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**CALL TO ORDER**

[Time: 00:00:03]

Mayor Ortega: I call the April 25<sup>th</sup>, 2023 City Council Regular Meeting and Work Study Session to order. City Clerk, Ben Lane, please conduct the roll call.

**ROLL CALL**

[Time: 00:00:16]

City Clerk Lane: Thank you, Mayor. Mayor David Ortega.

Mayor Ortega: Present.

City Clerk Lane: Vice Mayor Kathy Littlefield.

Vice Mayor Littlefield: Present.

City Clerk Lane: Councilmembers Tammy Caputi.

Councilwoman Caputi: Here.

City Clerk Lane: Tom Durham.

Councilmember Durham: Here.

City Clerk Lane: Barry Graham.

Councilmember Graham: Here.

City Clerk Lane: Betty Janik.

Councilwoman Janik: Here.

City Clerk Lane: Solange Whitehead.

Councilwoman Whitehead: Here.

City Clerk Lane: City Manager Jim Thompson.

City Manager Thompson: Here.

City Clerk Lane: City Attorney Sherry Scott.

City Attorney Scott: Here.

City Clerk Lane: City Treasurer Sonia Andrews.

City Treasurer Andrews: Here.

City Clerk Lane: Acting City Auditor Lai Cluff.

Acting City Auditor Cluff: Here.

City Clerk Lane: And the Clerk is present.

[Time: 00:00:40]

Mayor Ortega: Thank you. We have Sergeant Hainer and Firefighter Jordan Cumber, if anyone needs assistance. Also for your reference, if you are new to the Kiva, public restrooms are available to -- through that opening at the -- up at the mezzanine level. Next, we will go to the Pledge of Allegiance, and I will call on Councilmember Tom Durham.

Councilmember Durham: I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands: One nation under God, indivisible, with liberty and justice for all.

Mayor Ortega: Thank you. I do want to call our attention to the war in Ukraine. And remember, that their sacrifice and fight for freedom, democracy, is ongoing. So I will ask you to join me and pause in silence for the people of Ukraine.

[ Moment of silence ]

Thank you. So, we are celebrating earth week here in Scottsdale, and Earth Day was last Saturday. Our festivities will continue through Friday with Arbor Day. And we will have a morning tree planting and so forth at Chaparral Park. I believe it's Friday, about 8:00 in the morning. And there are other events to celebrate our planet and we can go to [Scottsdaleaz.gov](http://Scottsdaleaz.gov) and search earth week.

During tonight's meeting, the council may make a motion to recess into executive session to obtain legal advice on any applicable item on the agenda. If authorized by the council, the executive session will be held immediately and will not be open to the public. The public meeting will resume following the executive session.

[Time: 00:03:37]

Also, per our council rules and procedures, citizens attending City Council meetings should observe the same rules of order and decorum, applicable to members of the council and the city staff. Unauthorized remarks or demonstrations from the audience, such as applause, stamping of feet, whistles, boos, yells or other demonstrations shall not be permitted. Violation of these rules could result in removal from the meeting by security staff.

Next, we will move on to public comment. Public comment is agendaized, as an opportunity reserved for Scottsdale citizens, Scottsdale business owners and/or property owners to comment on non-agendaized items that are within the council's jurisdiction.

Advocacy for or against a candidate or ballot measure during a council meeting is not allowed pursuant to Arizona State law, and is therefore not deemed to be within the council's jurisdiction.

No official action can be taken on public comments, and speakers are limited to three minutes to address the council. So with that, I will open public comment, and we have one speaker request. Dan Ishac and please come forward and we have three minutes. Thank you, sir.

Dan Ishac: Dan Ishac, address on record. I would like to bring to broader attention the overwhelmingly positive news from the 2023 community survey. I don't recall much discussion at recent meetings other than the inaccurate references that Mr. Graham made at the last meeting, as well as his emails and tweets.

From any objective perspective, the results were exceptional. Scottsdale was much above, above, or similar to the NCS database which includes hundreds of communities. It was within a 4% confidence interval and the way the demographic profile closely resembled the city. That's actuarial speak for it's a good survey. Almost 20% of indicators were much higher or higher than the database, including, 15% in the 90<sup>th</sup> percentile.

Our strongest areas include all but one question about quality of life, the majority of economic questions, most inquiries about education, arts and culture, and parks and recreation opportunities.

The average response for the remaining 80% were close to the database median. Less than 15% were anywhere below the median of which only three out of 150 questions scored lower than the benchmark by a statistically significant margin.

These were not surprisingly, housing affordability, which given the pandemic, supply chain issues and inflation is not surprising; air quality which given our topography and climate is expected; and frequency of sharing opinions online, which one could speculate is because people are generally happy.

Is it any wonder that 8 million visitors come to Scottsdale either overnight or for a day visit every year? Or that our population continues to grow? Scottsdale is an enviable city despite what some nay sayers post on social media as for Mr. Graham's portrayal of the survey that there's low trust among the population, for our staff and elected officials, the data does not support it.

We, like most communities are skeptical of the government but we are not an outlier by any stretch of the imagination. In fact, we are favorably above average, and we are upwards in 7 of the 10 categories do. We have places to improve, mobility and transportation, which while favorable is showing a slight decline and residents want more thought and planning in our growth that we are still favorable to the median.

[Time: 00:07:42]

We have some decline and feeling of safety, though not significantly different than the median. We are still very safe for a city of our size. Involvement of persons electronically remains a relative weakness. So instead of working to sow seeds of dissension. Let's get to work.

Thanks once again to the Mayor, current Councilmembers who have helped to move our city forward, as well as prior administrations and let's thank our city staff and of course our first responders for the great work they have done to keep our residents happy and safe and to make Scottsdale an attractive place to live and visit. Thank you.

Mayor Ortega: Thank you. I see no other requests for public comment. Therefore, I will close public comment. Next, we will have a review of the minutes. I would like to request the approval

of the special meeting minutes of April 4<sup>th</sup>, 2023, executive session minutes of April 4<sup>th</sup>, 2023, regular meeting minutes of April 4<sup>th</sup>, 2023. Do I have a motion?

Councilmember Durham: So moved.

Councilwoman Janik: Second. Second.

Mayor Ortega: Thank you. Please record your vote. Thank you. Unanimous. Councilwoman Janik.

Next, we will move on to the consent agenda items, 1 through 5. Do Councilmembers have any questions on any of the consent agenda items? Or requests to move any of the consent agenda items to the regular agenda? Seeing none.

Next, I would open public comment, that's an opportunity for anyone to discuss or come forward to discuss any of the consent agenda items 1 through 5. Seeing none, therefore, I will close public comment. Finally, we will move -- do I have a motion to approve items 1 through 5.

Councilmember Durham: So moved.

Vice Mayor Littlefield: So moved.

Councilwoman Whitehead: Second.

Mayor Ortega: Thank you. We have a motion and a second. Please record your vote. Unanimous. Thank you so much. Next, we have our regular agenda items, 6 through 7.

**ITEM 06 – PUBLIC HEARING ON RATIFYING AND AFFIRMING SCOTTSDALE REVISED CODE  
CHAPTER 16 OCCUPATIONAL LICENSING REQUIREMENTS**

[Time: 00:10:22]

Mayor Ortega: The first one involving a public hearing ratifying and affirming Scottsdale revised code Chapter 16 occupational licensing requirements. Our presenter is Sarah VanGoethem. Please come forward. Thank you.

Sarah VanGoethem: Good evening, Mayor and City Council.

Mayor Ortega: Yes.

Sarah VanGoethem: My name is Sarah VanGoethem. I'm here to present for you today the public hearing on ratifying and affirming Scottsdale Revised Code Chapter 16's occupational licensing. I'm sorry. Oh, that's much better.

Occupational licensing is a license that is required in order -- oh, do I -- can we go to the next slide, please. Occupational licensing is a license that's needed in order to engage in an occupation.

ARS 9-842 was signed on May 16<sup>th</sup>, 2018, into law that requires the city of Scottsdale to demonstrate the occupational licensing requirements are necessary to protect the health, safety, or welfare of the public every five years after that date.

[Time: 00:12:09]

And so that's what we're doing today. If that is not completed, then the licensing requirement that is reviewed expires. Public notice was published in the "Arizona Republic" April 11<sup>th</sup> through the 20<sup>th</sup>. The action for tonight would be to adopt resolution 12807. And to affirm Chapter 16's occupational licensing. And then I'm available for any questions. Sorry, my voice.

Mayor Ortega: Sure. At this point, I will open for public comment on regular item number 6. I see no requests to speak. Therefore, I would close public comment.

Part of this is administrative and yet very necessary that the city itself has the oversight for these certified occupations. With that, I would move to adopt Resolution 12807, to ratify and affirm Scottsdale's Revised Code Chapter 16, occupational licensing requirements to protect the health, safety, and welfare of the public.

Councilmember Graham: Second.

Mayor Ortega: Thank you. We have a motion and a second. Any discussion? You made an excellent presentation! So we will now move to the vote. Thank you.

Sarah VanGoethem: Thank you so much.

Mayor Ortega: Please record your vote. Councilman Graham.

Councilmember Graham: Oh, pardon me, Mayor. I thought I had registered my vote.

Mayor Ortega: You are good now. Unanimous. Thank you very much.

**ITEM 07 – PROPOSED FISCAL YEAR (FY) 2023/24 OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN**

[Time: 00:14:02]

Mayor Ortega: Next, we will move on to regular agenda item number 7 proposed fiscal year 2023/24 operating budget and capital improvement plan. Our presenter is Sonia Andrews, city

treasurer and Alison Tymkiw is the city engineer covering the capital improvement projects. Please begin.

City Treasurer Andrews: Thank you, Mayor. I'm pleased to present the fiscal year 2023/24 proposed budget tonight. First of all, I want to recognize and thank our budget director Judy Doyle, our budget administrator Ana Lia Johnson and the whole budget staff who spent countless months and hours and a lot of hard work to put this budget together for you.

And also, all the department staff that put a lot of work into this budget as well, and, of course, the executive team and the city manager. So thank you very much. Next slide. Our proposed budget was available April 4<sup>th</sup>. It was available on the website for our citizens. Tonight, we are presenting the proposed budget.

[Time: 00:15:18]

We are not asking for a council vote tonight. We will ask the council to approve the tentative budget in May after public hearing, and the tentative budget sets the ceiling for the budget authority for us. Meaning that by state law, once the tentative budget is approved, no more increase can be made when the council approves the final budget in June. Next slide.

So fiscal year 23/24 proposed budget is \$2.5 billion. Or put another way \$2,540.6 million, made up of operating budgets in the orange boxes, the operating budget of 722.8 million in grants and special district budget of \$16.3 million and also our capital improvement budget of \$1.37 billion, and our contingencies and reserve budget of \$425.3 million.

It's a conservative budget, and we projected revenues conservatively and we are not proposing any debt issuance. And also, it's a balanced budget, meaning that expenditures do not exceed revenues or fund balance. Next slide.

Also, our proposed budget is within the constitutional expenditure limitation for fiscal year '23/24. Our expenditure limitation for Scottsdale is \$585.8 million, and our proposed '23/24 budget, the expenditures that are subject to the limitation is \$582 million. Next slide.

We put the budget together following our comprehensive financial policies. We also aligned our budget with council priorities and strategic goals. When we put our budget together, we took a look at current conditions. We considered the city's financial position and also economic outlook and we also prepared five-year financial forecasts to ensure that our budget requests and our expenditures proposed in the budget are sustainable. Next slide.

So the city's finances are strong heading into fiscal year 22/23. We had a highly successful event season. We had strong tourism this year. And our sales tax growth has been historically high for the last three years, including this year, even though it has slowed down somewhat, it is still higher than what we had budgeted. So we are entering the fiscal '23/24 budget year with a very

strong finances.

We also have significant one-time revenues, not only from the excess sales tax, but also from land sales, the stimulus money. We have a lot of excess one-time revenues that we will be able to spend on one-time needs. We have also treated these excess revenues as one time.

So they are not used in the proposed budget for ongoing expenditures. We built up of our reserves and it's very important to build up our reserves to maintain our AAA bond rating.

Next slide. The Arizona economic outlook is also positive. So the Arizona as a state growth for last year has been in line or above the state, the GDP growth was slightly higher than the U.S.

Job growth is a little bit lower but right in line with the U.S. average and population growth as well is at 1.3%. So we consider our current strong finances and also the economic outlook being positive when we put this budget together. Next slide.

[Time: 00:19:08]

However, we also consider the uncertainties that we face or the headwinds that we face when we go into '23/24. We have been talking about the extraordinary stimulus and the pandemic spending spree for a while now, and we have been talking about anticipating retraction of that or the end of the spending spree and consumers slowing down their spending. Inflation has also been very high, despite it being moderated. We're still looking at high inflation.

