

COUNCIL MINUTES

January 9, 2023

The City Council of the City of Mesa met in a Regular Council Meeting in the Council Chambers, 57 East 1st Street, on January 9, 2023, 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.

Invocation by Pastor Jeremy Gills of Mesa Church of Christ.

Pledge of Allegiance was led by Mayor Giles.

Awards, recognitions, and announcements.

Mayor Giles announced a proclamation for Anti-Human Trafficking month, which is led by Councilmember Spilsbury.

Councilmember Spilsbury stated the City of Mesa (COM) has joined the large coalition of cities across the Valley in the fight against human trafficking, a global plague that impacts millions of people each year. She said the United States is one of the worst countries globally for human trafficking and Arizona ranks within the top 15 states for the highest rates of human trafficking per capita. She announced the COM joins the Not In Our City movement to increase public awareness of the human trafficking epidemic that impacts the world. She introduced Joshua Lee, Police Sergeant for the Human Exploitation and Trafficking (HEaT) Unit with the Mesa Police Department, and Town of Gilbert Councilmember Scott September.

Sergeant Lee explained human trafficking is a major concern in the Phoenix Metro area. He commented January is human trafficking awareness month, and the HEaT unit has been highly effective and powerful in leading investigations in human trafficking in the state of Arizona and is often called upon to assist other agencies. He mentioned the 2023 Super Bowl will be held in Arizona and is one of the largest human trafficking events in America and the HEaT unit has been preparing for over a year to provide criminal enforcement and community education.

Councilmember September thanked City Council for the proclamation and stressed the importance for every city to have a proclamation. He introduced Councilmember Mark Stewart, City of Chandler; Terry and Judith Crist, Lead Pastors of City of Grace; and Pastor Mike Gowans, Founder of Night of Hope.

Pastor Gowans thanked City Council for their support and invited everyone to participate in the Night of Hope event on February 10, 2023.

1. Selection of the Vice Mayor.

It was moved by Councilmember Duff, seconded by Councilmember Spilsbury, that Councilmember Heredia be elected to serve as Vice Mayor.

Upon tabulation of votes, it showed:

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

NAYS – None

ABSENT – Freeman

Mayor Giles declared the motion carried unanimously by those present.

Mayor Giles thanked Vice Mayor Heredia for his model of community service, and for his family's dedication and engagement to the community.

Vice Mayor Heredia thanked his colleagues for entrusting him as the new Vice Mayor. He expressed it is a privilege to represent the COM. He noted areas for improvement regarding homelessness, housing, transit, and transportation. He expressed his excitement to continue to work with colleagues, City staff, residents, and stakeholders to make Mesa the best place to work, live, and play.

Mayor Giles thanked Councilmember Duff for her great service as previous Vice Mayor. He commended her great work representing the COM in a variety of situations.

2. 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 Spilsbury, seconded by Councilmember Duff, 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 carried unanimously by those present.

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

Minutes from the October 20, and November 3, 2022, Study Sessions; and December 8, 2022, Regular Council meeting.

*4. Take action on the following liquor license applications:

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

This is a one-day event to be held on Friday, January 27, 2023, from 5:00 P.M. to 9:00 P.M. at 1730 West Guadalupe Road. **(District 3)**

*4-b. Village Grille & Patio

A golf club is requesting a new Series 6 Bar License for Sunland Springs Village Golf Club Inc., 11061 East Medina Avenue - Ryan Neal Thompson, agent. The existing Series 12 (Restaurant) License will revert to the State, and the Series 7 (Beer & Wine Bar) License will remain at the location in an inactive status until it is transferred or sold. **(District 6)**

*4-c. Creative Dance Collective

A dance studio is requesting a new Series 7 Beer and Wine Bar License for Creative Dance Collective LLC, 2107 West Guadalupe Road - Alexander Zuran III, agent. There is no existing license at this location. **(District 3)**

*4-d. Rosati's Ellsworth

A restaurant that serves lunch and dinner is requesting a new Series 12 Restaurant License for Art of Pizza LLC, 1035 North Ellsworth Road Suite 103 - 104 - Arturo Carlos, agent. There is no existing license at this location. **(District 5)**

5. Take action on the following contracts:

*5-a. Use of Cooperative Contract for the Purchase and Installation of Six Fire Dispatch Furniture Consoles (Replacements) for the Mesa Fire & Medical Department. **(Citywide)**

This request will provide for the purchase and installation of six new fire dispatch furniture console replacements and include the relocation of existing configurations and the removal and disposal of old consoles at the Mesa Regional Dispatch Center training facility.

The Fire & Medical Services Department and Purchasing recommend authorizing the purchase using the Houston-Galveston Area Council cooperative contract with Russ Bassett Corp. at \$146,468. This purchase is funded by the Capital - General Fund.

*5-b. Purchase of One Portable Chemical Identifier (Replacement) for the Mesa Fire and Medical Department. (Sole Source) (Grant funded). **(Citywide)**

This purchase will provide one hand-held Raman chemical identifier used to identify unknown chemicals. Mesa Fire and Medical Department HazMat Technicians will use

this meter to identify any material on the scene of a substance deemed immediate danger to life and health.

The Mesa Fire and Medical Department and Purchasing recommend awarding the contract to the sole source vendor, FarrWest Environmental Supply, Inc. at \$60,000. This purchase is grant funded by the Arizona Department of Homeland Security.

