



City of Glendale  
Citizens Utility Advisory Commission  
Oasis Water Campus  
7070 W. Northern Avenue  
November 3, 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, Commissioner Larry Flatau, Commissioner Jon Froke, Commissioner Ron Short, Commissioner Amber Ford (arrived during agenda item #6)

**Absent:** None

**Also Present:** Craig Johnson, Director, Water Services; Charles Thomas, Administrator, Field Operations; Candace Schulte, Management Assistant, Water Services; Stacy Mawhiney, Account Specialist, Field Operations; Kerry Sheward, Administrator, Water Services; Ron Serio, Deputy Director, Water Services; John Henny, Deputy Director, Water Services; Megan Sheldon, Deputy Director, Environmental Resources, Water Services; Amy Moreno, Superintendent, Solid Waste; Kim Mackert, Financial Analyst, Field Operations; Dan Hatch, Financial Administrator, Water Services; Julia Cary, Financial Analyst, Water Services

3. CITIZEN COMMENTS

None.

4. APPROVAL OF MINUTES

**Motion by Commissioner Flatau, second by Commissioner Froke, to approve the minutes of the October 6, 2021 Citizens Utility Advisory Commission Meeting as written. Motion carried 5 – 0. [Commissioner Ford was not yet present.]**

5. DIRECTOR'S REPORT

a. Solid Waste/Landfill Update

Mr. Thomas reported that Ms. Michele Woytenko, Director of Field Operations, was unable to attend the meeting and there was no report.

b. Water Services Update

Mr. Craig Johnson, Director of Water Services, provided a report.

- On October 26<sup>th</sup>, the water and sewer rate increases were passed by City Council. The increased rates will take effect on January 1, 2022. Much appreciation was given to the Commission for supporting the rate increase.
- City of Glendale offices will be closed on November 25<sup>th</sup> and 26<sup>th</sup> due to the Thanksgiving holiday and also on Thursday, November 11, 2021 in observance of Veterans day.

## 6. WATER SERVICES AND FIELD OPERATIONS FINANCIAL UPDATES [Commissioner Ford arrived during the agenda item 6a.]

### a. Water Services Financial Update

Mr. Hatch gave an update on the Water Services financials, which included the following:

- FY20 (actual) and FY21 (actual and revised) Revenue and Sources
- FY20 (actual) and FY21 (actual and budget) Expenses and Uses
- FY21 (actual and budget) and FY22 (budget) Operating Expenses
- FY22 3-Month Year-to-Date (actual and budget) Sources and Uses
- Capital Improvement Plan FY22 5-Year Cash Flow
- Detailed financial reports for the summary charts were provided to the Commissioners.

Vice Chair McGrew inquired as to how staff included inflation and rising costs in the CIP. Mr. Hatch explained that inflation was easier to calculate in the earlier years, however, more challenging in the out-years. Mr. Hatch stated that staff reviews and updates the CIP each year and adjustments are made as needed to account for increases.

Commissioner Short asked about the impact on Water Services by any other City department's inability to complete their jobs. Mr. Johnson explained that Water Services partners well with other departments and obtains the support it needs.

Commissioner Flatau asked if Mr. Johnson had any flexibility to use non-City staff for engineering services, if the Engineering Department did not have the capacity or ability to address a project in a certain timeframe. Mr. Johnson replied in the positive, however, indicated that the City's Engineering Department is typically utilized. Mr. Johnson added that one consideration for outsourcing would be the complexity of the project.

### b. Solid Waste Collections/Landfill Financial Update

Mr. Thomas and Ms. Moreno gave a presentation on the financials for Solid Waste Collections/Landfill and the Residential Rate, which included information on the following:

- Solid Waste – Residential Rate History
  - The residential rate has been increased four times since January 1, 2005. Details were presented.
  - 2017 Key Outreach Results from the Resident Solid Waste Rate Increase Survey were presented.
- Residential Services Provided
  - Weekly refuse collection
  - Weekly recycling collection
  - Repair and replacement of damaged containers