Most economists today are projecting or predicting a mild recession. The Federal Reserve staff, the large banks like J.P. Morgan and Morgan Stanley also predicting a mild recession. And finally, our state shared revenues, we expect that to be reduced over time, first of all, because our population is not growing as fast as some of the other cities around us. So we will get a smaller piece of pie for state shared allocations. And secondly, because of the flat tax income tax implementation that the state recently did.

So over time, we anticipate that state shared revenue will decline. We take all of these uncertainties into consideration when we put the budget together; however, we are in a strong financial position to navigate these uncertainties and that is one the important characteristics of a AAA bond rated municipality, is that we're able to navigate uncertainties and economic downturns as we have shown through the great recession and also recently the pandemic. We can navigate through these budget challenges. Okay. Next slide.

With the strong local economy that we have, the outlook being positive, get we have these significant uncertainties, a five-year forecast, we actually projected a slight decline for our revenues before they increase again, and, you know, we feel that these -- that the strong economic activity offsets by the uncertainties that we might face. And our five-year projects guide our long-term budget decisions.

So we have been conservative in putting -- not putting any significant new programs in our budget, because of this revenue picture. So rather as you see later on in the slides, what we're presenting in our budget is a small amount of new full-time equivalents and dealing with operating needs and inflation, basically. So next slide.

Our budget proposes no change for the 1.5% sales tax rate. The 1.5% -- 1.75% sales tax rate is one of the lowest in the valley. I think only two cities are lower to that. So relative to the value that our citizens and tourists receive, I think this is good news that we are not making any changes to that.

We are also proposing a property tax rate of less than a dollar. .98 per \$100 of assessed value. It's one of the lowest rates in the valley. Our property tax has decreased as our property values climb. We are staggering the bond 2019 issuances to maintain a more level secondary property tax rate. And so we'll be -- that's why our property tax rate is low. Next slide.

Our total proposed budget is \$2.5 billion. As you can see in the gray lights at the bottom, the capital improvement went from 1.066 -- or \$1.067 billion to \$1.376 billion, a 29% increase. We will get more into that later. We also increased our contingencies and reserves. That increased by about 19%. And then going up this chart, on the orange bar, our operating budget increased by 7.3%. And most of the increase is in the commodities and contracts, the 10% increase.

[Time: 00:23:45]

You see the line in there, and most of that is dealing with contract and price, material price increases because of inflation and also just operating needs. And our personnel costs is increasing by 8.9%, and we'll go over that in more details in a bit. We have been methodically paying down our PSPRS, which is our public safety pension liability.

We have been methodically paying that down and so last year, in our adopted budget we have \$12 million to pay down. That's in excess of the required contribution. This year, our proposed budget, we are proposing paying down \$10 million in excess of our required contribution. Just kind of more facts here, with the pay down that we have already done, the fire pension plan is at an 85.9% funded status. And the police pension plan is at a 64.8% funded status.

We believe that with the contribution, the excess contribution we made this year and what we'll make next year, we will bring the police plan up above 70%. So we will be sitting pretty good after these excess contributions that we're making. Next slide. So what is driving the 7.3% operating budget increase?

Primarily, it's inflation cost increases to our contracts and materials, operating needs and our personnel cost increases. We have 50 full-time equivalents that new total FTE count of 2,639, and we have merit, market, and health and dental increases. We propose spending down some

of the one-time excess fund revenues and fund balances for one-time needs.

So that's what's causing the increase in our '23/24 budget. As we all know, the U.S. and Arizona has been plagued with high inflation. So the city contracts and material price increases range from 15% to 30% and in some cases more, and all cities are facing this inflation problem. We're not unique.

All departments across the stay are experiencing these increases. It's not unique to any one department. This is not an exhaustive list, but it gives you an idea of the various contracts that we are seeing increases from police, parks and rec, solid waste, and all of that. So the good news is our revenue growth is strong.

So we are able to absorb these increases with our revenue growth and in some cases we have also been able to absorb these increases with other budget savings and operating changes. Next slide.

So now let's talk about the 50 FTE, that's 1.9% increase in our total FTEs and this chart shows our total FTE count from fiscal year '05-06 through the great recession, when we reduced the FTE count and through today.

[Time: 00:27:19]

You can see with our population growth, our FTE growth is returning to our '05/06 levels. And what that shows us is we are operating more efficiently today because of technology and process improvements, and we are able with our population growth provide more with fewer FTEs than back in the height of the pre-great recession times.

So from an FTE per thousand residents standpoint, we remain stable at 10.7 compared to the prior years we have been hovering around the 10.5 to 10.8 range. Again, because of efficiencies we are able to operate at a lower FTE per thousand resident level. So I'm going to pause here to see if there's any questions before moving on. Are there any questions so far?

Mayor Ortega: I see none. So continue. Thank you.

City Treasurer Andrews: Next slide.

Now I will switch and dive into a little bit more of the details of our fiscal year '23/24 budget starting with the general fund. The next slide. The general fund is our largest operating fund. We focus on that a lot, because that funds most of our core operations.

The general fund budget for fiscal year '23/24 proposed is \$581.2 million, it's made up of an operating proposed budget in the orange line of \$375.4 million. As you can see above that orange line, it is made up primarily of personnel, and as I will show you later, it's primarily our

core operations like public safety, community services, public works and such. And we already talked about the PSPRS extra contribution and our other operating expenses are about \$99.3 million.

There's reserve and contingencies of \$206.7 million. That's almost a 40% increase in our general fund reserves and contingencies and there's transfers out of the debt service and capital improvements and that as pretty much stayed the same as the previous year. This pie chart shows you what it looks like from the division standpoint.

Our priority is public safety. 56% of our general fund budget is public safety, police and fire. Our other core services, which is community services, that's parks and rec, library, human services, public works, that's streets, and community and economic development. Those are our core services. That makes up 28% of our general fund. So in total, they make up 84% of our general fund expenditures.

[Time: 00:30:31]

Our support services and administration, which is I.T., H.R., and all that, make up only 16% of the general fund expenditures. And this has not changed from the year -- you know, the previous years. It's stayed pretty much the same. Next slide.

So the next few slides, I will go into each of the departments and we do have our police chief, our fire chief and our department directors here to answer any specific questions if you have any.

So we can invite them up if you have any specific questions as I go through these slides. So the public safety budget safety request, highlighting some of the public safety requests. For each of these slides, I'm not going into the detail of every single budget request. I'm highlighting some of the budget requests, some of the larger budget requests.

Pretty much all the budget requests, there's requests for operating needs, operating supplies or operating equipment, but I'm highlighting some of the -- what I think might be more interesting budget requests.

For the public safety, there's eight new FTEs as you can see, you know, to expand some of our services in traffic enforcement, civilian investigators, municipal security guard and, you know, crisis response team. There's also overtime pay for paramedic and specialty training.

And, again, I don't need to repeat the pension liability pay down and then the public safety area, we are seeing cost increases for contracts of 1.4 million. Next slide, the community services budget includes the park and rec, library, WestWorld, human services and our preserve.

They are requesting 2.67 FTEs, and a lot of the money is investment in WestWorld, for feed and

bedding and various items needed for WestWorld and also .6 million for the new WestWorld sports complex.

Human services, we actually have \$656 million of opioid settlement funds that we have allocated to human services for serving the -- you know, population that's in need of that. The opioid settlement has restrictive use for that. So that's where we put that -- those funds.

Any questions on public safety or community services? No? We'll keep moving on.

Mayor Ortega: I see Vice Mayor Littlefield.

Vice Mayor Littlefield: You mentioned the pension liability pay down, which I very much favor. That's good. That reduces our debt on the pension with the state what is the ending balance after we make that payment of that debt?

City Treasurer Andrews: So for our fiscal year '22 actuarial evaluation, which doesn't include the \$12 million we put in this year. The last actuarial valuation that we have, which is fiscal year 2022, it shows 156 million police unfunded liability and a \$25 million fire unfunded liability.

So those two liabilities would go down by -- the fire would stay at about \$25 million and the police would go down by \$20 million after the fiscal year.

[Time: 00:34:19]

Vice Mayor Littlefield: And then would this ten be part of this year's payment?

City Treasurer Andrews: So the 156 is fiscal year '22. We did 10 or 12? We did 12 last year and we'll do another 10 in this coming year. So down from 156 -- I can't do the math in my head. Down by 22.

Vice Mayor Littlefield: By 22, thank you.

City Treasurer Andrews: And the important thing to know about pension liability is very much impacted by the plan assumptions and plan investment returns.

So we can make an extra \$22 million extra contribution above our required contribution and if the market falls, if there is a market crash, and a significant market downturn, and electric's significant negative earnings in the pension plans, then the liability will go up, even though we make these extra payments.

So vice versa, if we have a strong year, and the market continues to be strong, then the liability will go down even more than the 20 something million that we contribute.

Vice Mayor Littlefield: Thank you.

City Treasurer Andrews: Next slide. So we're on to public works. So the highlights for public works is public works is transportation, transit, streets, fleet, facilities and our public works administration. And the six new FTEs are requested for public works.

There's one significant one-time expenditure which is \$1 million for the loop 101 public art wall painting. And they also face significant contracts and material cost inflations, for example, asphalt and street paving materials, facilities maintenance contracts, all those have increased as well. Next slide.

Our community and economic development budget requests, that's our planning and development, economic development and tourism. 6.25 new FTEs, and there's quite a few plans and studies in the budget as well, like the shade and the tree plan, rates and fees, the stormwater master plan.

It's also important to note that for our planning and development, they are fully funded by the planning and development fees. So they are not supported by the general fund. I mean, they are in the general fund, but they are fully supported by the planning fees. Okay. Next slide.

So this slide, I wanted to bring up, because we have a financial policy number 10 is an ordinance that council adopted on how we allocate our bed tax, our tourism funds. 50% of our bed tax goes to destination marketing. That is restricted by our voters when they approved the increase in our bed tax. And based on council ordinance, 12% is transferred to the general fund.

[Time: 00:37:45]

9% is used for tourism, event retention and development, 4% for tourism related administration and research, and 25% plus the Princess lease revenues is used for this other category, which is also tourism related, but the policy restricts this to 600,000 per item.

We have proposed in our budget these items that's on the slide, that will exceed that \$600,000 per item policy limit. So in order -- in order to approve this, we're asking council through the fiscal year '23/24 budget to approve these exceptions and I won't read it, but it's these items that's exceeding \$600,000 that we would like to use the bed tax for, and the other category. Any questions about that?

Mayor Ortega: I will comment and thank you for that -- for that slide. So in summary, I would say the -- well, the bed tax revenue is a reflection of all the larger recovery success and revenue strength. So we had a carry forward of some pretty strong revenues, which are, you know, not more than incidental. It's almost a windfall for some special costs related and which would benefit our tourism activities. So it does qualify and I appreciate you with regard to bed tax qualifications and it would substantially improve our ability to meet the amenities and some of

the items that our residents and tourists would expect.

I see this as a one-time action that would be very useful because we have some benefits from our revenue side. Councilmember Graham, did you have a comment?

Councilmember Graham: I have a couple of questions that I have been putting together. I wanted to limit this to the bed tax. Can you talk a little bit more about where the bed tax is going? I know certain things when guests stay at hotels are subject to bed tax, but not others, and are Airbnbs -- not Airbnbs, short-term rentals, do you know anything about that?

City Treasurer Andrews: Yes. Yes, Councilmember Graham.

Councilmember Graham: Just very briefly.

City Treasurer Andrews: The bed. That is charged on hotels, motels, anything that's lodging. So short-term rentals, not -- not long-term rentals like 30 consecutive days would be considered long term, but short-term rentals.

So any Airbnb or any other short-term rentals are required to pay the 5% bed tax on top of the sales tax that is charged as well.

Councilmember Graham: Does that include like people -- if they charge a resort fee, is the bed tax subject to that?

[Time: 00:41:10]

City Treasurer Andrews: No. I do not believe the resort fee is subject to the bed tax, but I'm not 100% sure.

Councilmember Graham: City Manager. I thought I saw some body language that you might have an answer.

City Manager Thompson: Yes, it doesn't include that.

Councilmember Graham: Do you think we should look at that ever? Could we look at it ever? Is it prohibited?

City Attorney Scott: Mayor, if I may, and Councilman Graham, Sherry Scott from the legal department. So the bed tax is really restricted because it's considered a discriminatory tax. We're limited on what we can apply the bed tax to. So that's not something the city can change. The hotels are paying transaction privilege tax, their portion of transaction privilege tax on their resort fee.

Councilmember Graham: Okay. But they get out of the bed tax for that particular charge?

City Attorney Scott: I'm sorry?

Councilmember Graham: Those are not subject --

City Attorney Scott: Right. That would not be subject to the additional bed tax.

Councilmember Graham: That's the revenue side. Do you think -- are these -- when do you see all of these projects happening? Do you think we'll be able to do them this year in the next fiscal year?

City Manager Thompson: Mayor, members of the council, most of them, yes. Let me talk about the art wall on state route 101, in particular, because that's the ADOT project.

