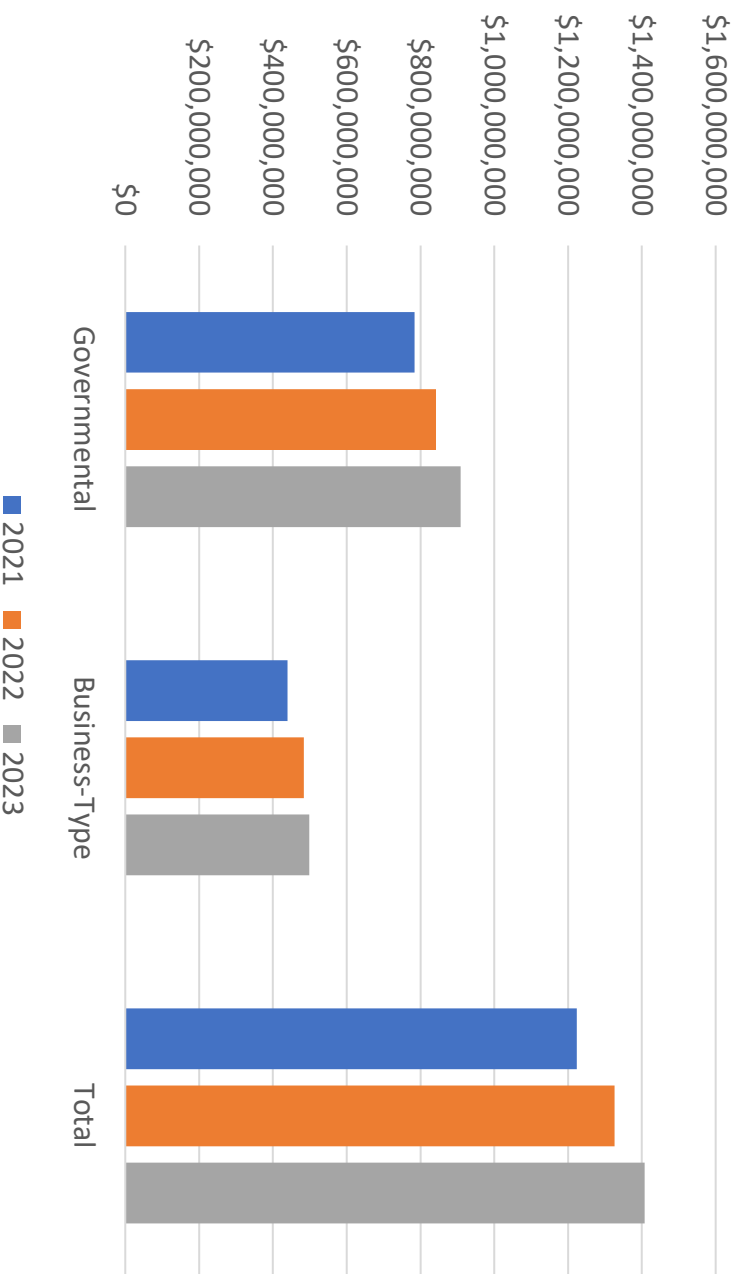
ANNUAL COMPREHENSIVE FINANCIAL REPORT

Annual Comprehensive Financial Report

- Unmodified report issued
- No Findings
- Follows Generally Accepted Accounting Principles (GAAP)
- Complies with Governmental Accounting Standards Board (GASB)