- *5-c. Dollar Limit Increase and One-Year Renewal to the Term Contract for Tires for the Materials and Supply Warehouse (for the Fleet Services and Mesa Fire and Medical Departments). **(Citywide)**

This contract provides Bridgestone tires, primarily large tires for heavy-duty vehicles such as solid waste trucks and fire apparatus, Goodyear tires, and is an option to purchase emergency vehicle tires for Mesa Fire and Medical's fire apparatus. The City is currently in Year 4. Due to tire price increases across the board, tire purchase expenditures have already reached the contract threshold. The dollar limit increase is needed for the City to continue making tire purchases through the Year 4 term period.

The Business Services Department and Purchasing recommend increasing the dollar limit using the NASPO/State of Arizona cooperative contract for Year 4 by \$100,000, from \$325,000 to \$425,000 annually; and authorizing the renewal at \$450,000 annually with Southern Tire Mart, LLC and Purcell Tire Company based on estimated usage.

- *5-d. Ratification of an Emergency Purchase and Establishment of a Term Contract with Optional Renewals Using a Cooperative Contract for the Purchase of Gasoline and Diesel Fuel for the Fleet Services Department. **(Citywide)**

This purchase provided emergency gasoline and diesel fuel deliveries due to the current contracted vendor, Western States Petroleum (WSP), not being able to deliver unleaded or diesel fuel to the City at certain times. WSP recommended the City secure a secondary source. Senergy Petroleum provided emergency deliveries for \$63,358.59. Additionally, the City will need to continue purchasing fuel from Senergy Petroleum when WSP is unable to deliver. This not to exceed amount is shared between WSP and Senergy Petroleum.

The Fleet Services Department and Purchasing recommend ratifying the purchase using the State of Arizona cooperative contract with Senergy Petroleum for up to \$6,865,000, based on estimated usage.

- *5-e. Award of One Additional Vendor Using a Cooperative Contract for the Term Contract for Heavy-Duty Truck, Construction, Industrial Fleet and Equipment Parts, Services, and Accessories for the Fleet Services Department. **(Citywide)**

This contract provides a full line of parts, accessories, and services for City-owned OEM heavy-duty trucks, construction, and industrial fleet, equipment parts, services, and accessories. Master Machinery's services are necessary as Fleet Services currently does not have a service contract with this vendor. The Department estimates the increase of \$175,000 is sufficient based on the past year's usage and given the frequency of use and the increasing costs of labor and parts, Fleet Services does not anticipate this amount decreasing over time.

The Fleet Services Department and Purchasing recommend awarding an additional vendor using the Maricopa County cooperative contract with Master Machinery LLC, and increasing the dollar limit by \$175,000, from \$500,000 to \$675,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *5-f. One-Year Term Contract with Four Years of Renewal Options for Air Filters for the Materials and Supply Warehouse for the Parks, Recreation and Community Facilities Department (PRCF). **(Citywide)**

This will provide air filters per specifications for PRCF - Facilities Maintenance to use in City buildings. Materials and Supply place orders and maintains stock inventory as needed.

The Business Services and Parks, Recreation and Community Facilities Department and Purchasing recommend awarding the contract to the lowest, responsive and responsible bidder, National Waterproofing and Roofing LLC, at \$38,000 annually, with an annual increase allowance of up to 5% or the adjusted Producer Price Index.

- *5-g. Use of a Cooperative Contract with an Initial Term of Two Years and Three Months with Renewal Options for the Installation, Maintenance, and Repairs of Outdoor Sports Courts for the Parks, Recreation and Community Facilities Department. **(Citywide)**

This contract will provide products and services for the installation, maintenance, and repairs of the City's outdoor sports courts.

The Parks, Recreation and Community Facilities Department and Purchasing recommend authorizing the purchase using the OMNIA Partners cooperative contract with Elite Sports Builders at \$40,000 for the first three months and \$100,000 annually thereafter, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *5-h. Use of a Cooperative Contract for an Initial Term of 15-Months and Two Years of Renewal Options for Audio Visual Equipment, Accessories, and Services for Various City Departments. **(Citywide)**

This contract will supply various City Departments with the ability to purchase from a robust selection of audio-visual equipment, accessories, and services at discounted pricing.

The Business Services Department and Purchasing recommend authorizing the purchase using the OMNIA Partners cooperative contract with B&H Photo, Video, Pro Audio at \$175,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *5-i. Use of a Cooperative Contract for a Two-Year and Nine Month Term Contract for Communications Cabling Systems for Various City Departments (as requested by the Department of Innovation and Technology). **(Citywide)**

This contract will provide services to install hardware and cabling for data, video, and related equipment throughout the City.

The Department of Innovation and Technology and Purchasing recommend authorizing the purchase using the State of Arizona cooperative contract with Corporate Technology Solutions, LLC (CTS), Norstan Communications, Inc. dba Black Box Network Services, and Kearney Electric, Inc., at \$187,500 for the first nine months, and \$250,000 annually thereafter, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *5-j. Three-Year Lease Renewal with Two, Three-Year Renewal Options for the City's Data Center Space for the Department of Innovation and Technology (Sole Source). **(Citywide)**

In 2016, AT&T (now Evoque) was chosen as the sole source provider for Mesa's co-location services. This facility is the only commercially available facility of this type in Mesa and is situated along a fiber optic path already owned by City. The Evoque Data Center is the City's primary data center and houses the City's IT infrastructure for all on-premise business applications and databases. This data center features enterprise-grade cooling, power management, and connectivity to support the provision of City IT services.