- Monthly bulk trash collection
- Monthly residential street sweeping. Effective September 2021, this service was increased to follow the bulk trash schedule.
- Litter Patrol Services: Maintain main thoroughfares in the City to routes to the Landfill and also illegal dumping.
- Illegal Dumping Collection Team: Added July 2021
- Household Hazardous Waste Pick Up: An informational flyer was given to the Commissioners.
- Recycling Survey Results (conducted in late 2020 and presented to Council in June 2020)
  - 7,267 surveys submitted
  - Represents 13% of 55,440 households
  - 83% indicated that recycling is “Very Important” or “Important”
  - 91% are willing to pay more for recycling.
  - 96% rate their services as either “Very Good” or “Good”
- Residential Services Provided Compared to Other Valley Cities
  - A chart comparing base rates per month per house and the additional container rate was provided and explained.
- Innovations and Efficiencies
  - Technology identified to continually improve operations
    - Route enhancements
    - Public-facing Web tools
      - Recycling/Sorting Game
      - Recycle Wizard
      - Interactive Bulk Pick-Up Status Viewer
  - Equipment replacement schedule
    - Maintain appropriate life cycle schedule. This results in reduced repair costs and an efficient fleet.
- Residential Rate Objectives
  - Keep the rates fair and reasonable
  - Provide revenue stability
  - Meet financial targets
  - Maintain efficient fleet
- FY21 Cost for Residential Services per Resident
  - FY20 versus FY17 were presented.
  - The current total rate charged was \$21.80 for FY20 while the total cost of service was \$23.77.
  - This resulted in \$1.97 of uncovered costs.
- Major Cost Factors: FY17 versus FY20
  - Actuals for the following major drivers was presented:
    - Salaries and Benefits: 19% increase
    - Landfill Cost: 27% increase
    - Equipment Maintenance: 83% increase (due to increase maintenance/labor cost and price to obtain parts)
    - Equipment Replacement: 24% increase (refuse trucks)
    - Insurance/Indirect Costs: 54% increase
- COVID19 Impact

- Increased demand for service
- Increased cost of supplies and services
- Impact to Staff
  - Adjustments to CDC guidelines
  - Testing positive or having to quarantine if even exposed
  - Loss of one staff member who passed away - emotional impact
  - Staff stepped up and maintained service standards despite the challenges and were the unsung heroes during this time.
- Bulk Trash Tonnage Trend: Graph displayed which showed consistent increases from FY17 to FY22. Bulk Trash is 25% of the total cost of providing services.
- Current Residential Services Budget Projections FY21 to FY26
  - With no change to rates, the 5-Year total project impact to the Fund Balance is a decrease of \$15.1 million.

Mr. Thomas gave a presentation on potential rate adjustment options for Solid Waste, which included information on the following:

- Option 1
  - An increase of \$1.20 monthly each year for the five years FY22 through FY26.
  - 5-Year total project impact to the Fund Balance is an increase of \$1,290.00.
- Option 2
  - An increase of \$1.75 monthly the first year, \$1.25 second year, \$1.00 in 2024 and 2025 and \$0.90 in FY26.
  - 5-Year total project impact to the Fund Balance is an increase of \$1.2 million.
- Option 3
  - An increase of \$3.00 monthly the first year with increase of \$0.65 in FY26.
  - 5-Year total project impact to the Fund Balance is an increase of \$3.0 million.

Mr. Thomas gave a presentation on the potential 5-Year rate adjustment for the Extra Container Fee, which included information on the following:

- The monthly increase per year would be as follows: FY22 \$2.03, FY23 \$1.54, FY24 through FY26 \$1.01

Mr. Thomas summarized his presentation with the following highlights:

- Citizens are pleased with the services.
- Solid Waste costs are consistently trending upward.
- Innovations and efficiencies assist in keeping operational cost as low as possible.
- Rate objectives are reasonable and fair.
- Options provide for support of future unknowns and growth.
- Extra container fee applies to all three options.

Mr. Thomas asked if the Commission would consider a recommendation that Council adopt all five years of the Extra Container Fee Increase, implement the Option 3 rate increase, and implement a five-year rate increase.

Commissioner Short complimented Mr. Thomas and his team on their rate analysis and presentation.

Commissioner Flatau inquired as to the number of vehicles on average that were replaced each year. Ms. Moreno stated that some vehicles are replaced every seven years, while some are replaced every ten years. Commissioner Flatau suggested providing more details to the public on the historical use of rate increases for these purposes.

Chair Berryhill asked for the number of households that request an extra container each year. Ms. Moreno explained that the figure varied yearly, and some residents only request an extra container for a few months. Ms. Moreno estimated the figure was over 4,000 households on average each year.

Commissioner Ford asked if the 2017 survey participation of 13% of households was a good participation rate. Ms. Moreno relayed that this was an excellent participation rate, from her knowledge of survey collection. Commissioner Ford asked how the proposed rate increase options compared with the potential rate increases by other valley cities. Ms. Moreno relayed that the other valley cities have not approved or published any rate increases yet.