Councilmember Graham: Right.

City Manager Thompson: That's the painting the wall. About four years ago when they were gearing up, there was a lot of community discussion, ADOT wanted to remove the wall and then we would be subject to replace the wall if we want the art wall. We put in the wall back in at Shea and we proposed some alternatives so we could retain the wall there. Was a lot of community debate because they loved that aesthetic and the artistic design that goes through that corridor. We were able to maintain part of that, as we said we would go in and refinish it once we complete their project.

[Time: 00:43:28]

So that's subject to when they get there and when they get completed so we wanted to make sure we had the funding available to repaint the artwork as it's probably getting pretty aged out.

The WestWorld Polo field lighting, we would aggressively pursue that because I think as many of you know, even with the additional fields we put in, there's always a demand greater than the supply. So the quicker we can get that done and extend the hours. A few years back, we were not using the WestWorld Polo field for sporting. And now we are. We have a youth program out there and other such things. So we went out and did some major improvements to the field. Now it's time to light them. The Scottsdale stadium, the first base event plaza, we believe we can move forward with that. The \$1.9 million for the stadium, this is to add -- this is a great idea. When we are not in season, is to go out in the left field berm and create a park and open that corner and so we already have the grass. We have the trees. We have picnic tables. It's a beautiful area, it's just closed off most of the year. So we would have to go in and do some improvements to make that accessible but still secure for the rest of the stadium. That can be done fairly quickly as well.

And then the tent refurbishment, I know the tent for years was always a discussion item. It was a viable portion. It was the one thing out there, to be quite frank, a few years back that that was in the green of the entire facility. And it's improved substantially. We have been putting fixes to it, but now it's time to reskin it. So this would be to refurbish it, get in and actually secure some of the structural aspirations of it but then also to reskin it. We think we can accomplish that. We think we have a few challenges because of the type of the tent and the type of structure. There may be some lead time to arrival of those. So it could, if we ordered it today, we could be 9 to 10 months out before we receive it. So we might have a slight overlap for that one. I hope that covers them all.

[Time: 00:45:43]

Councilmember Graham: That covered them. We're making these authorizations and I think it's an appropriate use of those funds, but I'm excited to see it happen. I think people want to see it happen. So thank you, City Manager, Sonia. Thank you, Mayor.

Mayor Ortega: Thank you. And also just to clarify, we would expect to have an ordinance -- let's say an amendment that would raise the policy limits for these specific projects. So that would probably be -- that will be transacted coming forward before we adopt the -- the budget, and we would -- I'm guessing keep our 600,000 base requirement, just have these exception so noted. Councilwoman Caputi?

Councilwoman Caputi: Thank you, Mayor. Sonia, we had this memo from Karen Churchard as we sat down. It looks like they are asking to look at these more carefully because we don't have a whole lot of detail. It seems like there were a lot of one-time expenses and a lot more money. It didn't look like we got into the nitty-gritty there, and they were requesting that they take another look and then maybe come back to us. I have just want to say into the record that I think that would be super important that we drill in a little bit more to the details. So just to note that's going to happen. Before it comes back. Is that the point of this memo?

City Manager Thompson: Mayor, members of council, that's scheduled for May for us to go back to the board and dig deeper. I think some of their concerns were spending the one-time money but as you realize, and as the Mayor has so noted and I appreciate the fund balance has grown immensely and we have had a lot of activity that was not anticipated. And so these are projects that are really well suited.

I think the other issue we run into at times is discussion of spending it on our major tourism event locations that the city owns. And that's traditionally been discussion at that level, that's challenged ourselves in different ways. Here we are doing improvements to the stadium for which they pay the bonds now, but WestWorld, that's an amazing use of the funds. That draws the major events and our high points and signature events all occur at those facilities. So I think it makes sense but traditionally, that's not what we have used it for, except for on the one-time of bonding functions.

And so it's a little bit different this year because of those revenue streams but we are trying to redirect that to entice our opportunities in the future by improving the facilities that bring in all the major events. And so we'll have that discussion with them in May.

Councilwoman Caputi: Since you brought up WestWorld, I had a quick question on this, and I don't need to go back on a slide. I felt the same way about WestWorld that, you know, it's such a large venue and it's so much revenue and we have got so many bond projects related to west world and yet we don't seem to have enough detail for me on WestWorld. I feel like it should almost be its own fund. Like, we -- I didn't see anything that talked about expenses or revenues. Will we get more information on WestWorld in particular?

[Time: 00:49:10]

City Treasurer Andrews: Councilmember Caputi, we can provide -- we do have -- we do track WestWorld revenues and expenses separately. So we can provide that information to council.

Councilwoman Caputi: I would really like to look at that. And then I have one more, probably question I should have asked ahead of time but forgot. There were so many questions. How do you determine which fund gets used when we put the money towards something like -- I know there was a line item in there for improvements at Pinnacle Peak trailhead, just as a for instance. What terms whether the money comes from -- what determines whether the money comes from tourism or the preserve fund? Because it seems like it sits in the middle. How do you decide which -- if something is transportation and also tourism. How do you decide which fund it comes from?

City Treasurer Andrews: Mm-hmm. If it's not the general fund, it's restricted. And we have to look first to what the restrictions are. And so we follow very closely the requirements for the restrictions. So for instance, highway user fund is restricted to street maintenance and transit funds are restricted for transit. If there's an expenditure that could -- we can use different funding sources. We would propose what we consider the best use based on what we consider as a Nexus for it. So if we feel, for instance, there's a stronger next us with tourism, then we would propose more tourism dollars to be spent for that project.

We look at what other funding sources are available but we really try to find the nexus and what makes sense. Sometimes in the expenditure benefits the general public, it would be more appropriate for the general fund, versus if it benefits a specific segment of the population. Definitely anything enterprise-related, like if it's water, wastewater we do not take from general taxes. That comes from the water, wastewater fund. So there's a lot of different -- basically we look for Nexus. We look to see whether -- who benefits from it.

Councilwoman Caputi: Okay. Thank you.

Mayor Ortega: Thank you. Please continue.

City Treasurer Andrews: Okay. Next slide. The general government and support operations, the highlight is the 15.5 new FTEs that we have and actually there is one ADA position that I failed to add. So it's -- there should be an ADA position in there, under communications, I think, versus a software developer. That was a typo. Okay. Next slide. Now I want to move on to enterprise operations.

Mayor Ortega: Excuse me. Excuse me, we just had a request to speak from Councilwoman Whitehead and Councilmember Durham up to this point.

[Time: 00:52:20]

Councilwoman Whitehead: Well, our city treasurer caught the mistake -- where is the ADA coordinator? And I'm really pleased that we will again have an ADA coordinator. So thank you.

Mayor Ortega: Thank you. Councilmember Durham.

Councilmember Durham: Thank you, Mayor. On this screen, we're listing two new employees and the STR licensing. Are there going to be any new employees in inspections and enforcement and if so, where are they -- where are they going to be placed?

City Treasurer Andrews: Yes, they are under community and economic development. There's four code inspectors and two -- it's actually slide 23. There's two code inspectors that will be dedicated to short-term rentals.

Councilmember Durham: All right. Thank you.

Mayor Ortega: Great. So continue and I think we have a break to the enterprise group, right?

City Treasurer Andrews: Okay. So the enterprise funds are our soft supporting funds. They do not rely on taxes or the general fund. Next slide.

First one is the water and wastewater or water reclamation. This' 2.48 new FTEs requested. The largest increase is for the CAP, our Central Arizona Project rates have increased significantly. We pay about \$18 million for purchased water and it's going to go up to about \$22 million, about a \$4.6 million increase. In our proposed budget we also have rate increases, resulting in a 4.2% increase in our water revenues and a 5.8% increase in our sewer revenues. Next slide.

Solid waste is another fully funded. The largest increase is landfill and recycling processing costs and also cleaning and waste removal costs. In our proposed budget, we have a proposed 8% increase for residential rates and 5.4% in the commercial. Aviation budget, the airport is also fully self-supporting, and, you know, minimal increase there, actually, \$61,000. I just have one

more slide.

[Time: 00:55:03]

I wanted to tee up the capital improvement budget before turning it over to Alison. I wanted to just mention that we had discussed the bond 2019 projects at the council retreat. And because the proposed budget was published before the retreat, no changes that were discussed during the retreat is in the current proposed budget, because the budget was already published. So if council would like us to make any changes from the retreat and reflect those changes in the tentative budget, please let us know tonight. Next slide. So I wanted to talk a little bit about this. The CIP budget has grown to \$1.4 billion, mainly because of several things. One is adding the bond 2019 projects.

Another is the arterial life cycle projects. So the arterial life cycle projects in 2018 voters approved a .1% matching tax for MAG money, Maricopa Association of Governments, it's split 70% county funds and 30% from the .1%. From 2019, through 2021-22, those projects were in design and now they are progressing into construction. So of the \$1.45 billion, \$326 million of that is arterial life cycle projects.

And as I mentioned, the bond 2019 projects that voters approved of the 1.4 billion, \$232 million are bond 2019 projects. So without the bond 2019 and the arterial life cycle projects, the remaining CIP projects are more in the 800 something million similar to the fiscal year '21/22 budgets.

So let's see, that completes my section of the presentation. And I can answer any questions before I turn it over to our city engineer.

Mayor Ortega: I have one from Councilwoman Janik and then Councilmember Graham.

Councilwoman Janik: Thank you, Mayor. Sonia, page 27, slide 27, I just wanted to make sure I understood the revenue increase from rates. We are increasing our rates because our costs have gone up, but we will in addition to that have more revenue from water. I'm not -- do you understand what I'm saying? Probably not. Okay.

Water costs have gone up. So we are go to increase our rates to cover the increase in water costs. Does the revenue increase from rates, is that a profit or is that just the percent so that we stay even with the cost? Or are we generating more profit from the sale of our water?

[Time: 00:58:31]

City Treasurer Andrews: Okay. Councilmember Janik, the water and wastewater operations are self-supporting.

Councilwoman Janik: Right.

City Treasurer Andrews: Any -- our rates are structured so there is an operating component and a capital component. When we charge rates we are covering our operating costs. We are not making a profit on it, but we are also accumulating capital reserves for future capital needs. So the excess revenues from our rates go towards our capital. I hope I answered that question.

Councilwoman Janik: I did. Could you give me an example of what that capital reserve would be used for?

City Treasurer Andrews: Yes, so back to slide 31, that's \$449.8 million of water/sewer projects for this fiscal year.

City Manager Thompson: Mayor, members of council, Councilmember Janik, if I could add a couple. So it would be for additional well sites, for expansion of the plant, for additional treatment that would be necessary, for a lot of lines and different lines that need to be replaced. We have a lot of aging lines in certain parts of town and as you can tell from the roads being torn up, where we all got calls on, where we are replacing our sewer and water lines. We are constantly in flux collecting a revenue stream to ensure. This year we are spending a good sum of money. It's the highest of all of our capital projects on water and sewer and a lot of that is replacement in. We are ensuring our future water supply. So there's things like that, multiple well sites going in. You have probably seen some go in as of recent. Those are the types of projects that are utilized here.

Councilwoman Janik: Thank you. I appreciate it. Thank you.

City Treasurer Andrews: So Councilmember Janik, I wanted to add that the revenues that we charge are, you know -- we don't collect enough revenues to pay all of our capital projects in cash. So we will -- even though this year we're not proposing any debt issuance, we will be proposing debt issuance for our water/sewer projects in future years in the next five years and there's some significant water projects in the next five years. So the revenues we collect isn't -- will pay the debt services. It's not even enough to cover that.

Councilwoman Janik: Okay. Thank you.

[Time: 01:01:17]

Mayor Ortega: Thank you. Councilmember Graham and then Councilmember Durham.

Councilmember Graham: Thanks, Sonia. Brief answers are appreciated. Slide 9, general fund revenue forecasts is this just saying that revenues will be flat in the next fiscal year?

City Treasurer Andrews: Yes. We have a policy of being very conservative in our revenue

projects.

Councilmember Graham: Yes.

City Treasurer Andrews: We do project that sales taxes will go down a little bit next year, however, we will get a significant more state income.

Councilmember Graham: Because of the two-year lag.

City Treasurer Andrews: Because it offsets. And in essence, we are looking at a five-year where we anticipate revenues to be relatively flat.

Councilmember Graham: It's something to be aware of, because our costs are going up 5, 10%, 15%. Revenues are not going up that much.

City Treasurer Andrews: Absolutely. Councilmember Graham, the way we use our five-year projections is exactly that, to manage our future expenditure needs and our future expenditures. So if we are correct, we will start to make adjustments today so we can respond to the flat revenues each year in the future.

Councilmember Graham: Okay.

City Treasurer Andrews: We hope we are wrong.

Councilmember Graham: This is just for the public's sake. We talk about the property tax rate. How do we compare if you have a \$500,000 assessed value in Scottsdale compared to Mesa or Phoenix? Are you paying about the same property tax? People just care about the -- the amount of -- the bill that they have to pay for.

