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**CALL TO ORDER**

[Time: 00:00:08]

Mayor Lane: Good afternoon everyone. Nice to have you here with us for our Tuesday, October 22, 2019, City Council Work Study Session.

**ROLL CALL**

[Time: 00:00:18]

Mayor Lane: We are going to start with a roll call, please.

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

Carolyn Jagger: Vice Mayor Kathy Littlefield.

Vice Mayor Littlefield: Present.

Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

Carolyn Jagger: Solange Whitehead.

Councilwoman Whitehead: Here.

Carolyn Jagger: Acting City Manager Bill Murphy.

Bill Murphy: Here.

Carolyn Jagger: City Attorney Sherry Scott.

Sherry Scott: Here.

Carolyn Jagger: City Treasurer Jeff Nichols.

Jeff Nichols: Here.

Carolyn Jagger: City Auditor Sharron Walker.

Sharron Walker: Here.

Carolyn Jagger: And the Clerk is present.

[Time: 00:00:43]

Mayor Lane: Thank you very much. This is a Work Study Session and this is an intent to have a meeting to provide a less formal setting for the Mayor and Council to discuss specific topics, at length, with each other and City staff. Work study sessions provide an opportunity for staff to receive direction from the Council and for the public to observe these discussions. Public Comment is unique for Work Study Session and a total of 15 minutes will be set aside at the beginning of each Work Study Session for Public Comment. Comments are to be limited to the agenda items. Please see the Clerk if you have thoughts or suggestions on the work study sessions you would like the Council to consider. Speaking and written comment cards are available on the table to my right over here at the Clerk's table. The City Clerk and her staff are there to assist you. The yellow cards are for written comments and the white cards are for Request to Speak.

**PUBLIC COMMENT – None**

Mayor Lane: Moving into our first order of business. It is our monthly financial update. The presenter here is our Treasurer, Jeff Nichols and Dave Lipinski, City Engineer. Mr. Nichols. Before I have you start, we only have one card and with work studies, as I was reminded, we generally hear from that Request to Speak. So, I'm going to ask for Richard Erickson. Skip it? Okay, I'm writing on this voluntarily declined.

**ITEM 1 - MONTHLY FINANCIAL UPDATE**

[Time: 00:01:47]

Mayor Lane: Alright. Thank you. Mr. Nichols.

[Time: 00:02:33]

City Treasurer Jeff Nichols: Mr. Mayor and members of Council, hard to believe three months behind us this fiscal year already, but here we are. I'm giving you the monthly financial update for as of September 30<sup>th</sup>, 2019. The notable item on this slide that I'm showing you is under Taxes Local. You will see that the fiscal year actuals for Fiscal Year 20 far exceed what we had budgeted and I'm will get to that point a little bit later in the presentation on why that is happening. But significant positive variance in that category. You see here again, not to keep kicking that can down the road, but the majority of the \$7.6 million favorable variance under Taxes Local is related to sales taxes and that will be on a later slide. The other driver in that favorable variance is related to the 18-19\_Cox Cable TV franchise payment which was received and recorded on this fiscal year.

You notice on Charges for Services Other, we had some advance billings for cell towers and outdoor dining leases, and those are timing issues, so I'm not sure that will remain. And then under Building and Permits Fees and Charges, the \$1.5 million positive variance, 37%, the majority of that's related to the Nationwide project, that they've begun construction up there at 101 and Hayden. You see some transfers in. And again, those are related to higher than anticipated revenues in water and wastewater. When that happens, the transfers into the General Fund increase. So, somewhat unexpected. You look at slide 4, all fiscal year 20 actuals greater than fiscal year revised budget. Mostly, but not all are due to timing.

So, I will show you this slide whereby we see quite a few positive variances on the sales tax collection. This is happening because we received an extra payment in July from ADOR and also, we began receiving payments from the Arizona Department of Revenue on Mondays versus Tuesdays and the month of September had five Mondays in it, so we received one more payment than expected and it is creating these positive variances. I asked staff to look into whether it would behoove us to go ahead and re-spread the budget, understanding these new payments we're going to be receiving from ADOR so we can differentiate between what they're sending us in the increased economic activity because we don't believe that all of these variances are related to that change in ADOR, we are seeing an uptick in the economic activity in these categories, it's just much more difficult to differentiate what those are.

Mayor Lane: Has this settled down a bit or still somewhat erratic in the sense of adjustments. I can understand the change of date and that's out of sequence and causes a one-off particular situation. Particularly, in the month of September, as you have suggested. But some of these adjustments that are coming through, we had the decision that was made recently that sort of boosted everything. Are we still sort of unsettled and still catching up on some of those things? Are they part of that?

Jeff Nichols: I don't know if we're unsettled as far as our relationship and the payments that we are receiving from ADOR. However, we don't have that much data to project out into the future. So until we get some years behind us with them doing these payments, we'll be better able to project the budgeted months that those are going to appear in. This change, they didn't. To the best of my knowledge, they didn't ask our opinion. Of course, if we could get our money sooner than later, I think, our answer would have been yes.

Mayor Lane: At the same time, we can make our own adjustment as far as that's concerned, we can make comparable numbers if we chose to with a normal pay period. If we choose to, somewhere along the lines, it is going to have to come out.

[Time: 00:07:02]

Jeff Nichols: It will. And somewhere along the line, when we have had enough interaction with them and a number of years, like we had when we were doing self-collection, we will get used to these anomalies and be better able to predict when it is going to happen. Right now it's a little bit more difficult. We are going to go to the Uses category, and under the Uses category you notice there are some positive variances. Most of these are related to timing and it will be better illustrated here. I'll talk about personnel services in a little while. But under contractual services for instance, just in my area, we had a payment for annual maintenance of the city's new payroll system and it didn't hit within this period, which was budgeted so, it's showing a positive variance and again, just a timing issue. The same with the some of the commodities in the different areas of the City. Mostly related to timing.

Looking at the personnel services however, we dig down deeper. Some of the salaries issues within personnel and again, some of those variances mostly, from the police department. They are not timing. We will enjoy these savings at the end of the year. As I reported last year as we continue and after we have staff leave that have been long, tenured employees and we replace those staff. We budgeted for the old employees and we are paying the new employees less than that and we are enjoying those savings and other areas of the city there are some areas whereby when the positions are empty that the salary savings are not swept, so they are creating somewhat of a positive variance. The other you see in retirement benefits. Actual payments are a little bit lower than were estimated to the public safety personnel retirement fund including the payments, the one-time payments that we made. We estimated what was going to have to be paid back.

If you recall, employees were paying a higher rate than the courts determined was reasonable and necessary given the Hall Parker and some of the other lawsuits that were filed. Those payments were a little bit less than we had budgeted. We had to pay back to the PSPRS for those overpayments for those employees. You look at the division expenditures, again the charter officers, I had mentioned about half

of that was a payment in my office related to the contract for the payroll services. Administrative services again, just a timing issue. Probably the only real area where we have significant savings is public safety and police. We will enjoy those savings towards the end of the fiscal year.

To wrap this up, when I look at it, we had budgeted \$4.5 million, a change in fund balance. As you can see, the actual is a \$6 million positive or the difference of \$10½ million at this point in time. Again, on the revenue side, we'll find out how that plays out as we go through the fiscal year and we can spread those budgets on the revenues to match what we're getting from ADOR and on the expense side, some of the timing issues will fall to the wayside and we won't enjoy those savings towards the end of the year. I will take any questions that you have on this side and Dave Lipinski will give you an update on the CIP as of September 30th.

Mayor Lane: Okay. Thank you.

[Time: 00:10:49]

City Engineer Dave Lipinski: Good evening everyone. I'm here to give you the Quarter 1 update for the CIP. We have the CIP expenditures by program for Quarter 1. The green indicates the inception to date budget. A lot of our CIP projects are multi-year projects so this is the budget of any previous CIP plus the funding that was adopted July 1st. We'd always expect our expenditures to lag because we do fund the entire project that fiscal year typically. This is the same information by program in a non-graphical format, if you will. And then also by funding source across the CIP, every funding source represented with their actuals, inception to date, and the remaining balance.

We'll run through some significant projects starting with the remaining bond 2015 projects. The pavement replacement project. We are getting to the very, very end of this project. We have \$400,000 remaining. Two additional roadway segments were added to spend for this last available fund balance. Mountain View and 70<sup>th</sup> Street, Shea to Scottsdale Road was completed this last week and 112th Street from Shea to Mountain View is going to be completed in the spring and that will close out this project. Fire Station 603, the undergrounds are complete underneath that building, they're bringing in the off-site utilities in currently. Footings are being formed and poured and they'll start going vertically very shortly. The completion contract completion date is June 7. Fire Station 616, that contract came through last week and currently being routed for signature and we anticipate a start in late November with a one-year construction time frame on that.

Crossroads East Phase One, this project has been a long time coming, it's finally going to occur. This is a joint delivery if you will with the Calison Development Entity for Nationwide. We went out solicited together for a contractor to deliver this project. The city is going to deliver the south portion roughly from the Legacy Drive alignment all the way south under the 101 Freeway to Hayden and Union Hills. The developer is responsible for the northern piece. We have selected the same contractor under the CMAR to deliver this. We were hoping to break ground this week and we have finally got everything lined up, so it looks like early next week we are going to be issuing notice to proceed to get this project moving.

The Drinkwater underpass was finally opened again for the second time on Friday, October 11th. Some

people asked why we opened the project and our sealed coating contractor was scheduled out. So the options we had were to open it and then re-close it for a week, or leave it closed for an additional three weeks until they were done. So what we did was we opted to open knowing it was going to be closed when we could schedule them back in. We got that done. The only thing we'll come back and do now is permanent striping in about a month, once the pavement is cured and they'll do that, probably under traffic or a localized closure. Up on top, obviously, we turned the presentation in two weeks ago. It has changed from this time. Most of the concrete sidewalk has been poured. They are working on the irrigation main lines and laterals, tying in the final drainage and we'll be looking to wrap this up in the next two to three weeks and get the sod put in early November.