Commissioner Short asked for clarification of the Illegal Dumping Team and Litter Patrol. Ms. Moreno explained that the Litter Patrol was comprised of assigned staff who will monitor the main arterials to clean up any debris. Ms. Moreno stated that the Illegal Dumping Team was a smaller crew with smaller equipment that will pick up illegally dumped items. Commissioner Short surmised that an increase was needed in light of all of the services provided by the City and the comparison to other valley cities.

Vice Chair McGrew asked if new home builds and their addition of their fees into the system would help or hurt the financials as they would require services as well. Mr. Thomas replied that this analysis had not been done; however, staff could follow up on this question. Vice Chair McGrew declined the need for follow-up.

Vice Chair McGrew inquired as to how inflation was projected in the analysis. Mr. Thomas stated that the Finance Department uses formulas to project inflation and growth, which Water Services uses. Ms. Moreno noted that the budget was reviewed yearly, so inflation estimates were reviewed annually.

Commissioner Flatau asked if the increase in construction costs were amplified enough in the analysis. Ms. Moreno confirmed that staff reviews the budget analysis yearly, so increasing costs were monitored and incorporated timely. Mr. Thomas added that Solid Waste has more emphasis on equipment needs and purchases, while Water Services is heavier on capital construction.

Commissioner Ford asked for clarification of the end goal of all of the Options. Mr. Thomas explained that the end goal was to recover expenses and maintain a fund balance of 10% of annual revenues. Mr. Thomas indicated that Option 1 draws down on the fund balance earlier, while Option 3 builds it up earlier. Mr. Thomas stressed the importance of recovering expenses so that there does not need to be a discussion about reducing services.

Commissioner Flatau asked if staff considered a first-year increase of \$4.50 with no other increases. Mr. Thomas replied in the negative and stated that staff was trying to spread the cost recovery over five years. Ms. Moreno relayed that, based on the last rate study, an increase of over \$3.00 was not favorable to the public, so staff tried to stay in line with the public feedback.

**Although a vote was called for, this item was not on agenda to provide for a vote, and none was formally recorded.**

Commissioner Flatau stated that Option 3 gets the pain of the rate increase over quickly, will satisfy the budget, and makes the most sense mathematically.

Vice Chair McGrew indicated that he was not a fan of debt and the last two rate increases were approximately \$2.75, so the \$3.00 was in line with the past. Vice Chair McGrew wondered if a first-year increase of \$3.00 would be enough in light of heavy inflation.

**Although a vote was called for, this item was not on agenda to provide for a vote, and none was formally recorded.**

Commissioner Flatau asked for clarification of this motion. Mr. Thomas explained that there were a lot of steps to a rate increase and to do an increase for only one or two years was costly in light of staff time and other factors.

Commissioner Ford asked if there was an ability to include the potential to limit the increase or change the increase in the out-years in the recommendation to Council. Mr. Thomas stated that he did not recommend this suggestion as there are unknowns in the out-years. Mr. Thomas explained that if there was another pandemic, a limit could put Solid Waste in a precarious position.

Commissioner Ford asked for the reason that five years would need to be adopted, since the budget was reviewed every year. Vice Chair McGrew surmised the five-year timeframe was to save on administrative costs. Chair Berryhill asked if an increase in the out-years could be cancelled if the department was doing well in years 1 and 2. Mr. Thomas stated that Council would have to make the decision to cancel the increase in the out-years. Commissioner Short indicated that a five-year increase timeframe would provide certainty for future planning.

Chair Berryhill asked if the rate increase was for only residential customers or if it included commercial customers. Mr. Thomas noted the increase was only for residential customers.

**Although a vote was called for, this item was not on agenda to provide for a vote, and none was formally recorded.**

Commissioner Flatau explained that he opposed the motion because a five-year plan was already laid out in Option 3 and will be reviewed yearly anyway.

## 7. COMMISSIONER COMMENTS AND SUGGESTIONS

Chair Berryhill wished happy holidays to all since the Commission will not meet again until January 2022.

## 8. FUTURE AGENDA ITEMS

Chair Berryhill announced the following:

- December 1, 2021: No meeting
- January 5, 2022: CY 2022 Calendar and Topics

- February 2, 2022: Finalize CY 2022 Calendar and Topics

9. NEXT MEETING

The next meeting regular meeting of the Citizens Utility Advisory Commission will be held on January 5, 2022 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 7:28 p.m. Motion carried 6 – 0.**