The Department of Innovation and Technology and Purchasing recommends authorizing the use of the sole source vendor, Evoque Data Center Solutions at \$409,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *5-k. Three-Year Term Contract with Two Years of Renewal Options for Bio-Solids Removal and Re-Use/Disposal Services for the Water Resources Department. **(Citywide)**

This contract will provide a contractor for the removal and reuse/disposal of dewatered biosolids from the City's Northwest and Greenfield Water Reclamation Plants. These plants produce a combined average of 106 wet tons of dewatered bio-solids per day that must be removed from the plant sites daily.

An evaluation committee recommends awarding the contract to the highest scored proposal from Synagro West, LLC at \$1,086,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *5-l. 6 Purchase of Auger and Liner (Replacements) for the Bar Screen Conveyor System for the Water Resources Department (Sole Source). **(Citywide)**

The Northwest Water Reclamation Plant (NWWRP) has one conveyor system which is used in the Headworks building for the bar screens that are used to remove unwanted debris from the wastewater. Equipment repairs/replacements to the auger and liner for the conveyor system at the NWWRP is approaching. The City is still a couple of years away from having the new Headworks building in service; therefore, the department must continue to support the current equipment.

The Water Resources Department and Purchasing recommend awarding the contract to the sole source vendor, Parkson Corporation, at \$31,000.

- *5-m. Use of a Cooperative Contract for an Initial Term of 18-Months and Three Years of Renewal Options for Machine Shop and Related Services for the Water Resources Department. **(Citywide)**

This contract will provide machine shop and related services as needed for the City's reclamation and water treatment plants. Services include blueprint and/or drawing preparation, disassembly and assembly services, precision machining, machinery and equipment services, fabrication, field services, welding, inspection, and quality control.

The Water Resources Department and Purchasing recommend authorizing the purchase using the City of Phoenix cooperative contract with Device Development, LLC at \$300,000 annually, with an annual increase allowance of up to 5% or the adjusted Consumer Price Index.

- *5-n. Dollar Limit Increase to the Term Contract for Residential Refuse and Recycling Containers for the Solid Waste Department. **(Citywide)**

This contract supplies 35-gallon, 65-gallon, and 95-gallon plastic refuse and recycling containers for residential and commercial use on an as-needed basis. This contract ensures Solid Waste has a supply of containers to meet the requirements of the City's refuse and recycling container inventory. The increase request is due to the two-month extension as well as an increase for needed orders. The Department estimates an additional 9,624 new barrels are needed at a total cost of \$602,765 to get through 3/31/2023, based on purchases for the current term.

The Solid Waste Department and Purchasing recommend increasing the dollar limit with Duramax Holdings LLC dba Otto Environmental Systems; Schaefer Systems International, Inc.; and Tank Holding Corporation; by \$610,000, from \$1,640,000 to \$2,250,000 annually.

- *5-o. One-Year Term Contract with Four Years of Renewal Options for Traffic Control Cabinets and Controllers, Traffic Signal Video Detection Systems, School Zone Flasher Controls for the Transportation Department (Sole Source). **(Citywide)**

The Transportation Department Intelligent Transportation Systems (ITS) Operations Group utilizes these components for the purpose of protecting the public, reducing congestion, and to improve quality of life.

The Transportation Department and Purchasing recommend awarding the contract to the sole source vendor, Clark Electric Sales dba Clark Transportation Solutions at \$400,000 annually, with an annual increase allowance of up to 5%, or the adjusted Producer Price Index. This purchase is funded by the Local Streets Fund.

- *5-p. Three-Year Term Contract with Two Years of Renewal Options for Traffic Control Sign Hardware and Materials for the Transportation Department. **(Citywide)**

This contract will provide traffic control sign hardware (brackets, post caps, and holders) and materials per specifications. Traffic control sign hardware and materials are used for the maintenance and installation of traffic control and street name signs throughout the City.

The Transportation Department and Purchasing recommend awarding the contract to the lowest, responsive and responsible bidder, Pacific Products and Services, Inc. at \$37,000 annually, with an annual increase allowance of up to 5% or the adjusted Producer Price Index. This purchase is funded by Local Streets Fund.

6. Take action on the following resolutions:

- *6-a. Modifying fees and charges for the Business Services Department by adding a new fee for a Short-Term Rental License. **(Citywide)** – Resolution No. 11989
- *6-b. Approving and authorizing the City Manager to enter into an Intergovernmental Agreement with Pinal County for the installation of a gas sleeve at the Queen Creek Wash. The City will reimburse Pinal County for the costs of \$60,160 funded by Gas Utility Systems Revenue Obligations. – Resolution No. 11990
- *6-c. Extinguishing a 50-foot drainage easement and a 45-foot drainage easement generally located near the southwest corner of East Peterson Avenue and South 94th Place to allow for the reconfiguration of both easements and to accommodate future development; requested by the property owner. **(District 6)** – Resolution No. 11991
- *6-d. Extinguishing a 20-foot water line easement located at 7722 East Velocity Way to allow for development of the property with two speculative industrial buildings; requested by the property owner. **(District 6)** – Resolution No. 11992

7. Discuss, receive public comment, and take action on the following ordinance, and take action on the following resolution relating to the proposed development generally located east of Higley Road on the south side of Thomas Road:

- *7-a. ZON21-00080 **(District 5)** Within the 3600 to 3800 blocks of North Higley Road (east side) and the 5200 to 5500 blocks of East Thomas Road (south side). Located east of Higley Road on the south side of Thomas Road (11± acres). Rezone from Single Residence 90 (RS-90) to Light Industrial with a Planned Area Development Overlay and Council Use Permit (LI-PAD-CUP), and Site Plan Review. This request will allow for a boat and recreational vehicle storage facility. Russell Skuse, Horrocks Engineers, applicant; R&S Development Group LLC, owner. – Ordinance No. 5761

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 6-0)

- *7-b. A resolution approving and authorizing the City Manager to enter into a Development Agreement with R&S Development Group LLC, on approximately 10 acres of land located within the 3600 to 3800 blocks of North Higley Road (east side) and the 5200 to 5500 blocks of Thomas Road (south side), regarding sewer line improvements and the temporary use of a private wastewater system for the Project. **(District 5)** – Resolution No. 11993

8. Introduction of the following ordinances and setting January 23, 2023, as the date of the public hearing on these ordinances:

- *8-a. ZON22-00429 “Merwin Rezoning” **(District 2)** Within the 1400 block of North Val Vista Drive (east side) and within the 3600 block of East Huber Street (north side). Located east of Val Vista Drive and north of Huber Street (4.7+ acres). Rezone from Agricultural (AG) to Single Residence-35 (RS-35). This request will allow for a single residence development. Meredith Thomson, Architect, Candelaria Design Associates, LLC, applicant; Merwin Family Trust, owner.

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 5-0)

- *8-b. ZON22-00546 "Recker and 202 Retail" (**District 5**) Within the 3300 block of North Recker Road (west side) and the 5900 block of East Virginia Street (south side). Located south of Virginia Street on the west side of Recker Road (25± acres). Site Plan Modification and amending the conditions of approval on zoning case Z07-118. This request will allow for a commercial development. Neil Feaser, RKA, applicant; SUN CITY 115, LLC, owner.

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 5-0)

9. Discuss, receive public comment, and take action on the following ordinance:

- *9-a. ANX22-01048 "Sossaman Road Right-of-Way De-Annexation" (**District 6**) Ordinance de-annexing public right-of-way to Maricopa County located within the 4200 to 4400 blocks of South Sossaman Road (1.2± acres), subject to approval by the Maricopa County Board of Supervisors. The de-annexation of public right-of-way is allowed pursuant to A.R.S. § 9-471.03. – Ordinance No. 5762

In 2021, 101± acres of land were annexed into the City, including the land that is the subject of this proposed de-annexation ordinance. Since 2021, Maricopa County has determined that it needs an additional 32 feet of right-of-way in the area, specifically for Sossaman Road. This de-annexation is to accommodate Maricopa County's right-of-way requirements.

10. Take action on the following subdivision plats:

- *10-a. SUB22-00750 "Re-plat of Heritage Village Assisted Living" (**District 5**) Within the 1000 block of North 80th Street (east side). Located south of Brown Road and east of 80th Street. (4.5± acres). John Manross, developer; Anthony Zaugg, Allen Consulting Engineers, Inc., surveyor.
- *10-b SUB22-01117 "Re-Plat of Master Final Plat Avalon Crossing Development Unit 1" (**District 6**) Within the 10000 to 10200 blocks of East Williams Field Road, within the 6000 to 6100 block of South Crismon Road, within the 10000 to 10100 block of East Unity Avenue, and within the 6100 to 6200 block of South Labelle. Located east of Crismon Road and south of Williams Field Road (34.09± acres). Mesa BA Land, LLC, and TB Mesa 1, LLC., developers; Richard G. Alcocer, Coe and Van Loo, LLC, surveyor.
- *10-c SUB22-00172 "Mesa Technology Park II" (**District 6**) Within the 3200 to 3400 blocks of South Ellsworth Road (west side) and the 9000 to 9200 blocks of East Peterson Avenue (north side). Located north of Elliot Road and west of Ellsworth Road (35± acres). Paul Engle, Hunter Engineering, applicant; James Brucci, surveyor.
- *10-d SUB21-00963 "Kitchell - 202/Val Vista" (**District 1**) Within the 3300 through 3500 blocks of East Thomas Road (north side) and within the 3600 block of North Val Vista Drive (west side). On the northwest corner of Thomas Road and Val Vista Drive (13.1± acres). Physical Resource Engineering, developers; Geoffrey K. Brimhall, surveyor.

Items not on the Consent Agenda

11. Discuss, receive public comment, and take action on the following ordinance, and take action on the following resolution relating to the proposed "'Baseline Logistics Park" formerly known as "Hines"' development:

- 11-a. ZON22-00263 "'Baseline Logistics Park" formerly known as "Hines"' **(District 2)** Within the 5600 to 5800 blocks of East Inverness Avenue (north and west sides) and within the 5600 to 5800 blocks of South Sunview (north and south sides). Located east of Higley Road and north of Baseline Road (50± acres). Rezone from Planned Employment Park with a Planned Area Development Overlay and Council Use Permit (PEP-PAD CUP) to Planned Employment Park with a Planned Area Development Overlay (PEP-PAD), Light Industrial with a Planned Area Development Overlay (LI-PAD), and Site Plan Review. This request will allow for an industrial development. Sean Lake, Pew & Lake, PLC, applicant; VHS ACQUISITION SUBSIDIARY NUMBER 11 INC, owner.