The McCormick-Stillman Railroad phase one. This was approved and funded in this year's CIP. The components will be tackled in phase one are the relocation of the Blue Star Memorial and the Mercy Train itself. The Blue Star Memorial, the base and foundation are being constructed now. The Memorial itself is going to be moved right after Veteran's Day. The Mercy Train is designed while the park has opted to delay until after high season to actually do that relocation. It takes a very large crane to move it. They figured to leave the park unobstructed right now. The third piece is the reconstruction of the bunk house. They have gone through a selection process to select an architect to start that design. The new bunkhouse will have indoor railroad train-themed play areas and a restroom, conference room and storage space and they are looking at a large shaded patio on the west side of the building. Raintree Drive. We are still working with our contractor on this. We've gone through some re-design on the project. We're looking at rephrasing a portion of this. The numbers we received up front were giving us sticker shock. So, we are trying to run those to ground, seeing if there's something we can do in the phasing or design to try to break it down in smaller segments to deliver it within the budget that we have. We're hoping to have an answer on phase one coming shortly, hopefully by next quarter, I can let you know when that is going to be delivered.

[Time: 00:15:59]

The stadium, if you've driven by today and this afternoon, I'm sure it has changed since then. They are going fast and furious as you can tell and currently working five 10-hour days per week to stay on schedule. This is the new entry as of two weeks ago. This is the corner of Drinkwater and Osborn. The left-hand side is what the new entry will look like. This used to be a gated-off courtyard, there was not an entry to the baseball stadium here at this location. This will become a main entry concourse. If you see the circle in the foreground on the picture on the right, and you can see a home plate kind of behind it. That's the relocation of the public art that wasn't in the courtyard before. It's being re-imagined a little bit, but in conjunction with the artist we are going to deliver the same sort of art in a very walkable surface. The picture on the left is the new clubhouse from the northeast corner looking south towards Osborn. This is a 3-storied feature towards the field. You can see in the background of the picture, that's the multi-use event space, you see the roofline popping up in the back. That's the multi-use space on the south end of the building. On the right is the new Charros Lodge in right field.

The Thomas Groundwater Treatment Facility. This is a 2-year construction project with anticipation completion in February of '21. The graphic on the left that we've used before, and the picture on the right and graphic are almost the same orientation. This treatment facility treats a side stream of the existing central groundwater treatment facility you can see there. Treats it for scale and hardness and

then we'll re-blend it on-site into one of the reservoirs for distribution. Some of the projects that we have closed in the last quarter. These are projects that were completed or closed. Some of the Y accounts, smaller projects underneath them, we have closed that out and the fiscal year versions of that to clean up on the accounting side. And we have a summary of the appropriation that wasn't spent under each of these. Pennies left on the table, contingencies not used, or anything left on these projects and those funds revert back to the fund balance. In the first quarter, we are bringing a million dollars back to the fund balances. And with that, I can take any questions.

Mayor Lane: Well, thank you, Dave. I appreciate the presentation. Any questions on this?  
Councilwoman Littlefield.

[Time: 00:18:52]

Vice Mayor Littlefield: I have one. Very simple. Sorry. On the Crossroads East Flood Control project. The MPC bonds that we're going to be using, what are those repayment sources for those bonds?

Dave Lipinski: The stormwater fee will be the repayment source for those.

Vice Mayor Littlefield: Thank you.

Mayor Lane: Any other questions? If not, again, thanks, again. That was our monthly financial update and there was no cause for action and frankly, this is a study session, so I hope that you all were studying that.

## **ITEM 2 - STATUS UPDATE ON THE ARTERIAL LIFE CYCLE PROGRAM**

Mayor Lane: Next item is status on the Arterial Life Cycle Program. Presenters are David Meinhart, Senior Transportation Planner. Mr. Meinhart, nice to see you.

[Time: 00:19:50]

Senior Transportation Planner Dave Meinhart: Good evening Mayor, members of Council. It's been about 5 or 6 years since I've done one of these for you. I think I can still remember how. Tonight, is a really good news story, it starts with the positive election results on Question 1 that extended for 10 years, or created for 10 years, an additional one-tenth percent sales tax for transportation to be focused on leveraging the Maricopa Association of Governments Arterial Life Cycle program funding for our community. Just a quick background for those not as familiar with the Arterial Life Cycle program. It's a 20-year program, funded through a half-cent regional sales tax that is collected by the Maricopa Association of Governments. MAG as we call them, we work with them on a regular basis, they oversee the Arterial Life Cycle program.

However, cities are responsible for actually designing, acquiring right-of-way, and constructing projects identified in the plan. And then as we work through those projects we submit for reimbursement so the 70% regional match that's available for each project. MAG providing 70%, our required minimum local match is 30%. To-date, we have not had to go over 30%, can't guarantee that in the future depending

where costs go. So, so far so good in that regard. These projects based on the name of the program, Arterial Life Cycle are focused on roadway improvements, adding capacity, improving safety, widening intersections, but as part of those projects and we are able to add in complete street components as we like to call them. Bicycle lanes, better sidewalks, trails, in some parts of town can be funded as part of the improvements for the program.

A quick overview of projects that have been completed through this program. We started first getting reimbursements for projects in 2008. So, we have been working on this for a while. Up in the north part of town, on the Pima Road corridor, were reimbursed for the improvements for widening of Pima Road from the freeway interchange north all the way up to Pinnacle Peak Road, that was building a 4-6 lane roadway, and added a couple of new pedestrian, multi-use underpasses at Deer Valley Road and also up at Pinnacle Peak Road. In the southern part of town on Pima Road, we also completed the section from Via de Ventura to Krail Street. Krail Street is a little bit south of Indian Bend Road. That project was completed back in advance of the opening of the spring training facilities for the Diamondbacks and the Colorado Rockies.

Scottsdale Road, back up north we have completed a Phase One project, from Thompson Peak Parkway to Pinnacle Peak Road which was focused primarily on defining the crossing and the bridge structure for the Rawhide Wash. It also included some utility locations. In the airpark area, we have the frontage road on the north side of Loop 101 between Scottsdale Road and Hayden that was completed a number of years ago. Actually on this one, also received development contributions because of the frontage on land that was controlled by DMB as part of what's called the One Scottsdale development. And while we've been under construction recently for a new underpass on the Miller Road alignment in the freeway corridor, this segment is now probably receiving the most traffic it has ever had. It has been really helpful to have as a way to get around some of that work because ADOT's been closing and opening onramps at various times.

[Time: 00:23:51]

Again, in the airpark area, we have the Northsight intersection where we put in a multi-lane roundabout and then created a new public roadway connection from Hayden Road to Frank Lloyd Wright to help alleviate some of the congestion in the Frank Lloyd Wright/Hayden Road intersection. Shea Boulevard corridor, we did a number of intersection improvements, seven in total. Also included some ITS fiberoptics from the Loop 101 over to 96<sup>th</sup> Street. So, those are the projects that have been completed so far. Projects that are in either in construction or design is complete and we are trying to move into construction, I mentioned the Miller Road underpass on the freeway corridor. Mr. Lipinski showed you some nice pictures of the Drinkwater Boulevard bridge, the south, this project was not originally part of the Arterial Life Cycle program, we have worked with MAG over the last year through a policy exception to bring that into the program and dropped out a couple of lower priority projects and Council approved the agreement to allow us to begin getting reimbursement for that in the last months. We are happy to see that project is reaching completion and we are going to be eligible to receive, depending what our final costs are, as much as \$6 million in Arterial Life Cycle money towards that program.

Another project done earlier this year, they just finished up, the contractor did, a few punchlist items. A new two-lane bridge on the Arizona Canal and the Pima Road corridor. This was accelerated ahead of

the rest of that project because of the timing of the dryup that SRP did for the Arizona Canal. We did get that done during that point in time. And then, Mr. Lipinski also talked about the improvements that we are hoping to get started on very soon when design is done on the Raintree corridor on the south side of the Scottsdale Airport and then there's also some modifications that will be done in association with that on Redfield Road from 76<sup>th</sup> Street to Hayden, primarily resurfacing and restriping. Redfield is a minor collector which is two lanes and a center turn lane and then, bike lanes.

Moving on to the projects that are being designed with funds that the City already had through its \$0.02 sales tax. We have the Happy Valley Road corridor from Pima Road to Alma School Road that would be widening from 2-4 lanes. We have Pima Road from Pinnacle Peak north to Happy Valley Road which will be widened from four lanes to six lanes. Those projects are expected to be packaged as one construction contract in the next year to two years. Going to the south part of Pima Road, We have a squiggly line and a straight line down here. These are projects where we have initiated design and as I mentioned, we did some construction work for the Arizona Canal Bridge. Now, these projects are part of the overall Pima Road Corridor that is going into a new dynamic and we are meeting with the Salt River Pima Maricopa Community staff tomorrow to start talking about. I think that you all heard, but the community received a \$49.9 million grant towards construction of the improvements that have been planned in the Pima Road Corridor, part of the Arterial Life Cycle program. As we talked in our budget discussion, for the Fiscal Year 20 cycle we were having challenges in trying to see how we had enough money to complete all that corridor as was originally scoped. That was going to be a challenge and with this grant, we think that challenge has been overcome, which is great news.

[Time: 00:27:49]

As far as timing and how it is going to be managed, we still have to work that out. There are most likely going to be agreements coming back to the Council to solidify how that is going to move forward, as far as who is managing the projects and timing and whatnot. At the end of the day, it's a tremendous benefit to help reduce, to make sure that we complete the Pima Road corridor and potentially we may save \$2-3 million in our local match funds in that corridor that can be put towards our other projects. We are hoping that news is going to be as positive as we think it is.

The last project that is currently in design back up at the Airpark, the continuation of the Raintree corridor this section from Hayden over to Loop 101. It is focused on the Hayden and the Northsight intersection and we are designing another multi-lane roundabout, very similar to the one that's at Hayden and Northsight. The rest of that improvement is primarily similar to what we're doing on Redfield Road, repaving and restriping and in this case keeping the same number of travel lanes, but making it possible to get bike lanes on the road as well. With that connection we'll then have bike lanes on Raintree corridor all the way from the 101 over to Scottsdale Road which would then tie into a bike lane system that Phoenix has on Thunderbird Road that carries all the way to I-17. Before I move into the next step, are there any questions? I know I'm running through them really quick.

