



City of Glendale
Citizens Utility Advisory Commission
Oasis Water Campus
7070 W. Northern Avenue
May 5, 2021
6:00 P.M.
DRAFT MINUTES

1. CALL TO ORDER

Chair Berryhill called the meeting to order at 6:02 p.m.

2. ROLL CALL

Present: Chair Robin Berryhill, Vice Chair David McGrew, and Commissioners Larry Flatau, Amber Ford, and Ron Short. Commissioner Jon Froke arrived during agenda item 6.

Absent: None

Also Present: Craig Johnson, Director, Water Services; Michelle Woytenko, Director, Field Operations; Katrina Alberty, Deputy Director, Water Services; Dan Hatch, Financial Administrator, Water Services; Megan Sheldon, Deputy Director, Environmental Resources, Water Services; Candace Schulte, Management Assistant, Water Services; Ron Serio, Deputy Director, Water Services; John Henny, Deputy Director, Water Services; Julia Cary, Financial Analyst, Water Services Administrator; Jack Friedline, Assistant City Manager; Vicki Rios, Assistant City Manager; Lisette Camacho, Director, Budget and Finance

3. CITIZEN COMMENTS

None.

4. APPROVAL OF MINUTES

Motion by Commissioner Short, second by Vice Chair McGrew, to approve the minutes of the February 3, 2021 Citizens Utility Advisory Commission Regular Meeting as written. Motion carried 5 – 0. [Commissioner Froke was not yet present.]

5. DIRECTOR'S REPORT

[Commissioner Froke joined the meeting during the agenda item.]

Ms. Michele Woytenko, Director of Field Operations, reported the following:

- Ms. Monica Gorman was formerly serving as Deputy Director, Field Operations and is no longer with the City. Mr. Chris Young, a former employee, is back with the City to serve in this role on temporary contract.
- Construction is underway at the Landfill.
- A brand new 8,000-gallon water truck, valued at \$1 million, was purchased and will be used to keep the roads at the Landfill watered for dust control.
- ADA improvements have been made at the Scale House.

- The North Cell liner project has been fully permitted by ADEQ. The project will begin mid-July 2021.
- There was a fire in March 2021 at the Materials Recovery Facility (MRF). There was no visible impact to residents as other processing locations were used for recycling.

Vice Chair McGrew inquired about the extent of the fire at the MRF. Ms. Woytenko explained the fire was limited to several pieces of equipment and some recyclable material was lost. Ms. Woytenko stated that staff was looking at other needs as well and are evaluating all options.

Mr. Craig Johnson, Director of Water Services, reported the following:

- The Annual 2020 Glendale Water Quality Report was provided to the Commissioners.
- On May 11th, the tentative budget adoption will be on the Council agenda.
- On April 5th, Urban Irrigation started with 263 customers signed up. A repair was done on a 460-foot pipe at 55th Avenue and State Avenue.
- Due to drought conditions and in anticipation of the Drought Report in August, a Tier 1 reduction is being forecasted for the state beginning January 1, 2022. A Tier 1 reduction affects agriculture use, not commercial or residential. Glendale is in good shape with its water supply. More will be known when the Drought Report is published in August.
- City offices will be closed on May 31st for Memorial Day.

Vice Chair McGrew inquired as to how the water reduction formula was determined. Mr. Johnson explained that there was a Drought Contingency Plan, determined by Arizona and other basin states. Mr. Johnson stated this government plan set the priority for water users regarding reductions. Mr. Johnson commented that more detailed information would be presented in the future.

Chair Berryhill asked if the City had a two- or five-year Drought Plan. Mr. Johnson replied the Tier Shortage review was conducted yearly and all user groups will be kept up to date annually. Mr. Johnson commented that at some point, the City may need to adjust its Drought Management Plan, which was a four-phase plan. Mr. Johnson stated any change to a different phase would have to be addressed with Council.