Staff Recommendation: Approval with conditions

P&Z Board Recommendation: Approval with conditions (Vote: 6-1)

- 11-b. Approving and authorizing the City Manager to enter into a Development Agreement with VHS Acquisition Subsidiary Number 11 Inc. related to approximately 50 acres of real property within the 5600 to 5800 blocks of East Inverness Avenue (north and west side) and within the 5600 to 5800 blocks of South Sunview (north and south sides), and generally located east of Higley Road and north of Baseline Road, for the primary purpose of prohibiting and limiting certain land uses. **(District 2)**

Mayor Giles commented the applicant has requested Agenda Item 11-a, **(ZON22-00263 "Baseline Logistics Park" formerly known as "Hines" development) (District 2)**, and Agenda Item 11-b, **(Approving and authorizing the City Manager to enter into a Development Agreement with VHS Acquisition Subsidiary Number 11 Inc.)**, be continued to the January 23, 2023, Regular Council meeting. He noted Councilmember Somers has a conflict of interest and will abstain from voting.

It was moved by Councilmember Spilsbury, seconded by Vice Mayor Heredia, that discussion, taking public comments, and taking action on the ordinance and the resolution relating to the proposed "'Baseline Logistics Park" formerly known as "Hines"' be continued to the January 23, 2023, Regular Council meeting.

Upon tabulation of votes, it showed:

AYES – Giles–Heredia–Duff–Goforth–Spilsbury

NAYS – None

ABSENT – Freeman

ABSTAIN – Somers

Mayor Giles declared the motion carried by majority vote of those voting.

12. Hear a presentation and take action on the City of Mesa Fiscal Year 2022 Annual Comprehensive Financial Report and Single Audit Report:

12-a. Accepting the City of Mesa's Annual Comprehensive Financial Report (ACFR) and Single Audit Report for the Fiscal Year ended June 30, 2022.

Carey Davis, a Mesa resident, congratulated Council for receiving the Certificate of Excellence for financial reporting for the fiscal year 20/21 and the completion of the June 30, 2022, year-end audit. He suggested the City reduce overspending on governmental activities to eliminate the need to overcharge utility customers to cover the deficit spending. He expressed his concern regarding the long-term fiscal health of the community and encourages prudent conservative financial policies.

Finance Director Irma Ashworth introduced Sandy Cronstrom, Auditor from Clifton Larson Allen, LLP, and displayed a PowerPoint presentation. **(See Attachment 1)**

Ms. Cronstrom discussed the results of the audit, including the Governmental Accounting Standards Board (GASB) Statement Number 87 related to leases, and reviewed the changes to the format of the report. She noted the report issued an unmodified opinion of the City's financial statements and did not have any findings related to any internal controls over programs or compliance issues with programs. She elaborated the City spent approximately \$97 million in federal funding last year, and 89% of that was audited due to the volume of programs. She added there was one internal control finding related to audit adjustments through the audit procedures. She stated while reviewing audit schedules, several errors were found that required audit adjustments from the City side, which are considered a sufficient deficiency, but not a material weakness over internal controls. She explained there remain a few reports to be completed by the end of next month.

Ms. Ashworth summarized the results of the audit report. She commented the City revenues increased by \$102 million compared to the prior year. She reviewed the revenues for the governmental activities for fiscal years 2020 through 2022. (See Pages 2 through 4 of Attachment 1)

Ms. Ashworth stated the total assets for the City increased to \$5.2 billion and the largest portion of the assets are capital assets. She provided a snapshot of cash and investments, which has increased from prior years. She explained the City's total liabilities are \$4.2 billion and has remained steady over the prior years. (See Pages 5 through 7 of Attachment 1)

Ms. Ashworth compared the types of long-term obligations, pension, and open unfunded liabilities for the City from 2021 and 2022. (See Pages 8 and 9 of Attachment 1)

City Manager Christopher Brady thanked Ms. Cronstrom and her team, as well as Ms. Ashworth and her staff for ensuring the City has a very high standard to account for public funds. He clarified the City does not run a deficit; everything is planned in the budget, including governmental resources or transfers, and calculated to meet the needs of the City.

Councilmember Duff explained the City had a significant increase in tax revenue due to increased sales activity; however, this does not result in an increase in taxes. She added the City has reduced the secondary property tax. She mentioned the City maintains reserves at a certain percentage, and intentionally brings down the reserves to offset expenses, especially in utilities and some other funds.

In response to multiple questions from Councilmember Spilsbury, Mr. Brady explained the City operates its budget by reviewing all the available resources against all the needs. He commented the City is self-sustained and has sufficient resources to cover all expenses.

Mayor Giles commented the City is transparent and appreciates Mr. Davis' concern and interest. He remarked the City is financially sound, has a AAA bond rating, and a good audit report.

It was moved by Councilmember Spilsbury, seconded by Councilmember Duff, that Council accept the City of Mesa's Annual Comprehensive Financial Report (ACFR) and Single Audit Report for the Fiscal Year ended June 30, 2022.

Upon tabulation of votes, it showed:

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

NAYS – None

ABSENT – Freeman

Mayor Giles declared the motion carried unanimously by those present.

13. Items from citizens present.

There were no items from citizens present.

14. Adjournment.

Without objection, the Regular Council Meeting adjourned at 6:25 p.m.