Mayor Lane: Yes. Councilwoman Littlefield.

{INAUDIBLE}

Dave Meinhart: Councilwoman Littlefield, for the Raintree Drive/ Hayden and Loop 101, we are looking at hopefully doing the repaving and re-striping the part between Northsight and roughly the 101 interchange where the concrete pavement is hopefully, next spring. The roundabout for that one may actually, we are not sure yet, but may go to construction possibly next summer. We are trying to figure out, as Mr. Lipinski talked about, with the Raintree section from Scottsdale to Hayden on phasing and the cost, one of the main parts of that project and it is around Hayden and Raintree. It maybe timing wise that we end up doing the one at Hayden and Northsight sooner. The first piece of it, the repaving, because the pavement is not in good condition up there, we think that we are going to be able to do that this spring in talking with our pavement management team and think we'll be able to do that. Because it is in an Arterial Life Cycle corridor, we can kind of address a need on our pavement side and be able to get 70% regional funds to help pay for it.

Mayor Lane: Yes, Councilwoman Whitehead.

[Time: 00:30:48]

Councilwoman Whitehead: I want to be clear, on Hayden, there is going to be two circles now. Redfield and Raintree? Did I get that right?

Dave Meinhart: Councilwoman Whitehead, we currently have a roundabout at Hayden at Northsight. The design that we have been working on since before, for those of you know me, since before I retired is also a roundabout at Hayden Raintree . And the Raintree corridor is actually going to have a roundabout at Hayden at Northsight. And then to the west, at what we are now going to call Raintree, is currently Redfield Drive or Thunderbird depending on which direction you're driving and 76th Place, so we can move traffic more easily to this new corridor. The whole idea of the Raintree project is to create a new connection that links Scottsdale and currently the Thunderbird intersection to the Raintree and Loop 101 interchange, so you can do that seamlessly, rather than to have to make multiple turns.

Mayor Lane: Thank you.

[Time: 00:32:00]

Dave Meinhart: Moving on to the next slide. This is the biggest reason that I wanted to come before you. And also, tied to some work that we are doing in cooperation with the Treasurer's office on a budget adjustment that is going to come to Council on November 12th, I think is when it is scheduled for. We worked diligently with MAG trying to adjust the Arterial Life Cycle program funding amounts from what they were in the fiscal 19 version of that plan and once Question One passed; we were able to get into that work. Their timing cycle is three months later than ours, so there will be some budget adjustments that we'll be asking our Council to approve to link up our fiscal 20-year capital program with the new MAG program. We have the money coming in through the sales tax expansion. It is just a matter of linking those up and we didn't know the ramifications. But the ramifications are very positive.

When we started working with MAG on this program, if you look at the table, you can see Fiscal '22 was 0, Fiscal '23 was 0. Fiscal '24, at that point was 40.3 and then that changed, that would have changed to a 0 basically if Question One hadn't passed. But instead, because of the passage of that measure, MAG

has moved \$73.6 million forward from where they had it in the previous Arterial Life Cycle Program. That's about 80-85% of what we thought we could possibly complete in the next five years. So, they really did a great job of working with us and partnering and trying to get our projects back on track in a much more speedy basis.

Mayor Lane: As far as the change in the MAG plan, there is no change in allocation, but you did say there was a change in the budget somewhere and it was advantageous. Does that mean it was a better allocation to us?

Dave Meinhart: Mayor Lane, it wasn't more money, unfortunately. The same amount they had been programming but bringing 70 million plus dollars earlier into the program that we were having continually push out to the point of, were we going to lose that money to other jurisdictions.

Mayor Lane: Absolutely. So, that is to our advantage and monetarily as far as allocation and/or cost savings that we can act on it now, where there was any financial consequence and I would say no. But the source of funds are there.

Dave Meinhart: Based on the way trends have been and the cost of building things, being able to start some things sooner is probably to our advantage, but no extra cash.

Mayor Lane: Okay. Very good.

[Time: 00:35:04]

Dave Meinhart: And then, the final slide that I had for you and there is a copy of a map at your table because, no, I'm getting ahead of myself. First, before you go to that final slide. We have one, here's the projects that we are looking to get started on once we have the budget adjustment in place, assuming that the Council will give us that authority in November to start in the fiscal '20 and that's designing Scottsdale Road, the section from Jomax Road to Dixileta up north. And one of the reasons that we want to get this segment going is that we do have a federal grant in place for roughly \$2 million that can be applied towards the Scottsdale Dynamite intersection. We are looking at a potential roundabout because of the safety benefits associated with it, and that's what got us the grant. We have to do the final, detailed analysis to confirm that that's the proper choice.

We'll be looking to move forward with design the next round of Shea Boulevard intersection projects that were ten projects that were identified separately in the publicity information that was part of Question One. We're combining those basically into a single project as part of the design process, because it just makes sense from an efficiency perspective. Then we're also looking at going into a concept-level design for improvements on the Hualapai corridor and Mayo Boulevard corridor which are up around Loop 101, looking at whether or not if doing those two projects is the better option than doing a single project on Legacy Boulevard. Alignment that currently in our Transportation Master Plan passes through the water campus and the thought is, let's look and see if there is a better way that we can do that. We did get MAG to program some money to allow us to analyze that in more detail this fiscal year. We wouldn't go into final design on that one for another 2 years at this point.

Mayor Lane: Excuse me, on one item that you were talking about with regard in the final design in the combination of the 90th to 136th Street, the intersections. Have there been significant changes to those? The one at Raintree and Hayden is going to be converted into a roundabout? I know I'm going back a little bit further now and I'm wondering about these.

Dave Meinhart: The projects on Shea Boulevard are all basically turn bays and changing the offset on the left turn, so you have better visibility. Shea Boulevard because it's a 6-lane roadway. Shea Boulevard is outside of our policy guidelines for doing any roundabouts.

Mayor Lane: And my next question, if it is calculated on the basis of that size and if the formula still worked the same way when we are talking about safety. Yes, Councilmember Phillips?

[Time: 00:38:16]

Councilman Phillips: Did I hear you correctly, you said you are considering a roundabout on Scottsdale Road and Dynamite?

Dave Meinhart: Councilman Phillips, based on the accident history there, and the volumes both existing and proposed, we think there is a high likelihood it would be a good option. We are going to do more detailed analysis during the design phase.

Councilman Phillips: Is there a long-term plan to make Scottsdale Road three lanes all the way down, all the way to Carefree?

[Time: 00:38:46]

Dave Meinhart: Very good question. On Scottsdale Road, our Transportation Master Plan carries six lanes on Scottsdale Road to Happy Valley Road and then becomes a 4-lane roadway which basically is a complete street with the medians and bike lanes and the back-of curb improvement sidewalks trails, and the reason it is designated not as a 6-lane but as a 4-lane is long term because the Transportation Plan, we're trying to look more than 5 or 10 years out, there are going to be additional north/south connections to the west that don't exist now on the 64<sup>th</sup> Street alignment, the 56<sup>th</sup> Street alignment and there's also going to be coming north off of Highway 51 and north of the 101, Phoenix is going to be connecting a roadway to a section they have already built across their desert preserve. I think they call it the Sonoran Parkway, if I'm not mistaken. There are going to be a bunch of other options for driving up in that area that don't exist today. It is one of the reasons that we feel pretty comfortable that the forecast that MAG has for Scottsdale Road going out to 2040 don't show significant change from what's there now. It may go up for a while, until those other corridors are in place. Right now, the amount of volume on Dynamite is not that dramatic. I personally believe and our traffic engineering folks believe there is a viable option there. We are not going to go forward unless our design analysis says it is really the best solution.

Councilman Phillips: Alright, thank you.

Dave Meinhart: Let's see. On this graphic, we have three circles on the 101 corridor. We have funding

in the Arterial Life Cycle Program to do modifications to the Frank Lloyd Wright/101, Raintree/101 and Shea/101 intersections. When the plan was being worked on a year or two ago, we thought that we would have to come in and follow ADOT's work with the widening of the freeway and the last section of Scottsdale from Shea Boulevard to Pima/Princess, but based on where MAG's current schedule is, construction of the piece to the west of us and north and where their funding is, their schedule has slid a couple of years from what they'd originally programmed, but it fits in really well for us now to be able to coordinate with them on the modifications to these intersections or interchanges that we're looking at and for Frank Lloyd Wright and Raintree at this point right now we're looking at converting those from the current configuration into more of a typical diamond interchange configuration, primarily because the way the current interchanges interact with frontage roads, there, the operations get a little difficult because of how long it takes to have a basically a cycle where there's nothing going on with people driving through the interchange. So the traffic engineering staff say that a diamond should help with both of those.

And Shea Boulevard, we don't have a lot of options at that intersection. We are going to analyze whether there is any benefit to doing a south third bound, mixing my words, or a third southbound left turn lane on to eastbound Shea Boulevard. We are going to look at that and see if it doesn't make traffic worse on Shea Boulevard and make sure it wouldn't affect the large wall that we have on that off ramp. There's enough space to get some additional room there, but not sure yet if it will really pan out because it's really hard to move once you get east of the freeway on Shea Boulevard. We do have challenges sometimes with traffic trying to get off the freeway, backing up to almost on the freeway and that's really the last thing that you want to see happening.

[Time: 00:42:50]

Now, I can move into that last slide that I was so quick and, in a hurry, to get to. I did provide copies of larger scale maps for you at the table. This is laying out our best targets right now and when we think projects that would be funded through the Question One sales tax expansion would go to construction. The numbers that are next to the various projects are all of the fiscal years at this point. Typically, we would start design roughly two years before we would go to construction.

One thing and I have talked about the freeway interchanges and Shea Boulevard and on the south section of Pima Road with the Salt River Pima Maricopa Indian Community and hopefully, over the next few months, we are going to know a lot more on how the schedule is going to go on those. I don't have a date on those. The good thing is that the money that is needed to build everything seems to be there now. Which is the more important part. Up in the north on Pima Road and Scottsdale Road, the dates kind of jump around. Typically, you would start at the south and work your way north. We aren't necessarily doing that for a couple of reasons, one is in some cases we're not looking to add lanes, just trying to make the 4-lane roadway more of a complete street. But in other cases, for example, on Scottsdale Road where it's blue, everything in that section of blue on the west side of Scottsdale Road, is not in the city of Scottsdale, it's also undeveloped state land. we push that out to the end of the LCP program. At this point, it is a busy road and because there is no traffic coming from the west, the existing roadway manages it reasonably most of the time. We are not recommending that we jump right into that until hopefully, we see state land sell and there is some stipulations on the developers on the west side to finish the roadway.