Financial Highlights

FY 2023 City Revenue's increased by \$85 million

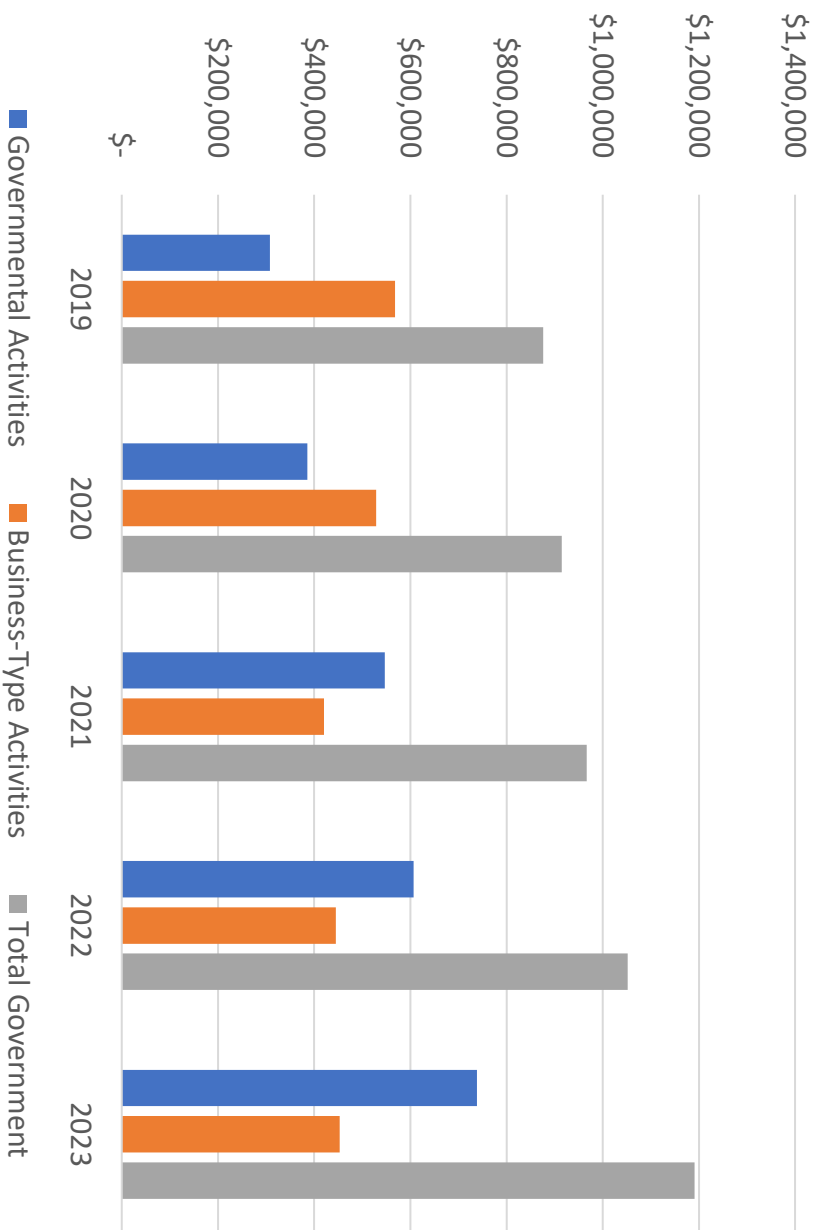


Governmental Activities – Revenues

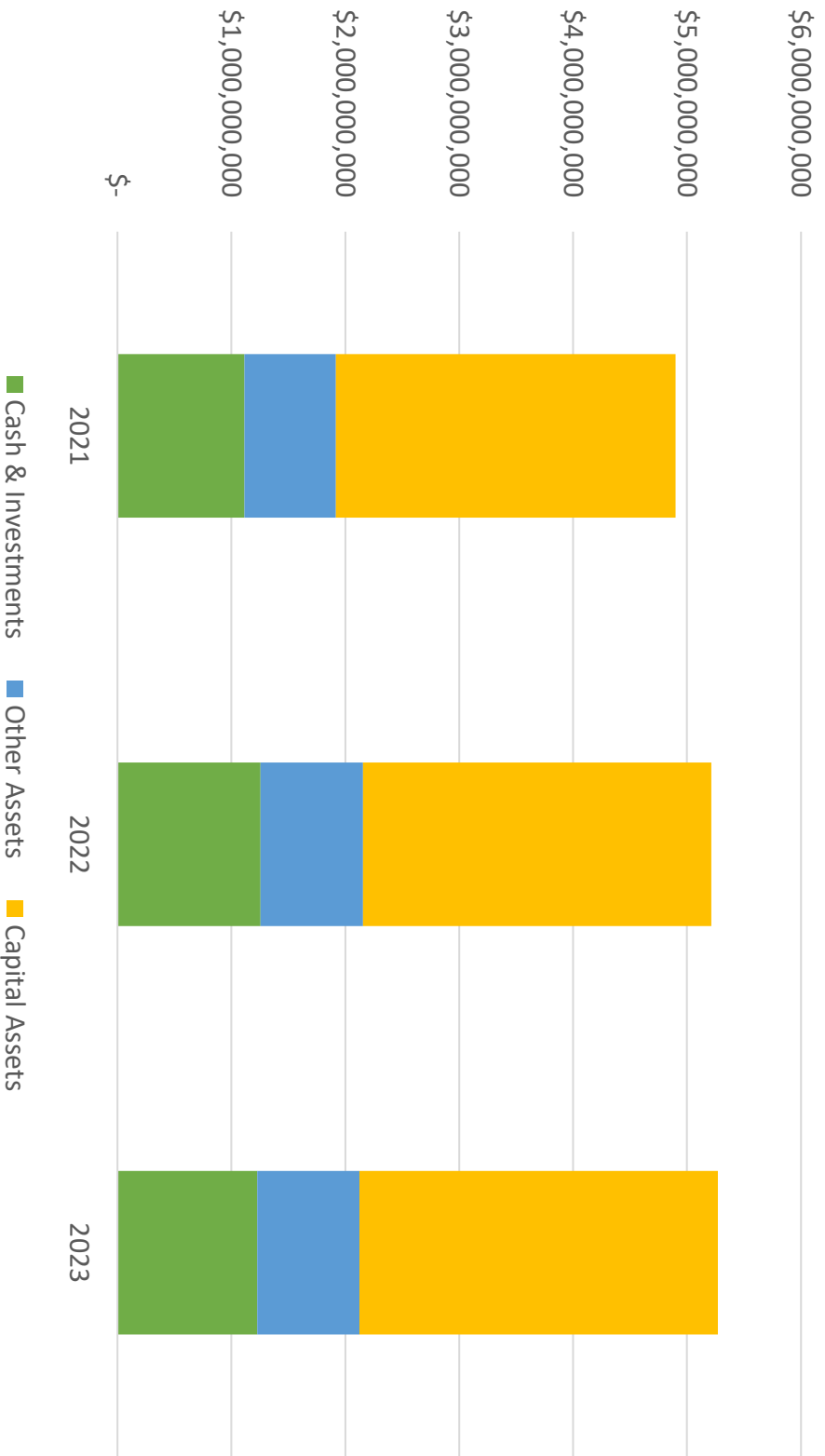
Fiscal years 2021, 2022 and 2023



5-year Net Position Comparison



Total Assets Increased to \$5.3 Billion

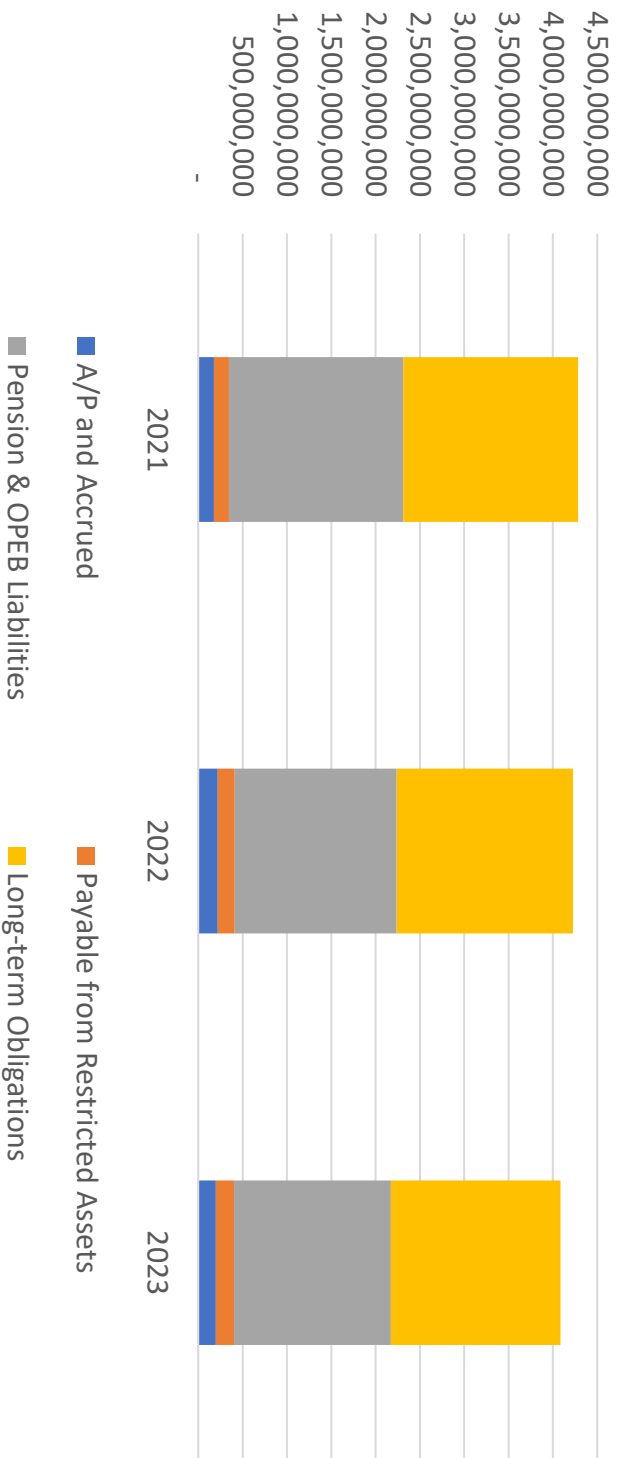


Cash and Investments as of June 30, 2023

Cash	\$ 40,856,000
Investment in Local Govt. Investment Pools	10,808,000
Cash with Custodian	15,023,000