6. FINANCIAL UPDATES & RATE STUDY

a. Solid Waste Collections/Landfill Rate Discussion and Financial Update

Ms. Woytenko gave a Financial Update on the following:

- Solid Waste FY2021: 9-Months YTD Actual compared to Budget (Revenue and Expenses)
- Landfill FY2021: 9-Months YTD Actual compared to Budget (Revenue and Expenses)

Commissioner Short inquired if the department would still purchase new equipment as planned. Ms. Woytenko replied in the positive, noting that Ms. Rios and her team locked in a two-year pricing contract. Ms. Woytenko stated new trucks should be received in June and July and in November.

Vice Chair McGrew reiterated the increase in Landfill traffic due to COVID, however, inquired how this led to a decrease in Operations and Maintenance. Ms. Woytenko explained the Landfill tended to hit a scale of efficiency, whereby more tonnage could be added to a certain point without adding more cost.

b. Water Services Financial Update

Mr. Hatch gave the Water Services Department Financial Update, which included information on the following:

- FY21 Revenue, Expenses, and Uses
- FY22 Operating Budget Request
- Major Expense Drivers for O&M
- FY22 Supplemental Requests
- Capital Improvement Plan (CIP) FY22-26 5-Year Cash Flow

Commissioner Flatau asked if the City of Peoria would pay Glendale for the increased operations cost at Pyramid Peak. Mr. Hatch relayed that an IGA was executed with the City of Peoria approximately four years ago, with a cost split of 77% for Glendale and 23% for Peoria, despite the volume. Mr. Hatch stated that that the IGA was extended with a cost split of 55.6% for Glendale and 44.4% for Peoria, and both cities pay their own CAP bill.

c. Water & Wastewater Financial Plans and Rate Study

Mr. Johnson introduced the Rate Study topic.

Mr. Hatch began the presentation, which included information on the following:

- Rate Study Overview
 - Need for Financial Plan, Cost of Service, Rate Schedule
 - Hired Raftelis Financial Consultants for the Rate Study
 - Prepared Rate Increase Options – Two Options to be Presented
 - May 5th: Meeting with Citizens Utility Advisory Commission
 - June 8th and 10th: Meet with City Council
 - October 26th: Council Vote
- Operating Assumptions
 - 5-Year Revenue Growth and Demand
 - Annual Increases of over \$1.7 million

Mr. Johnson continued the presentation, with information on the following:

- Capital Plan Assumptions
 - Significant Capital Investments
 - Assumed Debt Issuance
 - System Operations: FY22-31 \$123 million
 - Plant Operations: FY22-31 \$193 million
- Capital Outlay: FY2015 through FY2031

Ms. Rios continued the presentation, with information on the following:

- Financial Targets
 - Working Capital, Days Cash on Hand, Debt Service Coverage
 - Results in “AA” Credit Rating
- 5-Year Forecast with No Rate Increases – Results in Negative Working Capital in FY26
- Proposed Rate Options
 - Option 1 – Annual Percentage Increases
 - Water/Sewer Combined

- FY22: 6.0%
- FY23: 2.9%
- FY24: 2.9%
- FY25: 2.9%
- FY26: 2.9%
- Option 2
 - Water/Sewer Combined
 - FY22: 3.7%
 - FY23: 3.7%
 - FY24: 3.7%
 - FY25: 3.7%
 - FY26: 3.7%
 -
- Proposed Rate Options – Dollar Amount
 - Rate Options as equated to a monthly Single-Family Bill Impact
- Single Family Water and Wastewater Bill Compared to CPI for Options 1 and 2: Chart displayed
 - Both Options end at the same financial impact at the end of five years
- How Glendale Compares to Other Cities
 - Single Family Bill Comparison for 9,000 gallons a month and 4,000 gallons a month
 - Commercial Bill Comparison for 20,000 gallons a month
- Value of Water
 - Cost Comparison
 - Cost of Glendale Water

Mr. Johnson commented on other considerations for the future, with information on the following:

- Reviewing and modeling the potential of a separate stormwater management fee.
 - Staff would like to separate the stormwater cost components and note this charge as a separate line item on the water bill. Staff is in the process of compiling this information and presenting the data to Council.
- The Urban Irrigation Rate Schedule is adjusted when water rates are reviewed.
 - Council developed an ordinance whereby the City shares the cost of Urban Irrigation 50/50 with users. The Urban Irrigation system is running very well. There have been no reports of water running into the street. Kudos to staff.