Mayor Lane: The City of Scottsdale does own the entire right-of-way on that road?

Dave Meinhart: Mayor Lane, we control most of the right-of-way and there maybe 20 or 30-feet that is not within the City of Scottsdale's control currently. It is owned by the State Land Department. In general, we do have the right-of-way. However, the community to the west is going to benefit tremendously from the improvements and at the staff level, we believe it is best to try and see what happens with the development rather than jumping right into that piece. We have already invested, as I mentioned in phase one, between regional money and city money over \$9 million toward the bridge and utility relocations. From that, we got zero contribution from the west side because there was nobody to get a contribution from. State land certainly won't give us one. That's where timing is a little bit different. Things could change, if things happen over there sooner.

The Life Cycle Program does get updated every year and we have the ability to revisit that. At this section and the far north end of Pima Road where we have the frontage, it's in the Preserve and it is also state land that has been rezoned a few years ago. If it ends up selling and not part of the Preserve, that zoning case stipulated that that land would help to contribute to the improvements on Pima Road. Again, the goal there is to not jump out ahead of potential development that could help pay for these things. Plus, the demand isn't there now. Existing roadways work OK most of the time. Obviously if there's an accident, you have issues.

Mayor Lane: Back to that line of the 2027 designation toward the very end of your forecast here, I wonder if it is complicated by the fact that Phoenix needs to be involved in this, as well?

Dave Meinhart: You are correct. It's not just state land. It is really more Phoenix because they would be the ones that put any requirements on their developers to help participate to make the improvements to the roadway. We had to the south of there, south of the 101, they didn't help an enormous amount but they did help by building a drainage and sidewalk and those things on the west side, which saved money on the overall, but it helped with the improvements that we did on our own back with Bond 2000 money there. Phoenix is a big part of it. There is good partnership going on right now on the flood control side. I've only kind of been peripherally involved with on the Rawhide Wash. That's kind of one of the things that's been holding up what happens on that property to the west of Scottsdale Road, is what happens with Rawhide Wash, where is the flow going to go, and how much flow is there going to be and how does it get managed? Now, that we, Phoenix, and the flood control district seem to have a pretty good concept in place, I think that you are going to see things happen quicker there. Our recommendation is wait and see.

[Time: 00:48:41]

Mayor Lane: I may not have my geographic bound and sense on where this bridge is with reference to this blue line. Is it in the middle of this or is it part of that?

Dave Meinhart: It is kind of in the middle. It is south of Pinnacle Peak Road. I have to go to my bigger map because I can't read that one. It is actually just a little bit below the 27. Right where the arrow is right now. About a quarter mile south of Pinnacle Peak Road.

Mayor Lane: And that was completed with some participation? With Phoenix?

Dave Meinhart: Mayor, no. As I mentioned before, that's first phase of the improvements was only MAG and city money.

Mayor Lane: But part of that bridge is actually in Phoenix.

Dave Meinhart: The western part of the bridge is at least on the frontage border of Phoenix, yes.

Mayor Lane: I'm just wondering on what developments had previously been given in order with Phoenix. Don't figure on any cooperation with Phoenix, but it's 2027 we have to wait till.

Dave Meinhart: That's right. Any other questions?

Councilwoman Whitehead: I'm on the same wavelength with the Mayor, I mean what leverage do we have with Phoenix if they, lands sell and there's development on the Phoenix side to get contributions towards Scottsdale Road?

Dave Meinhart: Councilwoman Whitehead, we do to some degree control the access, but we are not in a position to threaten anybody that you are not able to access Scottsdale Road. State land has been a pretty good partner on the Preserve in particular and we are trying to work with Phoenix. Maybe Dan has something to add. He's been here the last five years.

Mayor Lane: He just wanted to get closer to listen.

[Time: 00:50:50]

Public Works Director Dan Worth: I had a hard time hearing back there. We do have some precedent. Scottsdale Road, the whole length where we share a common boundary with Phoenix. When we made the improvements south of the 101 in 2004, 2005 and 2006 time frame, we had a 50/50 cost share with Phoenix for the cost of the capital improvements. And we had been negotiating to have the same kind of cost share north of the freeway, from the freeway to Thompson Peak, we built those improvements a couple of years after that. But they were anticipating having a developer on the west side on the state land that they could transfer that responsibility to and that didn't happen. So, we built a portion of the improvements. That is the model. And Phoenix has cooperated with us in that regard.

Mayor Lane: We have had some leverage with regard to curb cuts.

Dan Worth: And as Dave said, the leverage is access and if they want to have appropriate access, they have to play with our rules.

Mayor Lane: Was part of that, in that development, covered when some of the land on the east side of Scottsdale Road was sold, was that part of that overall? The improvements on some of that land?

Dan Worth: We got some payments from the state land sale. That was part of the agreement that we had with the State Land Department for Crossroads East to get reimbursement for infrastructure. And Phoenix paid for a lane on the west side and we got state land to pay for part of the cost. And then we used bond funds do power lines underground.

Mayor Lane: So, that is still a reasonable avenue to be looking toward as far as cooperation?

Dan Worth: Yes, sir. I believe it is.

Mayor Lane: Thanks, I appreciate it.

Dave Meinhart: And that was the end of my presentation.

Mayor Lane: Okay. That pregnant pause or something other than that was there. Dave, thank you very much. I very much appreciate it. Unless there are any other questions. Hearing none. I'm sorry.

Councilwoman Milhaven: Just as an aside. I got a number of calls on Saturday afternoon from friends stuck in traffic on Scottsdale Road because the freeway was closed, and we had construction on Scottsdale Road. As we do this, it would be nice to have awareness of what was happening regionally, so detour routes are not also impeded. Just sayin'.

Mayor Lane: Not agendized, but nevertheless, we all agree. Okay.

### **ITEM 3 - RESIDENTIAL SEWER LINE EXTENSIONS**

Mayor Lane: The next order of business then. General consensus of acceptance of that report. And the Residential Sewer Line Extension. Our presenter here would be, Mr. Brian Biesemeyer, Water Resources Executive Director, Suzanne Grendahl, Water Quality Director and Scott Mars, Water Resources Planning and Engineering Director.

[Time: 00:54:22]

Brian Biesemeyer: As you mentioned, we have the Residential Sewer Line Extension presentation for you. A little agenda, kind of the basics, what, why, where. We'll talk some water quality concern. program requirements, costs, and ask for options and guidance. So, what is the Sewer Line Extension Program? It is a program established to allow a homeowner/developer of a single-family residence to extend a sewer line to their property. Why do we have this program? It is best outlined in our General Plan; which states recognize the value of water and wastewater as a resource to be managed in order to contribute to a sustainable community. We do manage wastewater as a resource. Make sure that new service delivery costs are borne by those desiring the service without the cost adversely impacting existing customers.

To be a little bit more clear on a typical development. The water and sewer lines in front of the customer's house are paid for as part of the development and incorporated into the house. Somebody that has septic, and when the sewer line extends to the residence, has not invested in the system just

for the equity point. They have invested in the septic system, but they haven't invested in the infrastructure of that sewer system when it is extended. Other areas and points are use water resources and development impact fees to ensure new growth pays for itself when extending the water and wastewater systems to serve new growth. Impact fees pay for the trunk mains and the treatment process, but they don't pay for the sewer lines in front of an individual's residence. Impact fees pay for the major infrastructure reaching the subdivisions but not within the subdivision, and they pay for the treatment and the water resource cost to get water. And then, the encourage use of alternative sewer systems, instead of private septic.

Where are these located? We do not track septic systems. They are not part of our system. We can identify where water is provided and there is no sewer. What you'll see here is water accounts without sewer. We're assuming that most of these are septic. We did eliminate irrigation accounts, we know are known irrigation accounts. This is not an exact count. We estimate it to be around 6 to 7,000 septic systems within the City. If you go further south, we kind of chopped it up, as you go further south you can see where the pockets occur and in southern Scottsdale, you can see more spots. And I can say that the far southern portion on the far west side is the Sherwood Heights subdivision and we have had several comments made on the Sherwood Heights subdivision and their desire to have sewer, not septic. Thank you.

So, what is a septic system? It is really a septic tank in a leech field. A septic tank is a tank where the waste goes into and it has biological treatment occurring in that tank. I'm sorry, I get a little wonky on you. It's got both aerobic and anaerobic digestion going on that degrades the wastewater in that tank and then it's sent out to a leech field which is basically a filter, a natural filtering system to filter it out a before it gets to the aquifer. That's the basic process. We do a wastewater treatment process, biological reactor but we monitor the air, or the lack of air and we put an aerobic and anaerobic, aerobic and oxydigestion so we can take out the nitrates. Septic systems don't take out nitrates well. And further discussion on that, I'm going to hand the microphone over now to Suzanne Grendahl to talk about the quality impacts of septic systems.

[Time: 00:59:02]

Water Quality Director Suzanne Grendahl: I'm going to start with the same diagram and point out a couple things in addition to what Brian pointed out. As you can see here, there are generally wells located in the proximity to septic systems. They may be private wells, they may be municipal wells. We have many wells, as you can imagine, many wells within the City of Scottsdale and then, to note, the groundwater aquifer that is underneath where the septic systems may be. These are the same maps that Brian already showed. What I added to these is the overlay of our municipal wells.