JOHN GILES, MAYOR

ATTEST:

HOLLY MOSELEY, CITY CLERK

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 9th day of January 2023. I further certify that the meeting was duly called and held and that a quorum was present.

HOLLY MOSELEY, CITY CLERK

lr
(Attachment-1)

Overview of Fiscal Year 2022 Annual Comprehensive Financial Report

Irma Ashworth
Finance Director



mesa·az

Sandy Cronstrom Principal
CLA (CliftonLarsonAllen LLP)



CITY OF MESA, AZ

ANNUAL COMPREHENSIVE
FINANCIAL REPORT



Bell Bank Park

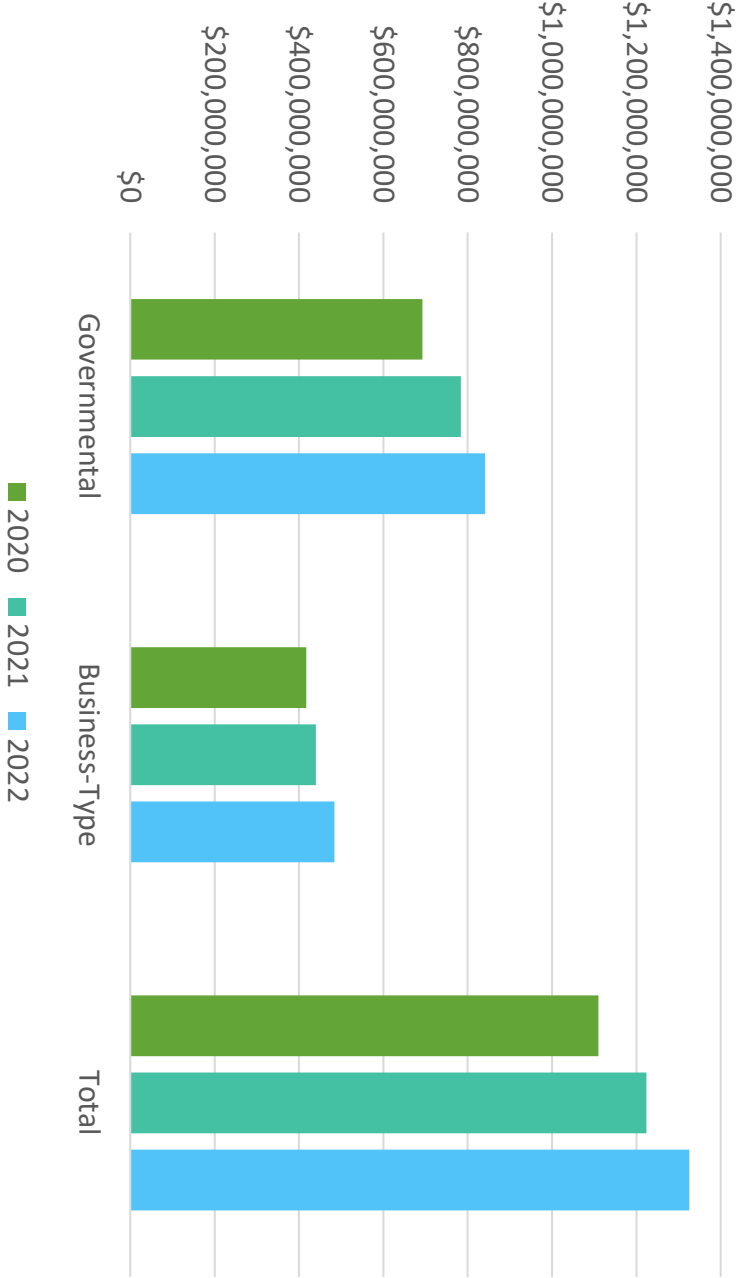
FOR THE FISCAL YEAR ENDED | JUNE 30, 2022