Commissioner Froke inquired as to the number of Urban Irrigation users. Mr. Johnson replied in 2016, there were approximately 316 customers and this year, there are 263 customers.

Ms. Alberty gave a presentation on the Public Outreach Plan for the Rate Study, which included information on the following:

- Media Outreach: Glendale Website, Social Media, Press Releases
 - Dedicated webpage in English and Spanish
 - CIP information
 - FAQ's
 - Education Campaign
 - Live Streaming Informational Meetings

- City's Phone 'On Hold' Messaging
- Flyers and Postcards
- Newsletters: Councilmembers' and HOA's
- Utility Bill Insert
- Solicit Public Feedback
- Recommendations from the Commission Requested
 - Does the Commission support the proposed Water and Wastewater rate increase options?
 - Does the Commission recommend one option over the other for Council consideration?

Vice Chair McGrew surmised that rates would have to be increased based on the financials.

Ms. Rios clarified staff was requesting a recommendation; however, Council has the final decision regarding a rate increase.

Motion by Commissioner Short, second by Vice Chair McGrew, to support the proposed Water and Wastewater rate increase options. Motion carried 6 – 0.

Commissioner Flatau asked if staff considered any advantage in Option 2, the leveled increase, due to the impact of COVID. Ms. Rios stated the water utility did suspend disconnection of customers due to the pandemic, however, has recently resumed the action in January. Ms. Rios stated that people were paying their bills or making payment arrangements. Ms. Rios stated that Glendale Community Services has assisted residents who have been hardest hit. Commissioner Flatau suggested perhaps that feedback from the public would assist with which option to utilize.

Vice Chair McGrew inquired about the larger rate increase in the first year with Option 1. Ms. Rios stated that in the past rate increase process, public feedback was for smaller increases over time. Ms. Rios commented that due to impacts of COVID, the Commission may prefer to smooth out the rate increase via Option 2. Ms. Rios stated that both options end up with the same financial target amount.

Motion by Commissioner Ford, second by Commissioner Froke, to recommend Option 2 to Council for the Water and Wastewater rate increase. Motion carried 6 – 0.

7. FUTURE AGENDA ITEMS

Chair Berryhill announced the following:

- June 2, 2021: No meeting.
- July 7, 2021: No meeting.
- August 4, 2021:
 1. Water/Sewer Rate Discussion and Public Outreach Results
 2. Solid Waste Collections/Landfill Rate Discussion and Public Outreach Results

9. COMMISSIONER COMMENTS AND SUGGESTIONS

Commissioner Froke expressed appreciation and complimented staff on his tour of the Wastewater Treatment Plant and Field Operations.

Commissioner Flatau stated that he has seen a lot of conversations on the NextDoor app and asked if the Water Department monitored comments on the app. Commissioner Flatau noted that the City's Police

Department posts information on NextDoor. Ms. Alberty stated that the department can work with Public Affairs to publish general posts, however, there was no platform to respond specifically to comments or specific communities. Ms. Alberty noted that the Police Department has dedicated Public Affairs Officers. Mr. Johnson stated that Commissioners can refer residents to the Water Services staff, who will respond quickly, and residents could also use the GlendaleOne app for requests.

Vice Chair McGrew commented that he was consistently amazed at the level of intelligence of staff.

Chair Berryhill thanked staff for all the information presented and for answering all the Commissioner's questions. Chair Berryhill was grateful all present were employees of the City.

10. NEXT MEETING

The next meeting regular meeting of the Citizens Utility Advisory Commission will be held August 4, 2021 at 6:00 p.m. at the Oasis Water Campus, 7070 W. Northern Avenue, Glendale, Arizona, 85303.

11. ADJOURNMENT

Motion by Vice Chair McGrew, second by Commissioner Ford, to adjourn the meeting at 7:52 p.m. Motion carried 6 – 0.