These are the active wells that we have to be able to pump. You'll see the legend there indicates the level of nitrate that is currently found in these wells and that's milligrams per liter. As we go through the maps from north to south, you can see the concentration nitrate ranges from non-detect all the way up to over ten parts per million. Ten is significant because that's the maximum contaminant level allowed for nitrate in drinking water. We have many municipal wells located in the middle part of the City. And then we go to south Scottsdale, and we also have many wells there. You may have noticed as we move south, the concentration of nitrate does increase. Though there are not visually any septic systems on

this map in south Scottsdale, this is the oldest part of the city, it originally had septic systems down there as well as agriculture. Both of those things likely tie to the nitrate concentrations that we have in those wells. I do want to point out, we have one well that is over the MCL for nitrate in south Scottsdale, we had to take that out of service. We have another well down there that is over 80% of the MCL which is usually the cutoff that we use to decide whether we continue using that well. And we have other wells that are approaching that.

Brian Biesemeyer: If I may interrupt. Dave, when he gave the briefing on the capital program on the TGTF, he didn't mention that the reason for the TGTF is other contaminants other than what's in the Superfund site so we treat other underground contaminants, nitrate being one of them that the TGTF is designed to treat for. And we can actually pull some of those wells that have been contaminated and still use those assets. I wanted to mention that it is something we are spending money to treat for nitrates in South Scottsdale.

[Time: 01:01:33]

Mayor Lane: Just a question and we have other pollutants in our aquifer, and we try to control the plume by charging and pumping out one way or another depending on where we want to focus it or cleanse it or otherwise. Are the nitrates without some kind of process to eliminate them, do they continue to be in the aquifer? You mentioned this a long time presumably and I imagine there was. There's not been any diminishment of the level of nitrates.

Suzanne Grendahl: There may have been some diminishment but what we are seeing is an increase in nitrates in those wells over time. The soil can remove some, but we are not seeing that effect yet. It is hard to know what has been removed and the highest concentration might be. I'm going to discuss the concentrations that can be seen in the outfall from septic tanks and you'll see that there is a reduction from that concentration to what we're seeing, so there may be a reduction but not what we need it to be.

Mayor Lane: Once it is in the water, in the aquifer and no longer subject to whatever filtration that has taken place with the ground, it is still there, unless we do a treatment of water.

Suzanne Grendahl: Correct. I have some quotes here from three recognized entities in discussing the reality that septic tanks can have a potential contamination to ground water. I'm not going to read the quotes to you but wanted to share them with you. The things that are most known septic tanks can cause as far as contamination are microbial, that can be bacteria, viruses or parasites, but as we've already discussed, nitrate is probably the most commonly found in a deep aquifer like we have. It is known as I mentioned 50 parts per million can be what is discharged from the septic system. And the maximum contaminant level is ten parts per million. You can see that that's quite a bit higher than that, which may lead to why we have some issues. So besides those being the regulated compounds or contaminants that we deal with.

The other issue with these is they are all acute contaminants and I mean by that is that an acute contaminant is something that can lead to illness within hours. The other category of contaminants that we deal with are chronic, and that's something where someone might drink the water over the course of their lifetime and may have a risk of getting cancer. But these are all acute contaminants. Some

other things that can pass through septic systems as well, are pharmaceuticals and personal care products and other emerging contaminants and the significance here is that these are not known yet what the health effects are.

As you are fully aware of what we do at the water campus, we have a lot of treatment that we do up there that deals with all of this, the regulated and the unregulated and we have tackled these issue of these unregulated compounds at the water campus and all of the wastewater we generate, we treat for before, we do recharge that into the aquifer. So one other issue the EPA has called out a little bit is the issue of is the density of septic systems. Meaning how the proximity of how they are to each other. They talk about how septic systems should be limited in populated areas. The way they delineate that is they recommend there should be no more than 40 septic system within 1 square mile, which breaks down to about one in 16 acres. And I've chosen here just one section of town. Between Shea and Cactus, 64<sup>th</sup> Street to Scottsdale Road. You'll see here we have a couple of municipal wells located there, and in just that one square mile, there is ten times that recommended level of septic systems. So instead of being the one in 16, that's a 1 and 1.6 ratio.

And the last thing I'm going to bring up here is the issue of what some might call exempt wells, maybe private wells. They're not all wells that go all the way to the aquifer. They may be something that someone requested to drill as an exploratory, maybe a dry well. Basically these are just holes in the ground that someone put there for whatever purpose and the biggest thing to point out is they are all conduits between the ground surface and the aquifer. They can be of concern to draw in the contamination down quicker as opposed to percolating through the soils, it can go directly from the ground to the aquifer.

A couple of things to draw an analogy to that. You may be aware of the Superfund site in South Scottsdale. All that contamination that ended up in our aquifer started on the ground. The companies that caused that, put it in settling ponds outside thinking it would evaporate and it ended up going into the aquifer. Over the course, of time, it does take It takes time for that to occur. It can happen over decades. Another illustration of that movement from groundwater or the zone down to the aquifer is what we do at the Water Campus, we purposely push a lot of water down into the zone, we've done billions of gallons of water. All of that water has a signature to it, the chemical make-up of what it is, the contaminates it has in that, and it took over 10 years to see that show up about a half mile away in one of our production wells. What we are putting on the ground today or near the surface of the water and the ground it may take a long time to realize what that impact is. So, the message there is whatever septic systems we can have removed is better protection for our for our groundwater system.

[Time: 01:07:11]

Brian Biesemeyer: Moving on to program requirements, are currently in the code, major sections I cite here. I'm going to go over the first one in detail and the next two just briefly. This one is key and in connection to the public sewer. What this sets up is the fact if you have a property that you are developing or you are expanding or modifying by 50% or more and you want to develop a septic system in that property, you basically, the county will ask the question, is sewer available? And the definition of availability is per our code, 500-feet. The City and the water resources staff, when a development comes in like that, will say, it is available if it is within 500-feet. If it is available, that single family

homeowner will be responsible for extending the sewer to their property.

And that's what the first part of this code says. There is a distinction in the second part which is really an existing septic system. So, you have a home with an existing septic system. So, if you have a failure in your septic system, the only requirement there to connect to our sewer is if there is sewer running in front of your property. So, we wouldn't require you to extend 500-feet because you have an immediate health concern of getting the sewage out of your house. So, we wouldn't require that. So, there is kind of a dual part of this regulation saying that if you have a new home or modifying your existing home, sewer availability is within 500-feet. If something goes wrong with it, we are not going to require you to extend the sewer line in front of your home, but if the sewer line runs in front of your home, we are going to require you to connect to it. So, it doesn't extend the burden on the homeowner in an emergency situation, to extend the sewer line. And this is a single-family home and developer will receive the reimbursement of the extension if it comes been 500-feet of their residence.

And the, I will go back. Online pay back agreements. This is not unique. Almost all municipalities in the county have these pay back agreements as a means of extending water and sewer lines. Unique to Scottsdale is our Extension Participation Program. This program is going to the line pay back agreement and when someone wants to have a sewer line extended to their home, they would front the cost and pay for that extension. And then, as other homes connected, the City would collect the proportional part of that sewer line and then, refund it to the developer over time. Over a 20-year time.

You could spend \$100,000 to extend and sewer to your residence and it could be five or 10 years before you saw any reimbursement come back to you when they connected to that sewer line. In this program, that homeowner would pay for the extension and the City would pay them back once that sewer line is completed and inspected, pay them back for all of the portions that crossed in front of people's residences, with the exception of what is in front of their property. So, what the cost in front of their property, the cost, they would absorb. But the city would pay them back for the rest of that cost.

Mayor Lane: Yes, Councilwoman Milhaven.

[Time: 01:11:32]

Councilwoman Milhaven: I just want to go over that one more time. We have a street and I live at the end of the street, I have a lot at the end of the street and I'm going to build a house. And the sewer comes to the other end of the street. And there are three vacant lots between the end of the sewer and my lot at the end of the street. Because it is a new construction, I have to bring the sewer from one end of the street to the other end of the street where I am and cross the three empty lots in front of me.

Brian Biesemeyer: Correct.

Councilwoman Milhaven: So, I'm paying for everything but then I can create an agreement that says when those lots are developed, those folks have to pay for their share of the line.

Brian Biesemeyer: Yes, that's what other municipalities do.

Councilwoman Milhaven: So I have to put it out up front but I get paid back when the other lots get developed.

Brian Biesemeyer: Over time.

Councilwoman Milhaven: And the second part is that once I do that, I can go to the City and say I'm going to assign these future payments to you, and City, you can collect that money from the future development if you pay me now.

Brian Biesemeyer: Correct. That's the gist.

Councilwoman Milhaven: So, at the end of the day, all of the property owners who build on those lots pay for the sewer, it's just a matter of who pays in what order and gets reimbursed for it

Brian Biesemeyer: Councilwoman Milhaven, you are correct. The nice thing about the Extension Participation Program, it reimburses that single-family homeowner within 60 days, typically . So if you put out \$100,000, and only \$20,000 is the portion in front of your home, you would be reimbursed by the City for \$80,000 within 60 days of that line being accepted by the City.

Mayor Lane: Councilmember Phillips?

[Time: 01:13:29]

Councilman Phillips: Is there some kind of program for somebody that doesn't have \$80,000 in their pocket to sit and wait for 30 days or whatever? In the meantime, they don't have any sewer.

Brian Biesemeyer: If they have an existing home and their septic system is out, they won't have to extend it at all. That's the second portion of that first 49-117 that I read to you. They wouldn't have to do that, unless they are developing a new home or modifying their existing home over 50%.

Councilman Phillips: I thought I saw also that, let's say if your septic backs up, if the inspector comes out and says this isn't fixable, you can't use this anymore, and you have to connect to the city.

Brian Biesemeyer: Only if the sewer line is in front of your house. So you wouldn't have to extend, it you just have to connect to the sewer in front of your house.

Councilman Phillips: This is very important for people to know and I happen to be one of them.

Brian Biesemeyer: Councilman I agree with you.

Mayor Lane: When you talk about other two options as far as what we're considering here, and that is a pay back when people tie in versus a pay back once we have fronted the money, someone has fronted the money and then the City takes it over and they collect from the individuals.

Brian Biesemeyer: Mayor, to be clear, the pay back requirement is only when you connect to the sewer.

Mayor Lane: So, if I'm at the end of the street and using Councilwoman Milhaven's illustration and the line was to be built to me and there are four houses along that line on either side of the street, I wouldn't pay for necessarily that portion, well, I'd be paying for the whole thing. I would be paying for the whole thing on the front end. My question is if I have to wait as that homeowner for them to connect themselves if they don't have any other requirement to connect. Do I have to wait for that or does the City take that over and collect it from....