Annual Comprehensive Financial Report

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

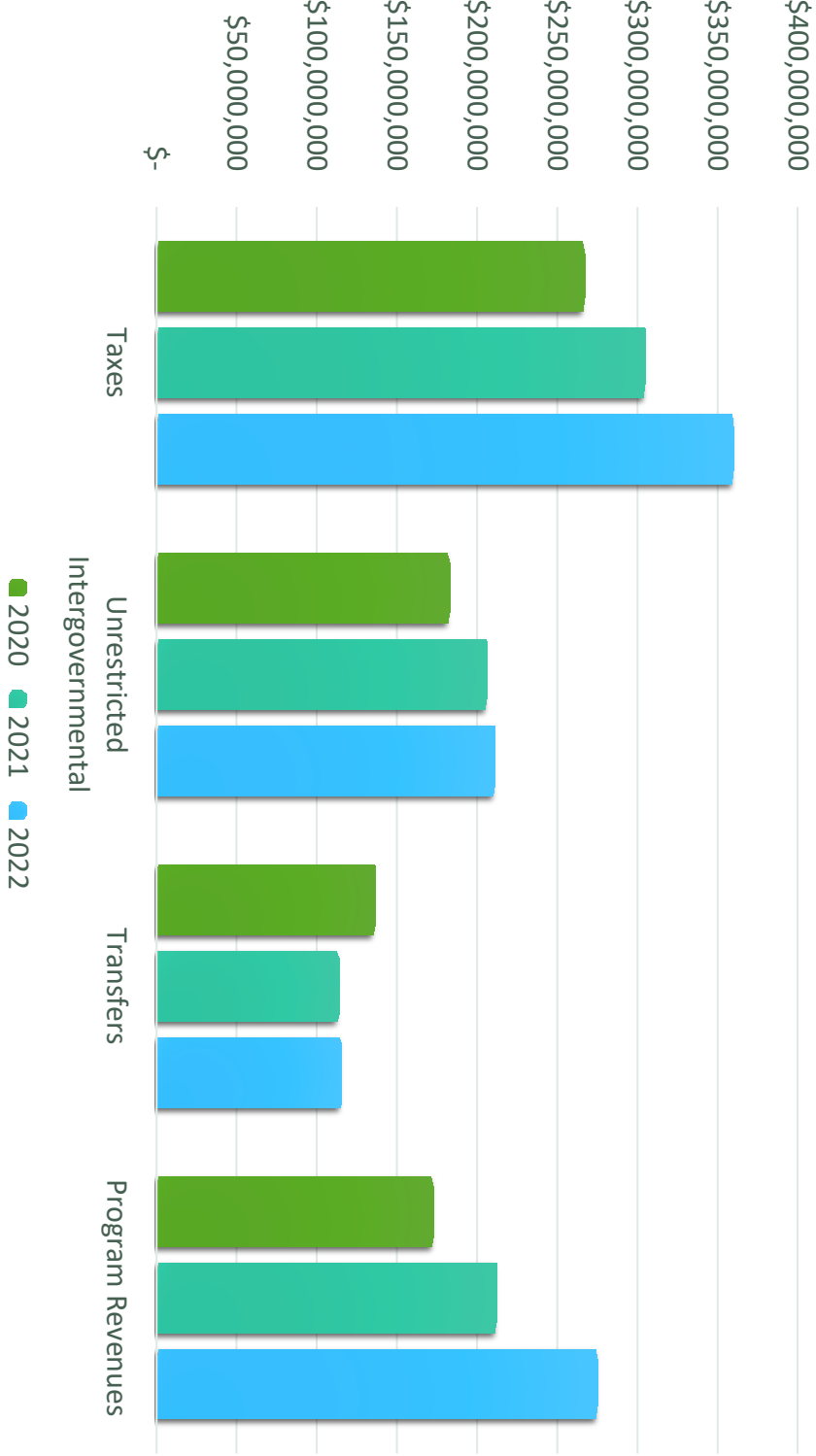
Financial Highlights

FY 2022 City Revenue's increased by \$102 million

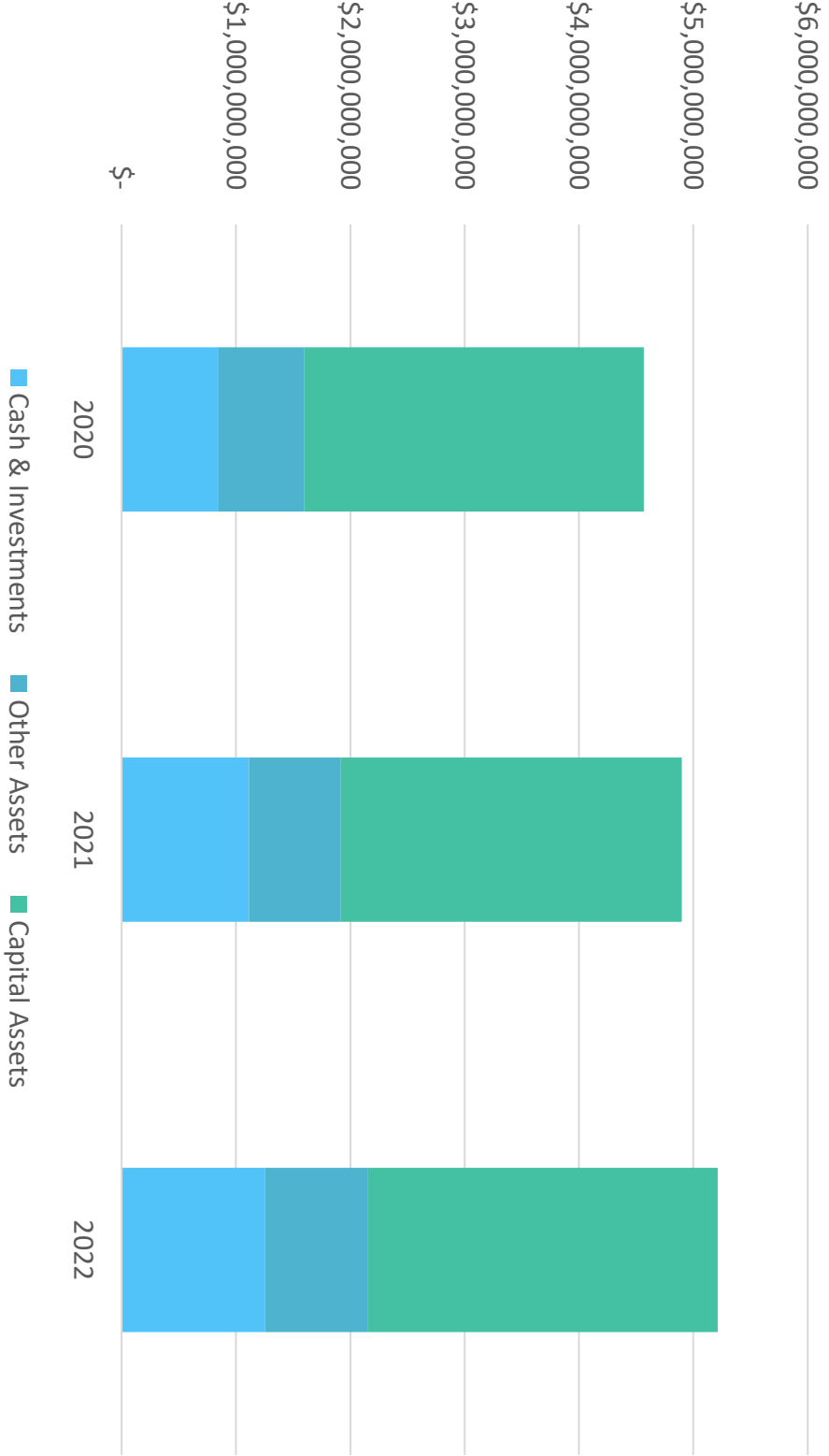


Governmental Activities – Revenues

Fiscal years 2020, 2021 and 2022



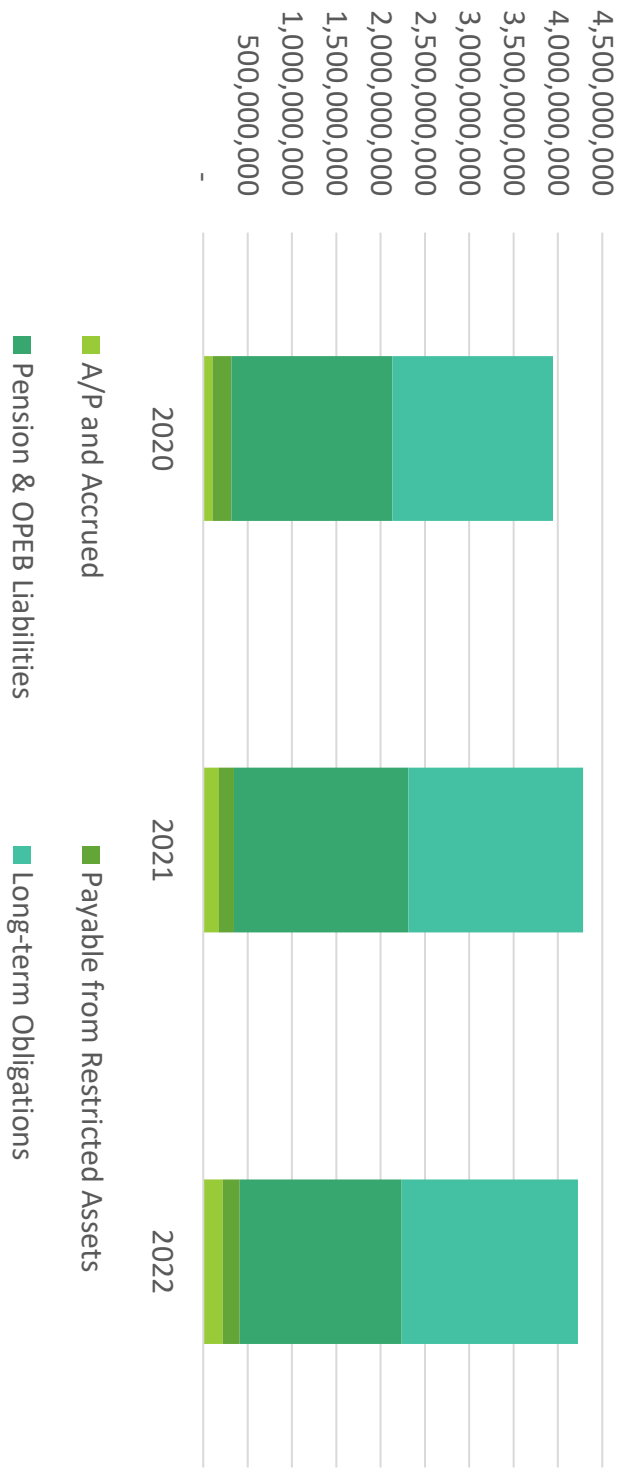
Total Assets Increased to \$5.2 Billion



Cash and Investments
as of June 30, 2022

Cash	\$ 62,356,000
Investment in Local Govt. Investment Pools	20,035,000
Cash with Trustee and Fiscal Agents	133,733,000
Cash with Custodian	18,397,000
Long-Term Investments	<u>1,021,410,000</u>
Total Pooled Cash and Investments	<u>\$ 1,255,931,000</u>

Total Liabilities \$4.2 Billion



Long-term obligations

Issue Type	June 30, 2021	June 30, 2022
General Obligation Bonds	\$ 334,405,000	\$ 318,950,000
Highway User Revenue Bonds	49,105,000	39,030,000
Utility Revenue Bonds	1,275,640,000	1,227,750,000
Utility Revenue Obligations	14,015,000	84,795,000
Excise Tax Obligations	<u>35,365,000</u>	<u>34,180,000</u>
Total	<u>\$ 1,708,530,000</u>	<u>\$ 1,704,705,000</u>

Pension and OPEB Unfunded Liability

Plan	June 30, 2021	June 30, 2022
ASRS Pension	\$ 280,473,000	\$ 208,353,000
PSPRS - Fire Pension	246,841,000	213,314,000
PSPRS - Police Pension	487,497,000	419,147,000
PSPRS - Police OPEB	11,128,000	9,577,000
City OPEB Plan	942,635,000	978,037,000

Questions ?

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