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CALL TO ORDER

[Time: 00:00:01]

Mayor Ortega: Hello. I call the June 21st, 2022 city council regular meeting to order. City clerk, Ben Lane, will you please conduct the roll call.

ROLL CALL

[Time: 00:00:13]

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

Mayor Ortega: Present.

Clerk Ben Lane: Vice Mayor Tom Durham.

Vice Mayor Durham: Here.

Clerk Ben Lane: Councilmembers Tammy Caputi.

Councilmember Caputi: Here.

Clerk Ben Lane: Betty Janik.

Councilmember Janik: Here.

Clerk Ben Lane: Kathy Littlefield.

Councilmember Littlefield: Here.

Clerk Ben Lane: Linda Milhaven.

Councilmember Milhaven: Here.

Clerk Ben Lane: Solange Whitehead.

Councilmember Whitehead: Here.

Clerk Ben Lane: City Manager Jim Thompson.

Jim Thompson: Here.

Clerk Ben Lane: City Attorney Sherry Scott.

Sherry Scott: Here.

Clerk Ben Lane: City Treasurer Sonia Andrews.

Sonia Andrews: Here.

Clerk Ben Lane: City Auditor Sharron Walker.

Sharron Walker: Here.

Clerk Ben Lane: And the Clerk is Present.

[Time: 00:00:39]

Mayor Ortega: We have two police officers and firefighter Josh Porter, if anyone needs assistance. Let's begin with the Pledge of Allegiance, asking Councilwoman Whitehead.

Councilmember Whitehead: 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: Well, for my mayor's report, we continue to keep the people of Ukraine in the forefront of our thoughts. Let's please pause as we hope for their peace and in their struggle for freedom.

Mayor Ortega: Thank you. Well, partners held a very successful Juneteenth event at our Scottsdale stadium field house. We had approximately 1,000 people in attendance, and it was a great inaugural event.

PUBLIC COMMENT

[Time: 00:02:35]

Mayor Ortega: Next, we will have public comment. It's the opportunity for Scottsdale citizens to come forward on any non-agendized item. As such, the council cannot discuss or will not take any action on any of the comments by speakers, but they do have three minutes to address the council. We show one person. Mitch Ross, please come forward and you have three minutes. Thank you.

Mitch Ross: My name is Mitch Ross, I believe up in your neck of the woods. I'm here representing the Alta Sonora HOA. I'm also representing the Pinnacle Paradise and Pinnacle Peak HOA and I'm here to discuss the sound wall that was originally promised to us along Pima road between Pinnacle Peak and Happy Valley, and that basically in March that decision was rescinded.

We had a meeting last week with members of the -- I believe it was the transportation board, and why we would not have this sound wall incorporated. It's \$2 million more than in 2017. Had the wall been done when we were told it would have been done, that wouldn't be an issue. We have 335 homeowners that reside in the three HOAs.

We had a number of meetings with city officials, planning people, and it was decided and granted to us that the wall would be built. And now with the hundreds if not thousands of new homes that are being built north and east of pinnacle -- of the intersection of Pinnacle Peak and Happy Valley roads, the traffic has just gotten crazy.

The noise levels have gotten insane, and during or meeting last week, the city basically said, well, we might have made some errors in the discussions initially and in our presentations. And we're going to take it under advisement. We talked about new sound studies that were not promised in any way shape or form.

It's -- it's really difficult for us to understand -- we had all of these outreach discussions and there was a lot of due diligence done and then the city actually said you need a sound wall. Okay? There's enough traffic and this was three years ago.

Excuse me, three years ago and now all of a sudden, it's not needed and it's not needed because

of the cost increase. So we're here to tee up a meeting that we're going to be presenting, I understand, on the 6th, where Elaine Mercado will be presenting and looking for approval at the city.

We will be in attendance. We would love to have a dialogue with Mr. Thompson. We understand that you are the guy that might get involved in this, and you had some -- a lot of -- have done a lot of work with community outreach and citizens and we would love to have a dialogue with you, somewhere between now and then.

Maybe we'll have a discussion about what is possible, what can and can't be done. So I appreciate your time. I appreciate you listening. We would love to have that sound wall, and thank you for your time.

Mayor Ortega: Thank you, sir. Well, I will now close public comment. And move on. Our agenda was amended to include an additional consent agenda item, number 34a. It was added on June 15th, 2022 and requires a separate vote to remain on the agenda. I would request a motion to accept the agenda as presented.

Councilmember Janik: I will make a motion to accept the item as presented.

Councilmember Whitehead: I will second that.

Mayor Ortega: Moved and second that. That includes item number 34a to the agenda. Next, we have the consent agenda itself, items 1 through 34a. At this point, we do open comment for any of the --

Clerk Lane: Mayor, I apologize, we need to do --

Mayor Ortega: I'm sorry. Let's vote on that. Register your vote on the agenda as presented. Thank you. All right. Unanimous.