Cash with Fiscal Agents	132,726,000
Long-Term Investments	<u>1,027,315,000</u>
Total Pooled Cash and Investments	<u>\$ 1,226,728,000</u>

Total Liabilities

\$4.1 Billion



Long-term obligations

Issue Type	June 30, 2022	June 30, 2023
General Obligation Bonds	\$ 318,950,000	\$ 284,955,000
Highway User Revenue Bonds	39,030,000	29,030,000
Utility Revenue Bonds	1,227,750,000	1,112,515,000
Utility Revenue Obligations	84,795,000	138,725,000
Excise Tax Obligations	<u>34,180,000</u>	<u>32,935,000</u>
Total	<u>\$ 1,704,705,000</u>	<u>\$ 1,598,160,000</u>
Community Facility District	<u>\$ 91,816,000</u>	<u>\$ 98,955,000</u>

Pension and OPEB Unfunded Liability

Plan	June 30, 2022	June 30, 2023
ASRS Pension	\$ 208,353,000	\$ 263,694,000
PSPRS - Fire Pension	213,314,000	253,036,000
PSPRS - Police Pension	419,147,000	485,351,000
PSPRS - Police OPEB	9,577,000	11,401,000
City OPEB Plan	978,037,000	778,046,000

Questions ?

Irma Ashworth

Finance Director

Irma.Ashworth@mesaaz.gov

(480) 644-2605