City Treasurer Andrews: Right. Councilmember, I don't have that data in front of me, but you are right in that we have a higher assessed -- average assessed value than say, some other cities and so we can do that comparison to show at the -- some of the cities have higher rates, like coming from Peoria, I know they have \$1.44 rate. But their average assessed value is lower. Our average assessed value is higher. So, you know --

Councilmember Graham: Right.

City Treasurer Andrews: We can provide this comparison.

Councilmember Graham: Scottsdale is blessed. Our values are going up, and some misinterpret this as a tax cut. But maybe a fuller picture. I want to talk about bond 2019. You are staging the issuance. When is the next issuance for those voter authorizations?

[Time: 01:03:58]

City Treasurer Andrews: We are planning the next issuance, I believe next year. Give me a second to look that up.

Councilmember Graham: And how much is that issuance, do you suppose?

City Treasurer Andrews: We are anticipating issuing \$90 million in fiscal year '25.

Councilmember Graham: Okay. And this year obviously -- so to link that with the \$2.5 billion in the CIP, we are not spending -- or is it 2.5 for the total budget but the 1.4, we are not cutting checks for that amount. Those are authorizations, right?

City Treasurer Andrews: That is correct. And I wanted to clarify that. That is a very good point. We do have -- we do have to provide authority so that we can enter into the contract for the full project.

Councilmember Graham: Right. And then next year if we don't cut those checks then do we have to reauthorize it the year after?

City Treasurer Andrews: It carries forward to the next budget year.

Councilmember Graham: The authorization carries forward. Okay. So how much do you think -- how much check cutting do you think we will do, around 300, 350, \$350 million?

[Time: 01:05:14]

City Treasurer Andrews: I think we anticipated -- let us look that up. I believe you are right. It's around \$326 million or something like that, but we'll look that number up.

Councilmember Graham: Okay. That's fine. 94<sup>th</sup> Street restricted proceeds, are you confident that we will meet that deadline?

City Treasurer Andrews: I might not be the right person to ask. Yes, I hope so.

Councilmember Graham: Whom should I ask?

City Treasurer Andrews: I think I will have to maybe Bill?

Councilmember Graham: Okay. We can ask later if Bill is coming up. We can just ask him then.

City Treasurer Andrews: Or Alison could address that in our CIP.

Councilmember Graham: Okay. Alison is coming up.

City Treasurer Andrews: And we do have to spend those. We have to –

Councilmember Graham: [Overlapping speakers]

City Treasurer Andrews: Most of that is for the fire and police training facilities. And \$1.1 million is for the Chaparral pool. We have to spend that restricted proceeds by July of 2024.

Councilmember Graham: Mm-hmm. Okay. I wanted to ask quickly about the pension. We put in \$12 million payment. You kind of -- you kind of framed that are characterized that as an extra payment, like a catchup. How did you come up with that number, \$12 million last year and \$10 million this year? Was that just looking at our -- was that looking at our liquidity position and how did you come up with that amount to pay? Why not more?

City Manager Thompson: Mayor, members of council, Councilmember Graham, we actually have a third-party software that we utilize to determine what the greatest amount and the greatest value associated with it. Keep in mind that the PSPRS pension, which is police and fire, is complex. You have multiple tiers. And so when we pay down fire, although fire is fairly funded. We know in the next couple of years, that's why we have such a high amount in the training for the paramedics and the skill sets because we will lose a lot of those in the next year from when we took over fire and Rural Metro.

So a whole bunch ever firefighters are going to retire and that number will invert and go down quickly because most of them are Tier 1, which is the most expensive plan and least amount funds. Tier 1 in police, when we decided the amount that we bought down. We looked at the guarantees in the drop program. We looked at the guarantees that they enrolled. They also changed in their time frame. They used to be six years. They went to eight years and now they are on seven years on the amount that they determine the actuarials on. It gets pretty complex but we have a software that will run analysis for us.

Councilmember Graham: What is the software?

City Manager Thompson: I don't know if the chief is here and Sonia's staff have used. I'm drawing a blank, but it's one that we acquired, and a lot of cities use it with PSPRS. But also on police and fire, we bought down a lot more of the police because if you recall, police funding was just over 50% mark, and now we're going to be nearing that 70% mark. We have been buying it down for a few years. It was about five years ago.

Councilmember Graham: Okay.

City Manager Thompson: The council started to set aside the funds and to do so much a year. So we were pulling out of the reserves side, and in the meantime, we used to be at 10% of a

reserve. And now we're at 25% that we set aside for reserve.

[Time: 01:08:41]

So we've had some really good times and challenging times to do that. I feel much better because we're actually on the trend the other direction. There's some cities paying in the state of Arizona close to 100% for every dollar that a police officer or firefighter earns they are paying a dollar into the pension. It's starting to reverse a little bit with Tier 2 and Tier 3 to get to the depth of that, but how we determine that was looking at all the tiers, looking at the guaranteed rate, looking at the market conditions, what we predicted the market conditions to be, plugged into formulas and it gave us the numbers and that's how we paid it down.

And the other thing that we utilized is how much can we really afford and how much should we afford to buy down because of future cost implications of that.

Councilmember Graham: Okay.

City Manager Thompson: But I won't get --

Councilmember Graham: Yeah, we have to try to keep the answers short.

City Manager Thompson: It's complex. I'm sorry.

Councilmember Graham: You went pretty far down that rabbit hole.

City Manager Thompson: I can go farther, but I won't.

Councilmember Graham: What is our coverage for the rest of the employees?

City Treasurer Andrews: It's 84%.

City Manager Thompson: The others are under Arizona -- it's about 84% funds. Here's the big difference. So PSPRS, which is public safety, police and fire, but not the civilian side of public safety, just the sworn officers, that is tied directly to the city.

[Time: 01:10:13]

So our police and fire pensions are directly identified in the state under PSPRS. Under ASRS, it's a statewide pool of all members of ASRS. So all other entities could impact us and we could impact them on the funding depending on the amount. You had a large number of Baby Boomers start to retire out that have been out there and that's starting to create a little impact.

Councilmember Graham: That's not a surprise because the system knows everybody's age and

their expected retirement and their life expectancy.

City Manager Thompson: It's not a surprise but it did impact rates this year.

Councilmember Graham: Okay. I wanted to ask, Sonia, we passed a few fiscal policies recently. If you could remind us what those were briefly and how it impacted the budget that you put together.

City Treasurer Andrews: Those policies, the more important policies were for transparency, and accountability. And those were the policies that we recommended bringing any changes to projects over \$1 million, to council or any commitments if they are over \$1 million, they have to bring them to council. It's not a policy that changes the budget, but a policy that provides transparency on the budget.

Councilmember Graham: Thank you. And then the last thing I was going to say is something that you brought up, was that at the 2019 bonds retreat, we discussed backburning some issues and scaling back some issues. I haven't seen them in the proposed budget and that made sense because the proposed budget came out before the meeting. And I was curious about the feedback that council has given to staff. We talked about rescaling the Asher Hills Park and Second Street and a few other things. And so those are going to be -- you just mentioned that we should voice that tonight if that's something that we want integrated, right? I have a few more questions. Thank you, city manager and thank you, Sonia.

[Time: 01:12:37]

Mayor Ortega: Very good. Councilman Durham. And then we have another presentation on CIP. So Councilmember Durham.

Councilmember Durham: Thank you, Mayor. Does the possible demise of Prop 400 have any impact on what we are discussing or is it so far in the future that it's not relevant.

City Treasurer Andrews: That would affect the arterial life cycle projects and we can bring more information to you on that, on what projects will be impacted if Prop 400 does not pass.

Councilmember Durham: But there's some of the arterial life projects in this budget.

City Treasurer Andrews: Yes, over 300 merchandise of arterial life cycle projects in our budget.

Councilmember Durham: All right. Thank you.

Mayor Ortega: Councilwoman Whitehead.

Councilwoman Whitehead: Yes so that Prop 400, that's something I was wondering about. So

thank you, Councilman Durham. Just generally, since we are turning it over to Alison, I want to say that when you have a \$2 billion budget, it's not something we just review up here tonight. I want to thank our city treasurer and city manager. We have spent months and months and months. We drilled down really far on certain -- each of us separately to find out the budgets of certain programs or projects that we are really concerned about. This has been a long project. I want to thank you, Sonia and really, everybody, because it's been a long process. We have really nailed the priority and so we're going to see some of that. In the staffing, that's not as evident. These are the staffing that make projects possible. But certainly we're going to see that in the next presentation that we listen to our constituents and got those projects in. So thank you, Sonia. Thank you, City Manager Thompson too.

Mayor Ortega: Okay. Continue, Sonia. You will turn it over to Alison, I believe?

City Treasurer Andrews: Yes, my slides are over. And I will go over to Alison.

Mayor Ortega: So our city engineer, Alison Tymkiw will continue with our capital improvement plan.

[Time: 01:15:06]

Alison Tymkiw: First, good evening, Mayor, Councilmembers, Alison Tymkiw, city engineer. Let me just address -- I think it was Councilmember Graham, was your question about the restricted use? So -- and spending those dollars? Yes, we did -- whether we selected the projects, you know, that was our criteria, was we were selecting projects that we're building either now or very shortly to be able to spend that money.

Councilmember Graham: Mayor, if I may. I just wanted to make sure we are able to get the checks cut in time so we don't have to pay the penalty.

Alison Tymkiw: Yes, that's what we are working towards. And that's one the reasons, why you know, in February it was really important to award the fire training facility which we did and that has started construction. And we're working towards the GNP for the police training facility and that should come to you in May. That would be very important to get that project moving as well for those reasons.

Councilmember Graham: Thank you, Mayor.

Alison Tymkiw: So this is the fiscal year '23/24 CIP presentation. So a lot of what I'm presenting to you tonight is what you have already seen several times and most specifically, at the sneak peek in February. So this slide we presented to you very similarly at the sneak peek, and what it does is it shows all the different types of projects that we considered for general fund request and all of these projects were prioritized all together for a total request of \$465 million.

The first section is the annual projects they get money each year in the five-year plan. As we move through a new budget, we are adding year five and the projects include facility upgrades and replacement information, information technology and communications replacement.

The next category are the department submissions. We had 44 new projects, primary technology and equipment projects and construction projects. Then we had a category for budget increases for existing projects. We had six projects in that category, those will be shown on future slides, but some of the projects included the McCormick Stillman roundhouse project, as well as the fire station 606 renovation, and the Goldwater and the Fifth Avenue park project.

The next category are projects remaining from the bond 2019 consideration. We have six projects in this category and if you recall, these are the projects that didn't make the bond 2019 program. We had started again with 145 projects at \$730 million. We kind of narrowed that down through the process to 67 projects at \$436 million and then in the end, the voter approved 58 projects at \$319 million.

[Time: 01:18:19]

So we do still have six projects that are in the current -- that were in the current request this year. And the final category are the bond 2019 projects, the shortfalls, and as you recall, we went over all of these projects in detail at the retreat two weeks ago. Okay.

This is another slide that you have seen before, that we presented in February. This is an abbreviated version of the general -- projected general fund cash flow. We showed this to you before. This is where we determined the \$60 million in general fund. It's a five-year analysis, and we start with a balance and we add funds, second and third line, our policy, the construction sales tax and then the interest earnings over \$1 million. We have one-time additions ear was the 94<sup>th</sup> Street and bell land proceeds and then we calculate the cash available at the end of each year and subtract out budgeted expenses and the circles box in the lower right-hand corner is how we came up with the \$60 million.

So with that, we have had changes to the available funds since we presented to you in February. First, we have the -- we -- by allocating the unrestricted Bell Road proceeds as proposed which is highlighted below, this adds \$19 million to the amount of general fund CIP available.

Additionally, the proposal to transfer an addition \$30 million from general fund operating to CIP, that brought us to a total available for general fund CIP to \$109 million. Okay additional adjustments since February. Our changes to the project request. Now, you probably recall we initially had the Pima Road sound wall to be funded \$6 million by general fund. We changed that allocation to 3 million to general fund and 3 million to the transportation sales tax. We reduced the request from 20 million to 14 million for the Second Street streetscape project. We adjusted the sequence of the prioritized projects to better balance technology projects versus construction projects and then as Sonia had highlighted in her presentation, we removed some

projects that are proposed for tourism funds. Okay. This is the first page of our prioritized project list. We have five pages of projects.

When we showed this to you in February, we had four pages and we had a \$60 million funding line. So only one page of the projects were proposed to be funded. Now that we're looking at \$109 million, we have the first three pages of projects that are proposed to be funded with the remaining two pages of projects that are under -- below the funding line.

So on this slide, and the next four slides, you can identify -- easily identify which ones are on the bond 2019 projects by looking over in the left-hand column, if they have a number in that column, that's the bond 2019 program. So then on these next five slides, we show the bond 2019 amount, plus we show the current general fund five-year budget.