Brian Biesemeyer: Mayor Lane, if they ask to be in the Extension Participation Program, the City would take that over and get that requirement. Basically, the City would take over that payment requirement and pay the developing homeowner that portion. I think I answered your question?

Mayor Lane: I think so. Actually, they would be paying for the entire length of it. I'm sorry, they would be paying for something they have contracted for to be built and funded individually and once it was accepted by the City, they would get paid back.

Brian Biesemeyer: If they are the developer. The homeowner/developer that is extending that sewer line and requested to be in the Payback Participation Program. And if it is past 20 years, the City doesn't collect. If it is past a 20-year time frame, the City would not collect.

Mayor Lane: That is not the way that we have it right now, is it?

Brian Biesemeyer: Yes, sir. It is.

Mayor Lane: Very good. That answers my second question. Councilwoman Korte.

[Time: 01:16:53]

Councilmember Korte: Thank you, Mayor. I applaud the Extension Participation Program. However, if we want to mitigate the water quality issue, these programs don't do it. I, like Councilman Phillips have a septic system and I'm half a mile up from Councilmember Phillips and to bring the sewer up to the street I live on, the cost is not going to be acceptable to the homeowners.

If we want to mitigate the nitrate issue and whatever else and the many issues that are associated with septic tanks and water quality, I'm wondering if we don't just need to re-think ways, ways to bring sewer into some of these neighborhoods that are not being redeveloped or you know, or not being developed or torn down? When an individual is going to redevelop their lot or their home, you know, when they find out if they redevelop 50% or more of that home, they are going to think twice about spending so much for sewer versus lessen it to 49% if you get my drift.

Brian Biesemeyer: Councilwoman Korte, I do. And that's part of the reason that we are here to talk to because it was brought to the Council in July and is there a way to cap that cost to the individual homeowners. That's a segway into Scott Mars. He's going to talk about that cost that we've seen to homeowners, and then the cost of septic systems, and then certainly for your discussion.

Mayor Lane: For the people in the audience that maybe watching at home or here with us, I want to make sure it is clear. The nitrate issue that you have illustrated is real, but we do not go well to immediately potable water. All well water in the City of Scottsdale is still treated.

Brian Biesemeyer: All well water is sampled for water quality. If it meets water quality standards, we can direct deliver it after disinfection, but if there is a contaminant in it, it is treated.

Mayor Lane: There is a routing for contaminated water versus clearly potable water from the ground.

Brian Biesemeyer: Mayor Lane, correct. That's what Suzanne mentioned. We turn off wells when they get close to any of the maximum contaminant levels that were mentioned. We will turn a well off and not use it at all. But we have, like the Thomas Road Groundwater Treatment Facility, the reason for constructing that is some of contaminants that we are seeing in the groundwater today, so we can treat that and use that groundwater.

Mayor Lane: Depending on what we decide here and frankly, how the public may react to it, positive or negative, the idea that we have well water, ultimately we are not going to have the luxury of shutting down wells that happen to be contaminated to the level of we are not going to use them. And this goes to cost of one versus the other when we talk about what we might do here to eliminate the problem that may be presented by septic tanks versus treating that water that comes into the system. Eventually, there is going to be a movement away from septic tanks. You can see it happening.

Even that dreaded area that you outlined, that square mile, there is at least three of us right in the middle of it. I would say, you know, but you can see even in the transformation in our neighborhoods that the movement moves away from that in any case. That's the desired way to go as it is right now. Even at some cost. The idea that we would just leave the nitrates in what I will say polluted wells seems to be something that we may consider what is the cost of treating that since we are at least, in the long haul of eliminating that since it doesn't naturally go away. So if we don't pump it eventually, is it TCP?

Brian Biesemeyer: TCE.

[Time: 01:21:52]

Mayor Lane: Yeah, the scrubbing that we have done for years with that and we have had a desired effect, but it is amazing how long it has taken. All of the efforts to control the plumes to make sure it doesn't spread the contamination and to pump out and cleanse it, and then in most cases pump it back into the ground. If the nitrates have some equal level of threat rather than shutting down wells and letting it migrate into other parts of the aquifer, I don't know if that maybe a longer range item that we should be considering, as well. That's a matter of some analysis that may take place. We are not here to talk about that. I apologize for being a little off that realm, but I did want the public to know that certainly we're not pumping out of those wells at whatever level of contamination it might have of nitrates without treating it if it needs treatment.

Brian Biesemeyer: That's correct. With that, we are going to go with cost comparisons and Scott Mars has that.

[Time: 01:23:07]

Water Resources Planning and Engineering Director Scott Mars: First, the cost of septic systems. We obtained some data from a couple of private installers and the range is \$13,000 to \$21,000 for an entirely new system dependent on the size of the home. Major system modifications are regulated by the county. Major system modifications include new leech field, piping, tanks. Those trigger the County to ask the City if there is sewer available. In the case that Brian talked about, if there is a sewer existing in front or adjacent to that home, they are required to connect and that's the message that we would give back to the county. Sewer system failures are highly dependent on how the system was maintained by the homeowner. It can extend the life 20, 30, 40, 50 years, but if it hasn't been maintained it will fail much sooner.

Brian Biesemeyer: Septic I think.

Scott Mars: Excuse me, septic systems. Here's some costs of sewer line extensions that we've seen over the last five fiscal years. You can see the number of affected lots has gone up, particularly in 17-18 and 18-19. The number of exempt lots has gone up the last couple of fiscal years as well. And the total length of extensions and average cost per lot are shown there. \$29,000 was the average cost per lot last fiscal year for line extensions. It is partially due to construction cost that has been going up for all kinds of construction, but also due to the total length of extension that have been installed in the last fiscal year.

Brian Biesemeyer: So, with that. Certainly, we brought this forward for discussion and some guidance. I think that you see from the water quality side there is certainly justification for some cost abatement if Council would desire to do so to get sewer lines to people, so we can avoid aquifer contamination. Again, we operate as an Enterprise Fund with those principles that I outlined at the beginning. So, it is Council's purview to do as you see fit. I just wanted to bring up, as we talked about it was, certainly for the betterment of the entire community, there is justification for extending the sewer lines at everybody's cost.

Mayor Lane: Yes. Councilmember Phillips.

[Time: 01:25:45]

Councilman Phillips: One thing I didn't see, maybe because it's the entire city, but where exactly is the aquifer. I'm sure, where all the septic tanks are, I'm sure some are right under the aquifer and some might be so far away, they would never contaminate.

Brian Biesemeyer: In almost all parts of the city, the aquifer is underneath, it depends how deep it is. As we go up to parts near the McDowell Mountains and under the mountain ranges, the aquifer is either very thin or right on bedrock, so there would be no aquifer. But then they'd have some difficulty with the septic tank as well, because they need some of that soil. In most of the other parts of the city, we are blessed in Scottsdale and most of the valley by having a huge aquifer unit that runs pretty much the length of the City. In the North, it tends to be more shallow as you get closer to the mountains. And in

the North, there is a separation, there's a Carefree, Cave Creek sub-aquifer up north, it's all part of the Salt River Basin, and there is a separate distinction up North, but in general, it is pretty much under everyone's home. It is just how much deeper it is under certain areas.

Councilman Phillips: And another thing, going to Councilwoman Korte's comments and especially, in my neighborhood, there is no sewer line. Who is closest? Me because the sewer runs down Scottsdale Road. Unless the City pays and runs a sewer line down Cholla that branches off the side streets, it is never going to happen. I don't see how you are going to fix the problem if that's what you are really worried about and if the City does that, are they going to assess a neighborhood, and everybody has to pay this portion because it is affecting the aquifer and therefore we have to run the sewer line. Otherwise, I don't see that it is ever going to happen.

Brian Biesemeyer: There is a mechanism in code that the City could extend the sewer line into a neighborhood at our cost, but still require a pay back as you connect to that sewer line. There is a provision that Scottsdale water could extend those sewer lines into neighborhoods, but then it would operate under the same mechanisms I just explained, where individuals would have to pay us back when they connect.

Councilman Phillips: But you have that choice. See, right now, I don't have that choice. A lot of people are scared because they don't want to be the one to start the ball rolling. If the city ran the line down there, and all I have to do is pay for me to connect to it, I'd probably do it. But I don't want to pay for the entire thing or pay to get that line down there for me to connect to it. I don't know if it's a city policy that you could possibly go to neighborhoods and say, you know, how many would connect if we did run a line down the street, something like that.

Brian Biesemeyer: I think that's exactly what we are looking for with guidance from Council. Right now, we don't typically go into neighborhoods and take the aggressive route and say we are going to come in and put this sewer line in your neighborhood. We don't do that. Should Council desire us to set-up a program to do that, we could do that.

Councilman Phillips: I think that a program would be good. My neighborhood is a pretty large neighborhood. and if you had a neighborhood meeting and found that most people said yes, I would connect to a sewer line available, now or in the future, then it warrants us to go ahead and do it. You don't know that unless you do that. I think that a program like that would be very beneficial.

Brian Biesemeyer: Yes, sir.

Mayor Lane: Yes, Councilwoman Whitehead.

[Time: 01:29:31]

Councilwoman Whitehead: Yeah, I agree. I imagine that the new builds and even the 50% plus constructions are a minimal problem compared to the fact that we have existing homes that probably aren't going redo them 50% renovations. I agree with Councilmember Phillips that we need a program. I just wonder, the price that you showed up on the screen was \$29K per house and that was for the line

connections. So if you did something, if the City ran lines down a street and the citizens had to pay to connect to that line, how much would be, if they are 1- or 2-acre properties, do we have an idea how much it would cost to each homeowner?