[Time: 01:22:10]

We show the new general fund request, and then we show the general fund running total. And then the category tells whether it's an annual project, a bond project, existing add, a new project. This is the second of three pages of funded projects. And the third. And you see at the bottom here, we're at \$107 million and our available funds are \$109 million.

This is the first page of projects that are just below the funding line. And then this is the next tier of projects far below the funding line. So that summarized the general fund requests. This slide shows the transportation point 2% sales tax and these are changes since what we presented to you in February. We proposed an additional transfer -- a transfer of additional \$15.5 million from operating to the CIP. And the original available funding was \$40.9 million, and then plus the proposed 15.5, brings us to 56.4 for our funding line. So the projects above the funding line are as follows, on this page and the next. And this concludes the ones that are proposed to be funded in the \$56 million.

Then we did have some discussion on the transportation .1% sales tax. These are primarily used for the city's 30% share of the MAG arterial life cycle projects. So we did do some reallocation of funds where the developers would be stipulated for the improvements rather than the city, and we have 12 projects with a net increase of \$3.7 million. And you can see the 12 projects listed here. Then we have the stormwater fee portion.

The stormwater is available to meet the 35% city share to leverage the Flood Control District funds that we receive for available projects. And these are the seven projects with additions or changes totaling \$11.5 million. A couple of these projects we have the Reata wash flood control project, which the cash from the fee in three to four years we are saving for this project in the future, we have the rawhide wash flood control project. We have it listed twice. We have two phases. It's phase one for the design the right of way. And then phase two for the construction. That's basically the city's share of this Flood Control District project.

We have the 68<sup>th</sup> Street storm drain south of Camelback. That's also with some Flood Control District funds. And that project will be done in coordination with the 68<sup>th</sup> Street sidewalk project which is above the funding line. That's it, and the transportation .2%. Then we have our other funds. We have our water and wastewater enterprise. And they have -- they are proposing 47 projects at \$162 million.

We have the airport enterprise, they are proposing 15 projects, with only \$1.2 million in aviation funds because basically, they are able to leverage \$15 million in grant funding with that \$1.2 million of their funds.

[Time: 01:26:21]

We have the solid waste fund. We have three new or amended projects net reduction in the five-year budget. We're also anticipating future revenue bonds to support the \$24 million transfer station expansion project to include hazardous waste and green waste capabilities.

Then our fleet fund, we have \$20.7 million over five years, primarily the vehicle replacement project. We're moving the vehicle acquisition from the operating budget to the CIP because of the excessively long lead time for our orders and then we have our E.V. infrastructure project. And that concludes my presentation. And I'm available for any questions.

Mayor Ortega: Sure. Well, at this point, we have three Councilmembers wishing to speak. Then I will open public comment and we'll hear that following Councilwoman Whitehead, Councilmember Durham.

Councilwoman Whitehead: Thanks. Let's see, I'm trying to figure out which slide to go back to. It's -- go back a few slides. -- I know, I'm trying to find it myself. I got away from it. It was on the transportation. Some of the projects -- oh, here we go, page 45. Okay. There you go. Yes, can you explain, what some of the projects -- oh, am I -- I'm on. Some of the projects are negative. The parenthesis, I assume that they are below the cost. What is --

Alison Tymkiw: Oh, I'm sorry. I'm making this move here. Okay.

Councilmember Graham: That's the match.

Alison Tymkiw: Councilwoman Whitehead, the negative is if -- so we had -- so for instance, the Goldwater boulevard and highland avenue intersection we had originally budgeted \$2.9 million and we actually are proposing a reduction in that project by \$2.5 million.

Councilwoman Whitehead: Okay. There's quite a few of those. So I think that's worth pointing out. You -- our city engineer just goes through very -- without any intonation in your voice, but there's a lot of exciting things on these slides. I'm particularly excited by the transfer station instead of throwing away in the landfill, you know, tons and tons of green waste. We're going to

be making a marketable material, mulch, that also saves water. Certainly, the idea of using dollars to do the drainage and at the same time do a sidewalk, double teaming and saving tax dollars that way. Of course, I'm excited about the pickle ball, it seems that we do pickle ball in the south. So a lot of great things in this.

I thought -- yes, I just didn't understand, but I was wondering if those projects are coming in less, lower price. So that's great. Thank you.

Mayor Ortega: Thank you. Councilmember Durham and then Councilmember Graham.

Councilmember Durham: Thank you, Mayor. On page 45, do we need Proposition 400 funds to complete any of these?

Alison Tymkiw: Councilmember Durham, yes, this includes the MAG portion, the MAG 70%. This is our 30% share and we are counting on the MAG 70% share for that.

Councilmember Durham: So if Proposition 400 doesn't get extended some of these may not be viable?

Alison Tymkiw: Councilmember Durham, I think that these are all currently funded. These are in the program. So they are okay.

Councilmember Durham: From the last -- from the last --

Alison Tymkiw: Yes.

[Time: 01:30:32]

Councilmember Durham: Yeah. Yeah. One more question. In the various capital projects. There's a couple that are named as contingencies, which I thought was odd, because we have very large contingencies in the budget, in the overall budget. But, for example, the one I was looking at is -- there's one called Greater Airpark Improvements contingency, which is a budgetary appropriation for city-wide expenditures or unforeseen expenditures. Since we have big reserves in the budget, which are a good idea, why do we have individual budget contingencies for specific projects.

Alison Tymkiw: Councilmember Graham, Councilmember Durham, I'm sorry.

Councilmember Graham: We look-a-like, so --

Councilmember Durham: It was not in any of your slides. This is in our budget book, and it's a contingency for the airport. I have thought it was odd that there's contingencies for specific projects in addition to our overall contingencies.

City Manager Thompson: Mr. Mayor, and Councilmember Durham, in certain cases like the airport, there's other funds. We couldn't take contingency out of the general fund and move it over there, but then that would take action of council and that would change some other things. So we do, like in the airport, various ones, each one has their own contingency related to their own project.

Councilmember Durham: Okay. That makes sense. Thank you.

Mayor Ortega: Councilmember Graham.

Councilmember Graham: Alison, Councilmember Durham and I get confused all the time for each other. The slide -- you said the three pages are above the line, right?

Alison Tymkiw: Mm-hmm.

Councilmember Graham: That term above the line, we know what that means but the average person in the public doesn't know what that means. So I'm cautious to get into that creature idioms. I try to avoid that. I guess in this case I couldn't help it. If you could look at slide 34, transfer in CIP bond, 29 project shortfalls \$16.8 million. Which projects is that covering if I may ask?

[Time: 01:33:31]

Alison Tymkiw: Councilmember Graham, I'm not sure I am. I'm not sure if the city treasurer can assist with that.

Councilmember Graham: I want to be really clear that that's for 2019 bond projects, not change and scope of those projects.

Alison Tymkiw: It's up on the screen. It's 34.

Councilmember Graham: Maybe that's not such an easy question. We can come back to it. Why don't you take a look at it Sonia, and figure it out. Alison, you were at the bond retreat, right?

Alison Tymkiw: Correct.

Councilmember Graham: You heard about Second Street, about Asher Hills, about those two, plus there was one more that's slipping my mind. I wanted to make sure that that came through because we will modify this between now and when we do a proposed budget.

Alison Tymkiw: Yes, there were comments about Second Street Stage two there was discussion on as well as Asher Hills.

Councilmember Graham: If you can go to slide 39. So this is above the line. For the general public, that means we think we can fund it this year. It includes -- it includes the Paiute Community Center. Greg Bestgen told us, I thought that that was not happening this next fiscal year because they were looking at CDBG, community block grants. Can you add some clarity.

Alison Tymkiw: Councilmember Graham, that's correct, and I probably skipped over this. If you look at the general fund running total column for that, for '25 it says skip. So that project is skipped in the running total. It was in the priorities. It was in staff's priorities, but it is currently be skipped for that reason.

Councilmember Graham: Is it on this slide as an error?

Alison Tymkiw: No, it's on the list because this is the prioritized list.

Councilmember Graham: I thought this was list was the priority that we thought we could fund this fiscal year, that we would authorize.

Alison Tymkiw: Well, yes. So it is the priority, the list of prioritized projects, but some of them are excluded from the funding. So they will not be in the CIP.

Councilmember Graham: One other item I wanted to ask about, slide 42. And boy, I do not want to open a road diet debate. I'm not -- I'm not debating road diet, I promise you. But Thomas Road 56<sup>th</sup> to 73<sup>rd</sup>. That's what that project is, right, that narrowing?

[Time: 01:36:38]

Alison Tymkiw: Councilmember Graham, correct. The Thomas Road 56<sup>th</sup> to 73<sup>rd</sup> Street, excuse me is the project where we are going to be repaving and restriping two lanes in each direction.

Councilmember Graham: I guess my question is why did we need to do all the authorization and have that council action on 68<sup>th</sup> Street, but we didn't do it for Thomas Road? Did we do that at an earlier point or -- what's the difference?

Alison Tymkiw: Correct, Councilmember Graham, the 68<sup>th</sup> Street project came before Thomas. There were two separate projects.

Councilmember Graham: 68<sup>th</sup> came before Thomas.

Alison Tymkiw: Correct. We did an award for the construction project. And then Thomas Road -- the item on Thomas Road that is coming before you, I think this is been extended to June, is just for land acquisition for that project. It's not awarding the contract yet, because that project is still currently approximately 90%.

Councilmember Graham: Councilmember Durham whispered that's coming in May. That's for us to authorize the right-of-way.

Alison Tymkiw: The acquisition of the land rights, yes.

Councilmember Graham: But do you have to come back to us to accept an award for the Thomas Road road diet?

Alison Tymkiw: Correct. We will come back with the construction contract after it's been bid. The right-of-way is part of the federal funding and it's one of the clearances we have to obtain.

Councilmember Graham: I will loop back to Sonia on my earlier question. We're talking about just -- as a reminder, we are talking about in the CIP, we had a -- we're bringing some CIP money to cover 2019 bond authorization shortfalls. And if you had kind of a succinct list of what that 16-point whatever million was for. Maybe you don't.

[Time: 01:38:38]

City Treasurer Andrews: We're actually looking it up, but I do know that we have shortfalls in the civic center plaza project. We had shortfalls in the fire and police training facility project. We had shortfalls in the new fire department training facility, and also the multiuse sports field in the area of Bell Road. Those projects and the WestWorld projects.

Councilmember Graham: Okay. It sounds like what you are saying that transfer is for authorizations that we have already started and not for new capital authorizations?

City Treasurer Andrews: That's correct.

Councilmember Graham: Very good. Those are all of my questions for now. Thank you, Sonia, Judy, Alison. Thank you, Mayor.

Mayor Ortega: Thank you. We will move on to public comment. I will open public comment regarding the proposed fiscal year '2023/24 operating budget and capital improvement program. We have two speakers, Laura Schwartz and then Harold Back. Thank you. Come forward. Proceed.

Laura Schwartz: Hi there.

Mayor Ortega: Hi.

Laura Schwartz: Mayor and City Councilmembers, it's been about a year since Harold back and I presented a citizen petition to the City Council asking Scottsdale to build a sidewalk on

68<sup>th</sup> Street between Camelback and Indian School Road. Tonight, I just wanted to come by and say that we appreciate all the attention that the City Council has paid to our sidewalk petition, and we also appreciate all the follow-up work that's been done by the staff to define the project. And, of course, tonight we're thrilled to see that it has been ranked favorably above the line in the CIP proposed budget. So I would like to just ask you to please hold your support through the entire process.

We think this is an important addition to this corner of the city, it's going to enable our able bodied and disabled residents access to many of the amenities in this neighborhood. So thank you very much, and we humbly ask you to approve the funding for that sidewalk. Thank you.

[Time: 01:41:05]

Mayor Ortega: Thank you. And Mr. Harold Back. He is supporting. And I saw a thumbs up. With that, I'm looking for any other requests to speak among my council meshes. Seeing none, I will close the public comment.

And at this point, next step is that we have completed our -- we're continuing our process on the evaluation of these budgetary items and also, I want to remind that everyone that the details and supporting information is available through our websites and all that information regarding FTEs and so forth, full-time employees and just generally speaking at one point, through the budget process, there were over 160 requests, that's identified needs by various departments that were then pared down to 50, which are justified in this request. At the same time, just to also note that there are some vacancies due to labor shortages and so forth, but we plan and will commit to meeting the needs of the public and the constituents as we move forward into a responsible manner. At this point we have a second opportunity for public comment.

Public comment is an opportunity for some citizens to step forward on any non-agendized items that are within our jurisdiction. I see none. Therefore, I will close the second session for public comment.

Next, we would move on to item 8, which is citizen petition. Citizen petition is listed in our charter, city charter which encourages citizens to step forward with a written petition, which would have been submitted to the clerk. Seeing none, I will close out that matter. Regarding a petition.