Brian Biesemeyer: Right now, it would be, according to the cost of that line. So it would be proportionate to the cost of the line. Normally, it is whatever frontage your property is. If you have 200-foot frontage, you'd pay for half of the pipe because there's another side to the property. Two hundred feet, the value of half of that, which is in that cost per foot and I don't think that we have it up there. It would be in the \$29,000 and that's what it's saying, the average cost per lot. The original question that was brought to us in this discussion, is there an appropriate cap for that cost? I would argue it should be somewhere in the realm of what a septic system replacement cost could be, which would be somewhere in the \$13,000 to \$21,000 realm. If you asked me off the bat I would say that it would be somewhere around \$15,000 because that's a reasonable cost if someone replaces a septic system. If you have that, then with that cap, we could run sewer lines and tell customers, your cost is going to be \$15,000 to connect to our system. You also pay an impact fee and there is another \$2,600 on top of that. It wouldn't be all of that, but it would be a limit. It would put you in the same ballpark that a septic system would cost you.

Mayor Lane: You are also talking to what would be due to the City. The sewer line that's in the street, your portion of that, as well as the impact fee. Now, everybody has got to, in any case where you are retiring a septic system, you have to retire it. There is a cost associated with that either digging it up or filling it and/or collapsing it or where you need to run the line across your property. I don't have a handle on what that might cost, but it is probably easily another five to ten thousand dollars. Easily.

Brian Biesemeyer: Mayor, the closing of a septic tank is not going to be in that price range but there are complications that could cause it because septic systems can sometimes be in a back yard, they could be many things that cause that cost. There could be a connection cost.

Mayor Lane: Or running your own sewer line to the street whatever distance that might be or obstacles that might incur. Maybe it is not that much, but I'm encouraged. Yes, Councilwoman Milhaven.

[Time: 01:33:05]

Councilwoman Milhaven: For my two cents, conceptually it sounds like from all of the comments, we all agree this would be a really good idea. I do, too. Practically speaking, I think that it depends how big the price tag is, so we go from conceptual to practical. And that would mean that there would be a subsidy, or the cost would be subsidized and since this is part of the water department, I assume that the other ratepayers would subsidize this discount to the existing neighborhoods.

Brian Biesemeyer: You are correct. It would be a subsidy.

Councilwoman Milhaven: So, it depends on how big is that subsidy for the average ratepayer. The other, I think that, we need to look at how big is the lot or the frontage. I don't know if one price fits all seems appropriate. Someone who's got a million dollar house probably has greater capacity to pay their share than someone who's in a \$200,000 house. So as we think about this in a cap, a cap may make

some sense as incentive to connect, we might want to see is there some kind of sliding scale that considers the size of the lot and/or the cost of the home. I'm sure there are other things I can think of as I spend some more time, but it's sort of my initial reaction.

Mayor Lane: Just to add to that, I would just say, we're also talking about, that cost, if it's, obviously the Water Department is Enterprise funds, so we are talking about going across the ratepayer's base, charges. So calculating, what theoretically, a normal program, but maybe with some additional encouragement, how much it might increase the level of activity as to how much that would likely impact fees.

Councilwoman Milhaven: I forgot to mention, I'm on sewer.

Mayor Lane: So, your suggestion, I think that's only fair. The rest of us, you can add me to that list. So... I think it is fair certainly as we are talking about, the disclosure of some kind of estimate of what it might be. But the idea is that it does affect the sustainability of the entire system for everybody. Hence the recovery of the water that has been talked about. So it is the system that benefits really from, it wouldn't be fair really to put it on people who are not on our system.

Mayor Lane: Councilwoman Littlefield.

[Time: 01:36:01]

Vice Mayor Littlefield: Thank you. As you probably remember, we had several incidents of people who had outrageously large bills for connecting to the sewer which the city demanded that they do. I found that to be very upsetting because they were in danger of losing their homes and they'd been there for 40, 50 years. So I am in favor of a cap and I like your idea of what would it cost to replace a broken septic tank with a new septic tank because then you're getting onto the sewer line for the same cost, and that makes sense to me because it's an incentive to increase the number of people who drop the septic to go to the sewer line without having that cost them their home. I like that. I don't know about the impact fee, but I do like that, maybe that's something that could be phased in over months on their water bill and sewer bill, part of it, until it is paid off and drop it off. I think that is probably a pretty good way to look at it. \$15,000 was the number that I had in my head, so it kind of works out. It also incentivizes the City to build the sewer lines if they know people are going to connect to those sewer lines and be used. It is a double-edged benefit if you will because it does no good to build a sewer line if no one wants to connect to it because it's too expensive. I think that really makes a lot of sense.

What the exact number is, I leave to you guys to come back to us with some good information. I also agree with Linda to some extent about the rest of us pay for that, however, we also get the benefit of less nitrates in our water. In the long-term, perhaps we do get some benefit, as well as the people who have the sewer connection because it improves the quality of the water over time and that's important in the desert. I do kind of like the idea of a cap, if you will. If it causes our fees to go up in order to build out the lines, I think that is something that most citizens would be willing to pay in order to make sure that our water quality stays high. It depends on how much. You are exactly right.

[Time: 01:38:34]

Mayor Lane: And the analysis of how it might be paid. I want to reiterate my concern before it goes much further than this. The potable water that we receive is within the appropriate limits of nitrates no matter where it comes from. Every drop that comes out of our tap. We may be improving our aquifer in the long run, but our water is going to remain the same. There's nothing to take away from what Councilwoman Littlefield talked about, I don't want people walking away thinking this is the only way that we can get rid of the nitrates. Councilwoman Korte.

Councilmember Korte: Just say that we are looking at a cap of \$15,000 and then, looking at a connection fee per home, which I assume is going to run anywhere from \$3000 to \$5,000 plus the impact fee and now, we are approaching over \$23 thousand and that's isn't really very far from the average cost per lot and no one is taking that opportunity to hook to sewer given that cost. What are we accomplishing with that? I don't think that we are accomplishing anything with that type of cost frame and perhaps we need to find out what, or how much individuals are willing to pay for a sewer connection before we even figure out what that project with that program would be, number one. And then number two, is there some type of, not pay as you go, that was funny, but some type of pay over time type, because quite honestly, a lot of people don't have that kind of cash.

Mayor Lane: If I might just add to that. The \$29,000 that we're talking about currently. Does that include the impact fees and the cost on the property?

Brian Biesemeyer: That does not, Mayor. There are other costs on top of that.

Mayor Lane: If it was a \$15,000, that figure goes down to \$15,000.

Brian Biesemeyer: Correct. There are other costs when these homeowners have connected. To connect as well as they have to pay the impact fee.

Mayor Lane: Understood. Just so, we just know that that is just the one fee. Right now that we're talking about. Now, to Councilwoman Korte's argument or concern about the fact that you have to add those additional fees to it, comes up to a greater number than, it doesn't come up to a greater number, necessarily but comes up close to this and a matter of capacity of the consumer to pay it. Yes, Councilwoman Klapp.

[Time: 01:41:26]

Councilwoman Klapp: In order to make this easier to handle financially, is there any kind of district that could be set up in the neighborhood to extend the sewer line, so that people could pay in like we do through, you know when you are doing undergrounding of power lines. We could set up a community facilities district. Is there something like that that could be set up in a neighborhood? Take that large area that Guy says he lives in, there are lots and lots of homes in that area. Could there be something, a mechanism established that could make it easier for people to pay into in order to spread it out over time rather than asking people to pay \$10,000-20,00 right on the front end. Most people wouldn't have it, so is there a method of doing this? Have you seen it done in other cities where you can actually extend sewer lines and set up a district that can be paid in kind of like a tax?

Brian Biesemeyer: Councilwoman Klapp, there are methods to set up facilities districts to do that. I am not the expert on that. There are methods but I defer to our treasurer and his staff on potential methods to do that.

Councilwoman Klapp: In that instance it would be borne by the people that are in the district, not by the taxpayers in general. I'm assuming, correct? So I would like to explore that idea before we go to the process of saying we are going to extend this in neighborhoods and end up, others are paying for sewer extensions into areas where it's needed. Not that I don't believe that we need to find some way to do this, but if there's another way of financing this so that it's not necessarily a subsidy from the rest of the taxpayers, I think we should at least explore that idea.

[Time: 01:43:20]

Mayor Lane: On follow on that, what we did with the undergrounding of the lines up there on Bell Road and that, sort of a facility district, but it was obviously a different topic. One of the primary things that was beneficial to the residents and the businesses in that area was the fact that we had structured it around an outside funding from, in that case APS. And we had found a way to, and I think found an economical way to finance it and spread it over time. And we are talking about two things here, whether we did the cap and maybe if there is some way to extend the payments on it. This might be able to be a methodology that could actually facilitate both as a tax assessment. But it's always going to be a matter of whether the community is willing to go the route, but it could be an option.

[Time: 01:44:14]

City Treasurer Jeff Nichols: Yes Mr. Mayor, we could do a community facility district. With the undergrounding district, they were the utility. In this case we are the utility. So I don't think the financing would be an issue, we could probably get cheaper financing than obviously APS's cost of capital. As you discussed, one of the issues would be 50 plus one percent, over 50 percent of the people would have to agree up front and maybe getting people that have active, I'm trying to think of the, septic systems. If they're septic systems are working I don't know if you could get 50 plus percent of the people to vote to form a utility district and then take on an added expense of retiring their current septic system that's functioning as it should. So that would be a challenge, but it could be done. We could a community facility district. Since we're the utility, the cost of capital would be our cost of capital, which would be much cheaper than we did for the undergrounding.

Mayor Lane: We could also structure this so that if you said hey, for a period of time, we're going to have a cap on it. If you really wanted to encourage maybe some people to move forward to it, sort of a sale on sewer... but in any case,

Brian Biesemeyer: We've not been successful at that in the past.

[Time: 01:45:47]

Mayor Lane: But there may be ways, I think this would be a mechanism to be able to incorporate a time

payment of things as you indicated, but also a way to lessen the cost than some of the other kinds of facility districts that we've put into place other than the one we did special arrangements for there. I would be, personally I would be happy to have some kind of cap instituted, but it would be something we'd have to look at but maybe recoverable costs we might have on it and how it would spread over and how much we would be putting on the rate-based payers over a period of time. If we encouraged it, there might be some more front end on it, but as far as what we might allow as far as the cap is concerned. But I think that's worthy of serious consideration. Councilwoman Whitehead.