At this point, we would be able to move on to our work study. And I would ask for about a -- a recess. So we will recess shortly, and reconvene for our work study session. And plan on coming back at -- let's call it 7:00. Thank you.

[Break]

Mayor Ortega: For the record, we are reconvening. All members of council are present, as well as charter officers. We will proceed with our work study.

Mayor Ortega: Our work study is as scheduled, allows us to have an open, a less formal discussion of particular agenda items. This gives us a chance to discuss, ask questions, however, we are not generally voting on any particular item and seek to get clarification, as well as provide guidance where we can to staff. Also, the work study, we offer an opportunity for public comment.

There are two items, the Colorado River drought shortage update and additional water conservation measures update. I would go ahead and get -- let's let off with public comment there's one request by Alex McLaren. Come forward and state your place of residence and thank you. You have three minutes.

[Time: 01:44:52]

Alex McLaren: Mayors, members of the council, Alex McLaren, 2046's Osborn Road. I have been following the increase in the water levels in Lake Mead, and Lake Powell, given the wet winter that we've had which is good news for the reservoirs, but I think it is -- it's a respite but we still need to plan for the worst in my opinion. I would recommend people, if they are interested in reading about the issues, the "Arizona Republic" has some good articles, especially Joanna Allhands who has a lot of information. She writes an opinion piece but generally it covers -- she gives links to other sources. The Bureau of Reclamation has just issued a supplemental environmental impact statement for the operation of the reservoirs and for the lakes. I support the city working with others to make comments on that supplemental E.I.S.

I also support the water conservations that will be discussed in item number two, in your presentation. Especially the -- the limiting of swimming pools for first build houses for new build houses, removing grass from new build houses. I support that as well.

I would be remiss, however, if I didn't mention Rio Verde Foothills water situation. I have made written letters to the city, asking, stating that I think it would be good for the city as a good neighbor to supply water on an interim basis to these -- to these folks in Rio Verde. Given the article that appeared in the progress last week, are I think it's incumbent on the city to -- someone to explain negotiations were broken off with EPCOR. EPCOR is in the process with the Arizona corporation commission for providing long-term water for the residents of Rio Verde, and I think the city should be helping in the interim basis. Thank you.

Mayor Ortega: Thank you. With that, I will close public comment.

**WORK STUDY ITEM 01 – COLORADO RIVER DROUGHT AND SHORTAGE UPDATE**

[Time: 01:47:51]

Mayor Ortega: We will be moving on to the Colorado River drought and shortage update. Presenter is Brian Biesemeyer, water resources executive director.

Brian Biesemeyer: Thank you, Mayor, and Mayor and Council, I will say a few words and really have Gretchen up here to give the presentation. Things have been changing rather quickly. A lot of new information is available. As was mentioned the supplemental environmental impact statement alone is a 400-page document with about 300 pages of supporting documentation. So -- and then the 24-month study, the April 24-month study came out late last week. That's got a lot of supporting documents.

So I say that to kind of let you know all that Gretchen is going through and a few changes that she will talk to, between the presentation slides and some constructions that will be made just based on new information. Things have been changing. We have some good news, but really doesn't change the ultimate factors that are impacting the Colorado River that we are still see, over demand and the results of a long-term drought that doesn't end in one year. But instead of stealing Gretchen's presentation, I will let her get on with it. Thank you.

Gretchen Baumgartner: Good evening Mayor and Council, my name is Gretchen Baumgartner, I'm the water conservation manager here for Scottsdale water. I have been here several times in the last year, year and a half, giving new updates on the Colorado River. Things are, as Brian said, ever changing and complicated.

Today we will talk about the conditions on the Colorado River, the Bureau of Reclamations 24-month study and the Bureau of Reclamations announcement and update. So as the end of March, this is the diagram of what the system has in storage currently. This graphic says there's 32% water in storage, but I just checked and there's actually 26%. And a lot of what we will talk about right now and what you will read in the papers is obviously this has been an amazing winter. It doesn't matter whether you can see the spill on the Verde and the Salt or whether you are up in the Colorado -- the Rockies or in the Sierra Nevadas or other parts the country, it has been an amazing cold and wet winter. Absolutely.

It does give us a little built of respite of what we have been going through, however, the system is still at 26%. The system is still doing what the system has done for the last 22 years. So we should take this respite and have those really great conversations with the stakeholders and the basin states and still keep the trajectory of what we want to do in conservation still moving forward.

[Time: 01:50:57]

This is a graphic of precipitation in the basin, as of about a week or so ago. The blue line is the snowpack in the system. And the purple line is the 30-year median and green line is 2022. So just to showcase that we're at about 150% of the 30-year medium of the snowpack. This is a

great news story for this year. However, this is a figure of Lake Mead over the last 22 plus years and how the levels of Lake Mead have drastically decreased over the last 22 years. Each one of those vertical dotted lines are a snowpack that was above 100%. You can see the first one in 2005, which is about 130%.

We were still on the trajectory of the lake levels lowering. I say this because it doesn't necessarily mean we need our hard work that we have gone through are the last couple of years to end. We still have to move forward and find ways to be sustainable, and move the dial on conservation and move the dial when it comes to having conversations with the seven basin states and find a consensus and a compromise on how we manage our resources moving forward.

And as Brian said, I do apologize the 24-month study, the April study should have come out the week before this was due to the clerk, and the bureau is just as busy as anyone else. They didn't actually have the 24-month study when the PowerPoint was due. So this is the study. I will go through the March study and I will ask the Elmo to be brought up. In the 24-month study for Lake Powell which is the reservoir system that brings water from the upper basin and passes water from Powell to Mead.

One the issues with Lake Powell is the inflow for the last several years is very low. So the federal government has been trying to prop up Lake Powell and pass less from Powell to Mead. And keep the reservoir above a minimum power pull. Now this is a 24-month study from and it looks similar from the last 24-month studies for the last few years lower and lower.

This is Tier 1, Tier 5, 2b and 3. In March the trajectory of a tier shortage, there is a probability of going into a Tier 3. Now, again, I will pepper a lot of these conversations with there's some things we have to consider when it comes to conservation, and we are getting a little built of a reprieve this year. Can I get the Elmo turned on? So this is the Lake Powell projections. It doesn't look that different from the April to the May. There's a projection of them passing more water from Powell to Mead. They don't have to do all the safety precautions because a lot of runoff projections are happening. So Powell looks pretty similar. Lake Mead doesn't have as much of a trajectory downward.

[Time: 01:54:15]

Over the next year or two, we have a little bit of breathing room. Okay. You can turn off Elmo. Now, I came here last summer and talked about Commissioner Touton, having a conversation with the senate energy and natural resource commission and in that she asked for the basin states to save an additional 2 to 4 million-acre feet and come to a consensus. The basin states were not able to come to consensus. The reasons for this are 100 reasons. It's 100 years of agreements upon agreements, rights and ownership. It's a challenging conversation for the basin states to have, to figure out how to get 2 to 4 million-acre feet. The department decided to do a supplemental environmental impact statement to be able to find ways to legally manage

the system in a different way and try to figure out ways to bring the basin states even closer together.

So they -- during the SEIS, they come up with a different amount of quantities above the 2017 guidelines and in a different way to potentially separate Lake Mead and Lake Powell. This could include a mid-year review and a mid-year adjustment. Within the SEIS, these are primers and summaries of what is in that document. There's three alternatives, modeling alternatives that stakeholders are able to review to find out what happens to the system.

One is no action. One is an action alternative one that follows the priority. Action two, which is a pro rata alternative, a release from Powell to Mead, anywhere from 6 to 8 million-acre feet and understanding that the lake operations have to overlay the 2007 and 2019 dcp guidelines. With all of that, the modeling comes out with a little above 2 million-acre feet targeted to be reduced. Now, like I said a minute ago, the ask over the summer was to save between 2 and 4 million-acre feet. So the modeling and alternatives discussed are to save that lower bottom end.

So let's talk through some of the actions that the states are now trying to go through and understand as a negotiating process. The first one is a no action alternative. This is required under the NEPA to analyze the impact so just not doing anything. The second alternative is a priority action, and that is a reduction based on the law of the river. Based on your legal right to how it's reduced.

I stood here before several times and talked about how western laws based on priority. If you are eye junior right holder, you get cut first. That's the law of the river. That's the law of the western water and alternative two is a pro rata, not following the priority system. So the alternative one is that priority system. And in it, because California, the large majority of California's water has a higher priority, it doesn't really get touched in had this alternative, other than the reductions it's already willingly taking within the DCP guidelines. Within this alternative, the central Arizona project gets cut 100%.

Mr. Mayor, do you have a question? Okay. This means zero water runs through the central Arizona project. This is an alternative that we do have to discuss, because it does draw on the priority system. This is a conversation we do have to have with California.

Now, this is a busy slide. It came out of the SEIS. And what this is saying is if you are looking at just the March 24-month study, before we knew some of the projections on the Colorado, because of the really great hydrology. So let's just say we -- instead of standing in 2023, we are standing in 2022, and it's just a bad year. And basically, this is saying, if the projections are right for the March year, and it was -- it's a dry year, based on this priority, the central Arizona project would run zero. If the lake levels were at 1035, CAP would get zero water. Alternative number two is the pro rata alternative. This shortage takes a percentage across all of our basin users based on the consumptive use from 2021. This also means that C.E.P., Yuma Ag and the

Colorado River Indian Tribe would be cut the same percentage. We are all on the same datum, I promise you, Yuma agriculture users do not like, that California does not like that.

[Time: 01:59:17]

Under this alternative, if we were in a March -- if we were in the March 24-month study, central Arizona -- or Arizona would be reduced by 1 million-acre feet. California would also be reduced by approximately 1 million-acre feet which is 25% of their right. One of the things this is, is a modeling exercise.

Both of those scenarios are book ends. Both of those scenarios are very drastic. Both of those scenarios are meant to be conversation pieces between what the media is painting as California vs. Arizona. The hope for all stakeholders is it brings a really good conversation, an honest conversation between California and Arizona, and finding a compromise. There's 40 million people that rely on this river. No one wants Central Arizona project to run dry. But we want to find a good consensus and a good compromise. So there is a 45-day comment period. Scottsdale will produce comments just like any other valley city will probably produce comments. And then the basin states will hopefully -- the hope is in the next 45 days, the basin states will have a better conversation than they've had in the last six months and find a way that we can have a consensus moving forward.

So in summary, while this winter may give us a slight reprieve, and a little bit of breathing room, it doesn't change that there's a structural deficit in the system. It doesn't also change that the system is still technically in drought, and one wet year doesn't necessarily change things. It just gives us a little bit more time. We need to continue on with having those conversations, and finding ways to build a bigger, broader, conservation ethics for all Arizonans in the lower basin states. And I will take any questions before moving on to the conservation conversation.

Mayor Ortega: Sure, Ms. Baumgartner, you know, let me begin by mentioning if you could just explain the ten AMWUA cities that monitor the CAP and the BOR reports and how we act together with the ten other cities through AMWUA.

[Time: 02:01:37]

Gretchen Baumgartner: Yeah. AMWUA is Arizona Municipal Water Users Association. We are a part of that, as are 10 other cities in the valley. This is a great collaborative approach. The Mayor sits for us on the board of directors. Brian Biesemeyer sits on the management board and I sit for us on the water resources advisor group. All great things come from conversations at the AMWUA table. Collectively, standing and long-term, myself, Brian, the Mayor, we're not as strong as if we have those conversations with our partners. I said this in other presentations, someone may live in Scottsdale, but they work in Phoenix. They may drive down Indian School and don't understand that they go from Scottsdale to Phoenix.

So understanding where Phoenix comes from helps us understand Scottsdale. And so AMWUA is a great place for when we are talking with legislatures and the Arizona department of water resources and when we have the collaborative conversations with central Arizona project. AMWUA is a great facility enforcement when it comes to collaborating these ideas with stakeholders.

Mayor Ortega: And then just as a comparative. We have various sources of water including the SRP delivery, which is also federal water. Why -- I'm just going to use the rule of thumb, saying that SRP has done well, that's the Mogollon Rim, and so forth. I think it's less than a tenth of what the CAP is or maybe even smaller than that. So, yes, it's Arizona water. We don't have all of these other complications. But it is generally, you know, owned by the agricultural interests which built Roosevelt dam and mortgaged those seven or eight dams. So there are, you know, two reservoir resources through the CAP, and which we're discussing right now. But SRP is, you know, about a tenth of what the demand is for about 4 million people in the whole valley. Let's move on to Councilwoman Janik and then Councilmember Graham.

Councilwoman Janik: Thank you, Mayor. Gretchen, quick question. The water loss through aridification will be reduced this year, is projected to be reduced this year because of the excess rain and snow melt or would that not be affected?

[Time: 02:04:18]

Gretchen Baumgartner: It's yet to be determined. What we have seen over the last three years with that differential between snowpack and actual runoff has been a big differential. It's yet to be determined whether we will see that differential or not this year.

Councilwoman Janik: Okay. Fingers crossed. Thank you.

Mayor Ortega: Thank you. Councilmember Graham and Councilmember Durham. I do have a request from city staff. So let me get to Brian Biesemeyer and then Graham and Durham.

Brian Biesemeyer: Thank you, Mayor and council. Just to add to that, the initial projections, councilwoman Janik are that only about 10 to 12% loss between snowpack and runoff. That's the initial projections. Gretchen is right, it's yet to be determined, but the initial forecast is good this year compared to previous years mostly because it's been colder longer in the Rockies. Thank you.

Councilwoman Janik: Thank you.

Mayor Ortega: Councilmember Graham and then Durham.

Councilmember Graham: Thank you for your presentation. What year did the current drought that we're in -- does the current drought we're in qualify as a mega drought or is there?

Gretchen Baumgartner: So experts are normally using the year 2000, when the system started to really drop.

Councilmember Graham: 2,000.

Gretchen Baumgartner: Mm-hmm.

Councilmember Graham: Okay and climatologists or meteorologists, do they have any prediction when the drought might get better? Is there any way to guess?

Gretchen Baumgartner: So there's some climatologists that are as Councilmember Janik talked about aridification and that's one the reasons why it's hard to really pinpoint what the new normal will be. The system for the last 100 years has given on average about 15 million-acre feet. Some of the climatologists are saying there's potentially 13 to 11 million-acre feet of the system will give on average.

Councilmember Graham: Okay. What percentage of the water that comes to Arizona is channeled through the Central Arizona Project?

Gretchen Baumgartner: All water that Arizona uses is that what you are asking?

Councilmember Graham: Of all the water that continues down --

Gretchen Baumgartner: I don't have that number off the top of my head, but I can get that for you.

Councilmember Graham: I was just curious. Thank you, Mayor, thank you, Gretchen.

Mayor Ortega: Sure. Councilmember Durham.

Councilmember Durham: Thank you, Mayor. I didn't follow what you were saying about these charts, Gretchen, that page 12 and I guess 14, I didn't quite grasp what these were showing.

Gretchen Baumgartner: Yeah, so I'm just going to go to where the elevation is between 2035. So the pink portions of the columns are basically saying this is what Arizona would give up under the DCP and the 2007 interim guidelines 640,000-acre feet. Under the additional reductions, under this plan, Arizona would give up an additional 1 million-acre feet. The column to the right is the total amount between the 2007 guidelines and the additional shortages based on this plan. So the 1.37 million-acre feet is what Arizona will give up under the elevation of 1035.

[Time: 02:07:39]

Councilmember Durham: And that's everything.

Gretchen Baumgartner: The Central Arizona Project has roughly 1.6, 1.55, if you are counting seepage and evaporative losses. So that is the entire central Arizona project and then some of those reductions would come off river.

Councilmember Durham: Thank you. That helps.

Mayor Ortega: Well, just explain briefly about the tier shortage and how that is really set by Bureau of Reclamation and how close we are to a tier three, but those are declared by the federal government, or they are not declared locally. Can you explain that a little bit more, as far as approaching Tier 3.

Gretchen Baumgartner: Yes, the 24-month study is based on the hydrology of modeling that the BOR does, based on the 90<sup>th</sup> percentile, that happens every single month. And the official declaration comes in August for January. So we won't really know what will happen in 2024, until August.

Mayor Ortega: Okay. Well, thank you. Let's move on with the rest of the presentation.

**WORK STUDY ITEM 02 – ADDITIONAL WATER CONSERVATION MEASURES UPDATE**

[Time: 02:08:55]

Gretchen Baumgartner: Let's talk about conservation.

Councilmember Graham: Point of order, is this the second item of the work study that we moved on to?

Mayor Ortega: Yes.

Councilmember Graham: Okay. Thank you.

Mayor Ortega: Second additional water conservation measures. Second part. Part two.

Gretchen Baumgartner: All right. So tonight, I'm going to be talking about the MOU that council approved back in October of 2022 on the Colorado River. The commitments that are inside that MOU, the commitments associated with the MOU, and then the list of recommendations that we're here tonight to talk about, and ask for recommendations to explore over the summer.

So back last summer when Commission Touton came out with the 2 to 4 million-acre feet, several basin states got together and wanted to really heighten conservation across the basin. And they put together Southern Nevada Water Authority with a couple of other folks put together this MOU and asked other basin states to join in and a number of us did. Within the

MOU, it asked to heighten the collaboration and called for demand reduction and commitment to water efficiency, practices across all seven basin state. We all share this river. It's important to our life blood across all seven basin states.

Inside the MOU, it asks for continued and expanding program for indoor and outdoor water use efficiency. The main point of the MOU was to ask for a commitment for nonfunctional turf reduction by 30%. And an increase in water reuse and recycling programs. Some of the main points that it drew out was the transformation of outdoor landscapes and urban environments, to improve climate resiliency, and a stronger ethic of water-wise water usage. Mandatory watering schedules was an item. Incentive turf removal rebates was an item and limitation on new turf or grass was an item. Also, employing best management practices and commercial operations which include evaporative cooling and adopting an orientation rate structure and improving management between land use and water.

[Time: 02:11:22]

So the items that we bring forward today are watering time restrictions, front lawn restrictions on new homes, new swimming pools restrictions, new single family resident fountain prohibitions, strip and nonfunctional turf prohibitions, automatic Water Smart.

So let's talk about watering restrictions. This is something that a lot of people have seen. It doesn't matter if you are here in Texas or Nevada or California. Watering right time restrictions are a thing in the west. What we came up with as a first step is a time of day restriction that we would like to explore. An example here would be a time of day between 10 a.m. and 7 p.m. when evaporation is the highest. Which means you can't water efficiently. It's an easier thing to police than let's say a day of the week. It's also something most people can follow, and it doesn't necessarily segregate different kinds of landscape. We wanted to make a point that it's not a day of the week because those kind of conversations staff wants to have with residents, and customers. Because it's appropriate to let people understand how exactly to water their landscape. That's appropriate to their landscape. And not necessary a Tuesday/Thursday thing. If we get to some point in the drought and we think that's appropriate. For right now, water restrictions time of day is what we would like to explore. Front lawn restrictions on new homes. We would like to explore this one.

Would you be surprised that most people actually think we have this here in Scottsdale. I have been asked a number of times if we do. Do we have a new home restrictions on grass in front yards north of the 101? I have been asked several times that. No, we do not. What we have in ordinance is model homes can't have grass in the front yard. And what happens when model homes don't have it is most people just do that. So what we want to do is put it in code that you build a new home, we're not talking about your back yard. We're talking about your front yard. Your kids don't play in the front yard. We would like to explore an ordinance that doesn't allow grass in the front yards.

New swimming pool limitations. Now, Southern Nevada Water Authority about a year or two implemented this and they have a restriction on pool limitations. We would like to explore the limitation of single-family resident new pool restrictions that is appropriate for Scottsdale and we will reach out to stakeholder -- we already had conversations with the pool association. They have actually reached out to us and to make sure that we have conversations with folks when it comes to what would be an appropriate limitation for Scottsdale. And new family fountain prohibitions. We have a water feature limitation on commercial entities but we do not want to have one for single-family resident.

When we talk about water use. We talk about functionality. If someone has a water feature on their front patio, it's not really a function. So we would like to explore an option to have a prohibition of new water features in the front yard. Look at efficiency and functionality. We would like to be able no modify code. Currently right now there's a limitation on commercial grass based on a certain size. It's confusing. It's complicated.

[Time: 02:14:47]

We would like to explore what would be applicable and appropriate for Scottsdale that's less confusing and complicated. One the examples that folks who have already done this is Southern Nevada Water Authority has a nonfunctional grass elimination program by 2027. This is a retroactive program. We are not asking to explore something like that. We are asking what would be appropriate for Scottsdale. We would like to bring forward a policy to recommend what would that be. AMI meter technology and Water Smart portal leak detection notification. Our automatic meter infrastructure allows a lot of data to be seen by a customer.

One the issues, though, that we only have 10% of customers that are registered for it. So as you can see from the figure on the right, over the last year, there's been 41,000 leaks detected by the software. Over 114,000 gallons per hour has been detected. We can't tell those customers unless they sign up for Water Smart. Now Water Smart is integrated with our online payment portal. So in order to get to Water Smart and see your AMI data you have to go through the online payment portal. For a new customer that signs up with OLPP this couples Water Smart that it's part of the online payment portal and we can reduce these leaks. Over one-third of leaks originate in outdoor watering.

Since 2020, the Water Smart portal has insights over 3,000 customers to collect and find leaks. Customers can also customize their alerts on Water Smart. These are just some of the customer replies we have gotten from Water Smart and their leak alerts. The gentleman on the right found a leak in his ice maker, in his refrigerator, which I doubt he probably would have found for a while. The customer on the right found a sprinkler valve that leaked. She probably wouldn't have known about it until several months into her billing cycle when she realized why is my bill so high? The leak alert allows people to stop that, save water and also money.

Sewer adjustment limitations. So your sewer fees are based on a 90% of your average bill

between December, January, and February. This is industry standards. This is using winter months as a proxy for indoor use. 90% of your indoor use, we're saying, is basically your sewer return flow and that's what we charge you. Currently a customer can give us a call on an annual basis and ask for an irrigation sewer adjust. We calculate their historic use and calculate irrigation usage and find the differential and potentially give them a credit.

[Time: 02:17:45]

We are asking to eliminate this or explore options to eliminate this. Conservation programs are built around incentivizing desert adaptive landscapes. This program does the opposite. And the last one, back over the summer, we came to you and established the Scottsdale sustainable water management principles.

And principle number four is a water and land use management principle. Which means if a developer comes in and asks for an amendment or rezoning and is over 100 gallons per day, they have to go through a demand Exhibit. And include water conservation efforts and showcase the efforts they are doing. We are asking to potentially reduce this, should we go into a stage two of our drought management plan.

The next steps would take your questions, and find some level of consensus of which items you would like us to move forward the next couple of months, and come forward with it at a later date, very specific quantitative recommendations on each one of the items.

Mayor Ortega: Good. I see Councilwoman Whitehead and Councilwoman Janik wish to speak.

Councilwoman Whitehead: I just have a question. So the 30% for the reduction of nonfunctional grass by 30%, that seems so low. I mean, I think -- I can -- there's nonfunctional grass up and down Hayden, through McCormick Ranch, nonfunctional grass at G.D. I know they got rid of a lot of it. I wonder why you chose 30%.

Gretchen Baumgartner: It was one of the basin states. It was one of the other basin states, the Southern Nevada Water Authority and metropolitan came up with that amount, and really because there's a vast majority of providers within the basin states. It was really the ability for some to be able to do that. A number that everyone could agree on.

Councilwoman Whitehead: Okay. And then why -- so Nevada has some very strict water usage requirements for golf courses. Do we?

Gretchen Baumgartner: So the Arizona Department of Water Resources actually regulates any turf facility that's over 10 acres. That includes our parks as well. So they all have conservation allotments should they use even a drop of groundwater, and so the Arizona department of water resources is the regulator of that. Should there be need or desire for restrictions it would be through the department or the legislature.

Councilwoman Whitehead: Okay. Thank you.

Mayor Ortega: Did you have something, Brian, to add?

Brian Biesemeyer: Yes, Mayor, and council. As Gretchen mentioned, the Department of Water Resources, the regulatory agent on there, but they do go through continual review. There's a 2025 conservation requirement that the state is looking at to reduce those -- or to increase the conservation requirements and to reduce water use by turf and golf courses and such. So it's a progression as the state continually reviews these things on a five-year basis.

Councilwoman Whitehead: May I ask one more question?

Mayor Ortega: Sure.

[Time: 02:21:01]

Councilwoman Whitehead: On that, I would like to see a comparison of Nevada versus Arizona on that. Is it specific? Does the Arizona Department of Water Resources, do they have it by category or just anything over 10 acres falls under the same restrictions?

Brian Biesemeyer: We can get you that. We can get both from Arizona and Nevada those requirements.

Councilwoman Whitehead: Okay. Thanks.

Mayor Ortega: Okay. Councilwoman Janik, Councilmember Graham.

Councilwoman Janik: Thank you, Mayor. I was just going to start going through your requests to see if we can get consensus. I'm guessing that's the goal for this evening, correct?

Gretchen Baumgartner: Yep. Can I get the Elmo on again?

Councilwoman Janik: I got it up here too. Okay. First of all, your water restrictions, no water 10 a.m. to 7 p.m. That is just common sense. You want to water when the water gets to the turf. You don't want it to evaporate into the air. So I'm hoping most people do that, but I definitely think that is something that is just a very reasonable common sense approach. How do my --

Mayor Ortega: I see some nods, as far as that. It seems like a sensible use.

Councilmember Graham: I have a question about that, but when it's my chance to talk.