Councilwoman Whitehead: I think we're all heading in the same direction. I think we really want to incentivize this to happen. I'm just wondering do we have any kind of cost ideas of not doing it, every time we shut down a well. I mean there are real costs to not converting these and that is borne by the current rate payers. And then the other question is isn't it true that once you take away the septic their bills, their Scottsdale water bills are going to go up, is that correct? So it's sort of the opposite of.....

Brian Biesemeyer: They'll get a sewer bill, the water bill shouldn't go up.

Councilwoman Whitehead: That's what I mean, their overall bill.

Brian Biesemeyer: Their overall utility bill will go up, now they'll be connected and paying their sewer fees.

Councilwoman Whitehead: Rights, so that's also a benefit to the existing, to every other ratepayer, also there's more money flowing in to operate Scottsdale water.

Brian Biesemeyer: We do have another account. Those are not generally, that does not pay for the extension of the line, that pays for maintenance.

Councilwoman Whitehead: I just think we have more ratepayers that are paying in. So it's sort of the opposite of solar. You get solar because you don't want to pay APS. But here, you get your sewer line and then you do pay extra, I mean, I'm just pointing out. I'm just saying that's some justification possibly for saying this should be borne somewhat by the individuals with the septic but also the city residents as a whole. And then a couple other questions, I was thinking of a surcharge, I like the ideas of the districts, but that might be hard. I mean I'm wondering if we want to find ways to incentivize like the mayor was saying, a sale on sewer, you know really incentivize this. I don't know, there's two ideas I had. The district's a great idea if we can get 51% votes but surcharges on the bills, I mean it could be pretty steep, but surcharges to push out someone having to write that \$20,000 check. And also liens, I mean again the solar companies will put a lien on your house as part of your mortgage in a sense, to have the solar panels, I don't know if that's an option, because then people don't have to pay \$20,000 to get solar panels, they just pay it back over time, and if they move it stays with the house. Those are some of the ideas. Because I do worry that some people won't be able to front the money up front.

[Time: 01:49:24]

Brian Biesemeyer: The struggle that we have with the payment over time is that people move out and whoever gets that? The difficulty that we have is the way that our rates are set up. I'm not saying we

can't but the struggle that we have is if somebody does this connection and we bill them over a 5-year period of time and if they move out in a year, we are stuck holding the bag.

Mayor Lane: The obligation goes with them.

Brian Biesemeyer: And they're gone.

Mayor Lane: And it should be with the land.

Brian Biesemeyer: It should be with the land, so right now, according to how we collect now, the way that we collect. That's the struggle that we have had of trying to envision a way with letting people pay over time. The community facility district would solve some of that. I think there is room in here for kind of a blending of several methods to allow folks to approach the problem in several ways. If you have a bunch of homeowners in say, a development, that would like to do this then you could offer, the facility district as a method to offset their cost to do this is one method. But then you might have an areas where it's just a small grouping of 10 or 20 homes and maybe a facility district doesn't make a lot of sense and then, you do a traditional line extension with the cap to allow them to connect at a more reasonable cost, under the justification of we all benefit because we are protecting the aquifer. I would say, just a reminder to Council, we run as two separate Enterprise funds, the water and the wastewater Enterprise fund. This would probably be a reimbursement of the sewer fund by the water fund for that extra cost. What you're doing is you are protecting the water fund by this mechanism. To clarify, the way that you are approaching it would be, there would be some reimbursement of the sewer fund by the water fund for that water protection.

Mayor Lane: Councilwoman Milhaven.

[Time: 01:51:34]

Councilwoman Milhaven: Yes, listening to my colleagues and how receptive people might be to participate at all and as I'm listening to folks, it becomes a greater and greater concern, just as Councilwoman Whitehead said and our City Treasurer. So, I'm going to retire a working system to spend tens of thousands of dollars to incur a new wastewater bill. And what I know is because I renovated a house in South Scottsdale in the last year and reconnected to the sewer. I know that is not cheap and the backyard was already dug up. I have a friend in the same neighborhood and his sewer line failed and he replaced the sewer line. So, not only the cost to replace the sewer line and the connection to the house, which is significant. Thank you to the City, I had to do a new meter in the street, water connection to the house, a new shut off at the house, and a new connection to the sewer, which all cost me about \$10,000. I don't know what portion of that goes to what, but it was a lot more than a couple thousand dollars. But then my friend, because it connected, he had to replace his patio and landscaping.

It was a whole lot more than simply the cost of connecting to the sewer, it was the uprooting landscaping and the hardscaping in his backyard, which can also be significant. These are small homes on small lots. We could be looking at as much as another 10 or \$15,000 or more for folks to connect. That makes me think there may be a lot of reluctance, we could put a lot of money to put sewer lines

down the middle of streets, and if the sewer can last 10 or 20 years it could be 30 years before we get paid back. I think looking at some blended, different scenarios, I think that looking at an improvement district would be interesting, but it increases the cost to the individual homeowners, though I think it's got has value, say let folks pay for themselves. I think that we should come up with scenarios and what-ifs and maybe survey some of the folks on septic to see what appetite would they have and what is attractive to them. Because we could spend an awful lot of money of putting the sewer lines down the middle of a street and never get paid back for it. Thank you to my colleagues who talk about trying to gauge the interest of folks in this situation.

Mayor Lane: Councilwoman Whitehead then.

[Time: 01:54:09]

Councilwoman Whitehead: I would be interested to know what the cost would be for all of the ratepayers to do X number of systems. At the end of the day, we may have to do subsidizing, but it might not impact all of the ratepayers very much because there are many people out there don't have septic.

Mayor Lane: If I might follow on what Councilwoman Whitehead said earlier, when we discussed this over 10 years ago, there was a lot of emphasis on what the value was to the hook up of a new account, the revenue stream. I don't know what the capacity or unused capacity might have right now in the plant side of things. Nevertheless, if there is unused capacity, this would put it into use and create another revenue stream for essentially, the rest of time. That's got to be a factor in trying to encourage it. And much less, which is becoming more and more valuable as your department just tested not too very long ago, and that's reclaimed water to potable water. The value of this water to us. If we had to make some justification within the Enterprise fund, as far as doing something along this line, we probably ought to figure into the entire scenario and how it can pencil out, more or less, with at least, some mitigation to whatever relief is put in place.

There is real value in possibly surveying. We have surveyed the three of us here this evening, but nevertheless, the public who is on septic right now. The conditions are different in every neighborhood. In some neighborhoods, the sewer line is out there somewhere, not that far away, and it is something that is accessible. Whether or not there are people that are now buying into the older properties and if it is available, they are going to do it. That seems to be the trend because they see real value in it, and it is fine as far as our system is concerned, they feel that way. Unless there are any other comments, I think that we have given you something to go with as far as it's concerned.

[Time: 01:56:40]

Brian Biesemeyer: Mayor Lane, just to summarize what I think I've heard is, we will come back with you with an approach that gives I think some very variable options for Council to consider for us, as well as the cost. Because obviously we're going to put this in the budget. If we did a proactive sewer extension program and say put a couple million dollars in our budget for that, we can then come back and tell you what that rate impact would be and how it would affect everybody overall. Gina Kirklin, our Enterprise director, Gina is in the background. Gina, what is, a million dollar increase What is the rate in the

wastewater fund? What would that relate in rates? That would be 3%. Spending \$1 million a year would be a 3% rate increase on the sewer side of the fund, it's different on the water fund. We'd have to look at that and what the, the water fund is a larger fund, so it would be different in the water fund.

Mayor Lane: I'm sure it probably has been considered and if in fact, the hook up does provide another revenue stream, another source of water, and ultimately reclaimed water, as far as that 3% increase. I'm not doubting that there's a logic and there's some givens and some assumptions in any kind of calculation like that.

Brian Biesemeyer: Yes, Mayor Lane, we would do the calculation on that because we'd look at the additional revenues that they would put in and program that back in the budget as revenues and do the total cost offset. So we'll come back with suggested programs to implement and cost of the programs to implement for Council's consideration.

Mayor Lane: I think that's good. Very good. Thank you all very much. I'm sorry, this is not the forum for Public Comment. I'm sorry. That actually completes and we have no other Mayor and Council items. That completes our work on this study session.

## **ADJOURNMENT**

[Time: 01:59:07]

Mayor Lane: I would ask for a motion to adjourn the work study and study session. All those in favor, please indicate by "aye." We are adjourned then.

## **SPECIAL MEETING**

### **SCOTTSDALE WATERFRONT COMMERCIAL COMMUNITY FACILITIES DISTRICT MEETING**

#### **1. CALL TO ORDER**

[Time: 01:59:26]

Mayor Lane: And I'm going to convene the Scottsdale Waterfront Commercial Community Facilities District and call it to order. We are going to assume we have the same folks here, all are present from the previous meeting. There's nothing in my notes Mr. Nichols, are you going to be attending to this or just witnessing thereof?

City Treasurer Jeff Nichols: We'll be witnessing, but if there are any questions on what we're trying to take care of, Ms. Kirklin actually will answer them. I'm just here in support.

#### **2. CALL FOR PUBLIC COMMENT - NONE**

#### **3. ADOPT RESOLUTION NO. 35**

[Time: 01:59:58]

Mayor Lane: We are asking for a motion for the adoption of Resolution No. 35. If it is appropriate, we are talking about that resolution. I don't have it here in front of me, but do you want to give me a quick explanation of what is being accomplished with this motion, or with this resolution?

Enterprise and Finance Director Gina Kirklin: Mayor Lane, members of Council, this resolution allows us to refund the Waterfront Community Facility District for a lower debt service overall.

Mayor Lane: For what now?

Gina Kirklin: For the Waterfront Community Facility District, we would be refunding their general obligation bonds and reissuing lower interest rate bonds in place.

Mayor Lane: I see, very good. Any questions from the rest of Council on that?

Councilmember Korte: So moved.

Councilwoman Milhaven: Second.

Mayor Lane: Motion is made and seconded for the adoption of Resolution 35 as has been stated. All those in favor, please indicate by "aye." Those opposed? Hearing none. The resolution has been approved.

#### **4. ADJOURNMENT**

[Time: 02:01:03]

Mayor Lane: I would ask for a motion to adjourn. Motion made and seconded. All those in favor, please indicate by "aye" and we are adjourned. Thank you very much.