Mayor Ortega: Let me add something to that if I may, because I also believe that there's an off-

peak energy use as well that's optimal for -- you know, versus competing with our businesses and daytime uses if it's sprinklered at night. Just another benefit. So we will go through a list and just see -- with some discussion as well, if anyone wants to comment. Go ahead.

[Time: 02:22:43]

Councilwoman Janik: The next one is the code, no grass in front. I live in Wingate Ranch. It's over 600 homes. We all thought we couldn't put grass in the front, and then I asked you and said, oh, no, you can. Nobody has grass in the front and it is a beautiful community. So if you need an example of a community that flourishes and looks great, and man, does it save on water! My bill is -- I use about 3,000 gallons each billing cycle, which is -- would be beneficial for all of us to decrease it. So how do most of you feel about that? That would be new construction?

Gretchen Baumgartner: Correct.

Mayor Ortega: Excuse me, do you have a comment?

Councilmember Graham: Councilmember Janik. I like that we are going through this. It would be edifying to have kind of like what we think each measure might save in water. Don't you think to have a little more data? I'm just a little bit hesitant to reflexively jump into like, based on a gut feeling on each item. That's all. I don't mean to be discordant on this.

Councilwoman Janik: I think you are asking for more data and I think that's reasonable. But we want to know where we are going so they can get the data. There may be some things where we say we don't think this is a good idea and people wouldn't like it. Then they don't have to spend as much time or put it in a lower priority.

Councilmember Graham: If I can respond. I like the water time restrictions. I think people should voluntarily do that. That's common sense, but what we are talking about is an ordinance and a punishment and a surveillance and you can report people. Then we start to get to a different territory, but if it saves a lot of water, maybe if we looked at it, we would see that 98% are in compliance. I don't have the information before me. Councilmember, thank you.

Councilwoman Janik: My counter to that would be just charge more for water use between 10 a.m. and 10 p.m.

Councilmember Graham: Don't we already?

Councilwoman Janik: No, we don't charge water based on time of day.

Mayor Ortega: Let me limit the rules. Whether we might authorize that some of these go forward for further development. We're not presently saying you cannot have more turf than 500 square feet in your front yard or you shall have zero, specifically. But these are -- these are

actionable areas. I also saw a hand up from Brian Biesemeyer.

[Time: 02:25:43]

Brian Biesemeyer: Thank you, Mayor. To answer Councilmember Graham on these. What we are trying to do is get consensus. We would give you that data to make a legitimate decision on. Having mandatory restrictions for this summer may not -- it may be very difficult to do that. So these are asking for consensus and come back for council to make a decision on.

Councilmember Graham: Thank you, Brian. It's not being discordant. Do we have something easy. Where we can spend all of this time on water restrictions and it's a drop in the bucket, no pun intended.

Brian Biesemeyer: I suspect not but your comment about the voluntary versus mandatory, I think those things are all the issues that we can put together and bring to council to propose a voluntary one for one summer, see the impact and continue on.

Councilmember Graham: Well, I like all of these then to look at closer. But I had a question about one of them, Mayor, when I have the chance.

Mayor Ortega: Sure. And I think as we're bringing them up, topic by topic, we can discuss them.

Councilmember Graham: Very good.

Mayor Ortega: Generally speaking, we are not formulating the details. You have a good point about how effective one may be over another. So let's go on to the third one, I believe, you were -- our the front lawn restrictions on new homes. That seems to be a valid point. The only -- okay. If we added to that. So many of the new homes are in HOAs or builder driven with even landscape palate and so forth. It's interesting that that's how it comes through the process, pretty much Xeriscape and so forth. And so all of these thoughts together are what effectively are happening and being discussed in those other nine AMWUA cities. They are talking what other measures can we use. Go ahead, Councilmember Janik.

Councilmember Graham: You are leading us.

Councilwoman Janik: Do you want me to go through all of these.

Mayor Ortega: Yes, I would like that.

Councilwoman Janik: Pool limitations. How are most of us feeling about that? Check into it and get the data?

Off Microphone: I support all of them.

Councilwoman Janik: Do you support all of them? Ms. Littlefield?

Vice Mayor Littlefield: What does SFR stand for?

Councilwoman Janik: Single-family residence.

Vice Mayor Littlefield: Yes. I thought it was a special pool. Yeah. Limits on sewer charge adjustments what would that entail?

Gretchen Baumgardner: It would be for just single-family residents.

Brian Biesemeyer: It would be for single-family residence because those are the only ones that we can do that currently. We have a number of folks that do that, and, again, it's because of irrigation that they have to take that off of their sewer bill and I think one of the practical ways to do that is just to limit that because we don't want to encourage -- we don't want to encourage over irrigation and such. And it's -- it just is another way of encouraging that. And so we would like to look at restricting it.

[Time: 02:29:34]

Vice Mayor Littlefield: I think it would be hard for a hotel or something. And sustainable water management principles. What is principle four?

Off Microphone: That's decreasing the 100,000-acre feet to 50 on the redevelopment. There's a couple of extra procedures.

Vice Mayor Littlefield: Okay. That's good.

Mayor Ortega: So that's -- I like that idea of just covering all of them. Why don't you go ahead Councilwoman Caputi, and then we'll skip on.

Councilwoman Caputi: Thanks, Mayor. I was just going to give quick feedback.

One thing I noticed sitting up here for almost three years now is there's always a method to the madness and so it makes sense that we're looking at the conservation measures after you tell us how dire the situation is. I like that. You know, it gets us ready to say, yes, but --

Councilmember Graham: It primes the pump.

Councilwoman Caputi: It was well done. I wanted to say, of course, the situation is dire and we do live in the desert and we have to be sensitive to that. I know we have discussed on this dais before, that as our population has increased, we decreased our water usage in our city, which

we are very proud of, and that's partly because of new technology and partly because of conservation efforts and we need to keep -- of course we need to keep moving forward on them.

[Time: 02:30:53]

I would support any and all ideas that our water department comes up with as suggestions for continuing on that path. And, yes, of course, you will come back and tell us which ones are most effective and not, but whatever we could do to conserve water, I would be supportive of. Again, we live in the desert and that's what we need to do to keep living here successfully. So I'm in support of whatever great ideas that you can throw our way. Thank you.

Mayor Ortega: Councilmember Whitehead and then Durham.

Councilwoman Whitehead: I was along the same lines, I wanted to remind everybody that one of the scenarios was zero water flowing through the CAP and 80% of our water comes from that. So with that in mind, I support all of them and then there's the old expression, don't let perfection get in the way of progress. All of these will save water, probably significant amounts of water. And none of these reduce the quality of life of our residents. So thanks.

Mayor Ortega: Thank you. Councilman Durham.

Councilmember Durham: Thank you, Mayor. On the nonfunctional turf, are you thinking -- I know this is just a list for consideration, but are you thinking that is mandatory? Or just forward looking?

Gretchen Baumgartner: So right now, like I said, in the Chapter 49, in the conservation section of the water code, there are some mandatory limitations on commercial turf. We would like to reexamine them, clean it up, make it a little more simplistic. Make it more functional versus nonfunctional and bring forward that maybe more simpler code language. So it would be code language, but, again, that is already there. We are trying to find that balance between grass from a commercial entity that is functional, versus just an aesthetic.

Councilmember Durham: But would this require people who have nonfunctional turf already to move it.

Gretchen Baumgartner: No. No.

Councilmember Durham: Thank you.

Mayor Ortega: Councilmember Graham and then Councilwoman Janik.

Councilmember Graham: I think Councilmember Durham -- I had that question about

prospective versus retrospective. I'm kind of looking at the automatic Water Smart enrollment, why -- why don't we already do that? I mean, can you kind of explain why we can't do that already?

[Time: 02:33:24]

Gretchen Baumgartner: Well, so we instituted the Water Smart program back in -- well, we did a pilot in 2016, with a statistically significant amount of Scottsdale residents would want to be part of the pilot to understand how it would work with our community and doing our due diligence in the program. It was successful. So we decided to implement it in 2020 and integrate it with our online payment portal.

Councilmember Graham: You said 2016.

Gretchen Baumgartner: 2016 was the pilot. 2020, when we did the full-blown Water Smart for everybody. The online payment portal is in place and has been in place for quite a long time. So as anything, we kind of stair step into things. So before just really integrating it to the point that they're just almost the same thing, it was -- we added one more step to try to figure out what's the success of this program, and what's the likability of the program?

Councilmember Graham: Yeah.

Gretchen Baumgartner: And we are getting some really great success and we would like to marry the two more.

Councilmember Graham: Were there any -- you know on the cutting room floor, were there any ideas that you guys -- that doesn't quite make this list? I mean, did you look at, like, the use of misters, misting systems or anything like that?

Gretchen Baumgartner: So the use of misting systems are something that a lot of conservation folks, they do have a tendency to get into weeds.

Councilmember Graham: I don't want a rabbit hole down any. I just -- I'm just -- other ideas that --

Gretchen Baumgartner: And so we didn't want to come tonight with a litany list of some of the smaller things and really start out one step at a time.

Councilmember Graham: Okay. Very good.

Gretchen Baumgartner: But we would love to hear any and all ideas.

[Time: 02:35:01]

Councilmember Graham: I don't think we should prejudge these. I think we should take an all-the-above approach and look at what each one would do and kind of impact on the residents and go forward from there. Thank you, Mayor.

Mayor Ortega: Okay. Returning to Councilwoman Janik.

Councilwoman Janik: Thank you, Mayor. Just one point I would like to make and that's with any industry or entity using 100,000 gallons per day. I would like to know how many developments are affected by that and then if you drop down to 50,000 gallons a day, how many are affected by that? Don't need to know the names, but we don't want to hit a hammer over some of our biggest developments.

Gretchen Baumgartner: Right. And week work with planning and get those numbers that are coming through the queue this summer. What you should know about principle 4 is really requiring a developer to have a heightened conversation with council and the planning staff with what we are doing for conservation. It's not just a conversation drive-by. Let's outline all of the things. You heard some of the developers talk about the conservation efforts. They have to have the conversations with you about the conservation efforts, but we can work with planning and get that number.

Councilwoman Janik: Thank you. Good presentation. Thank you.

Mayor Ortega: Councilwoman Whitehead.

Councilwoman Whitehead: One other thing I forgot. I would like to see a focus on existing homes and not necessarily mandatory but increased incentives, increased pool of incentives to make a difference on our existing built environment too.

Gretchen Baumgartner: We have some exciting numbers. I'm not ready to present them right now but this fiscal year has been incredibly successful when it comes to our incentive programs. At a later date we can present some of the analytics on that.

Councilwoman Whitehead: We are pretty built out. So. Thanks.

[Time: 02:37:08]

Mayor Ortega: As a wrap-up, I see us as council saying proceed directly and in my opinion, within 60 days, the news is going to come down. The hammer is going to fall. And whatever -- the additional, you know, water and rains and so forth, the snowpack, basically has to be split 50%, because part of it is going to flow to Mead to Powell. So Powell is a feeder to Mead and even though it's a good rush, it actually gets split in half just to contain that margin.

And we will be under, you know, direct urgent pressure, I believe, within 60 days because of the lack of, you know, unity and deciding a regional sacrifices. But I do see some market solutions coming. I saw a recent subdivision proposal that did not have any swimming pools. It only had jacuzzies and it had a community pool. So that's -- with a lot of 50 or 60% of natural area open space. So it is not -- there is a market for sustainability and there's a market for, you know, reducing the water use.

The last thing for how critical it is, basically, from the graph you showed, Lake Mead at, let's call it 1,030 was just dropping off the cliff, basically, or about -- in that area. Let's think of it as 1,030 is what is predicted. Maybe it hits 1,040 in elevation. The problem is right at 1,000 -- 1,000, there's still water in there but you can't get to it. There's only a small margin, a sliver between where we are now, and what's called dead pool. So although dead pool is substantial, it's not accessible. And that's the same situation for Powell. So we're on that tightrope. We're right at that area. Now, if we're able to save and build up that margin -- that margin, that's the only real reservoir that we have.

The -- if the outlets were at the very bottom of the tank, at the bottom of the dam, and they were built substantial, they would still be depleting that water reserve at 1,000. So -- and that added to the -- think of it like a frying pan. So the outer rim of Lake Mead and Lake Powell are basically a hot plate.

[Time: 02:40:23]

And as that water comes in, it sizzles and, you know, if it's covered then it retains, absorbs some water and keeps building up. So that's the reality that we're dealing with today, and it's very serious business. We certainly take it seriously and I appreciate all the guidance that you received today, and I -- I want us -- or we hope that we can see something before we recess, even if it's -- so it's -- it may be actionable, at least we know where we are at, because the alarms are sounding in spite of the snow pack that's occurred recently -- which has occurred recently.

So with, that I think we are concluded and I will ask for a motion to adjourn.

Councilmember Graham: Motion.

Mayor Ortega: So moved. Please record your vote. Thank you. We are adjourned.