CONSENT AGENDA

[Time: 00:08:00]

Mayor Ortega: At this point, we will move forward with the consent agenda items, 1 through 34a. We do make time available for public comment on any of those items. I'm looking at the clerk. There are none. And therefore, I would close public comment. The city clerk, did you have something --

Clerk Lane: Mayor, I apologize.

Mayor Ortega: You had one on item 30. If the speaker would come forward, state your name and we will -- it's Diana Smith. Thank you, Diana.

Diana Smith: Good evening. Before -- I'm Diana Smith and I live at 8205 East Jenan Drive, Scottsdale. I do want to thank you, most sincerely, each one of you for your service. Truly, serving on boards and serving the public is a very difficult thing and I do appreciate it. Thank you.

I'm here tonight to urge full disclosure of the consent agenda item number 30. The city's destination marketing agreement with Scottsdale -- with Experience Scottsdale. The supporting council report for this agenda item stated that the city has for last 45 years enjoyed a public/private partnership with a destination marketing organization, specifically we have relied on the destination marketing expertise of Experience Scottsdale to achieve our city's prominent -- prominence as a tourist destination. Our citizens have enjoyed the economic benefits that tourist spending has meant to our sales tax revenues.

The new marketing services agreement described in agenda number 30 specifies that the traditional 50% bed tax revenues dedicated to destination marketing through our agreement with Experience Scottsdale will be reduced to 45%. It is explained that the remaining 5% of the destination marketing funds will be allocated to the city's newly created destination marketing reserve fund. The allocation to this reserve next year will be \$1,250,000. That as an estimated number.

While this new agreement imposes new, several new requirements on Experience Scottsdale, including 19 performance standards, documented compliance with accepted industry standards, reports of advertising effectiveness, disclosure of nonprogram expense reporting, and expanded auditing scope and frequency, there is no discussion of any requirements on the city's newly created reserve fund.

Such as the governance and administration of this new reserve. When or how the new reserves will be dispersed, who will have authority to designate spending from this new reserve, or even how expenditures from this new reserve will be coordinated with the marketing program for Experience Scottsdale.

[Time: 00:11:34]

As a Scottsdale citizen and registered voter, I consider this new agreement to be a breach of the direction that I along with 56.35% of all voters gave on March 9, 2020, special election held when we decided that 50% would go for tourism marketing and the other 50% for destination events.

The language in that elections official ballot made it absolutely clear a yes vote for Proposition 200 authorized an increase in the transient lodging bed tax to 50% and promised the city would use 50% of the total revenue for destination marketing.

My vote for that Proposition 200 never allocated bed tax revenues to be placed in a reserve or slush fund for the city's spending discretion. This is not the transparency that Scottsdale voters deserve. This is not a respect of voter's vote. Thank you.

Mayor Ortega: Thank you. And continuing, I see no other public comment on the consent agenda items. So I would close public comment. At this point, also if there's any clarification, council on items 1 through 34a, seeing none, I'm open to a motion and a second.

Councilmember Janik: I make a motion to accept consent agenda items 1 through 34a.

Councilmember Caputi: Second.

Mayor Ortega: I heard approve, not accept.

Councilmember Janik: I'm sorry, approve.

Vice Mayor Durham: Second.

Mayor Ortega: Any other discussion? Seeing none, please register your vote. Thank you.
Unanimous.

I do want to point out that item 20 of the consent agenda included acceptance of \$1 million from the Scottsdale railroad and mechanical society, a generous contribution to make another venue available at the McCormick -- the stillman-McCormick railroad park. So thank you very much.

[Time: 00:14:22]

I was there to accept the funds and I'm not sure if there's a representative from that group, but, again, our heartfelt thanks. Secondly, I want to comment on number 30, which is the Experience Scottsdale, which was approved. This is a five-year agreement. Every five years or so we catch up on all of those needed details and certainly look forward to monitoring and other successful events. The reserve is noted and it is also dedicated to destination marketing purposes.

Mayor Ortega: Moving on, we will now go to the regular agenda items. Item number 35 through 38.

ITEM 35 – FWL STORAGE REZONING AND CUP (8-ZN-2021 AND 16-UP-2021)

[Time: 00:15:17]

Mayor Ortega: And we will hear the presentation, item number 35, Frank Lloyd Wright storage and rezoning and conditional use permit, case number 8-ZN-2021 and 16-UP-2021. Jeff Barnes is the senior planner. Thank you.

Jeff Barnes: Good evening, mayor and council, I'm Jeff Barnes with the city's planning department, giving you a combined presentation on these two cases, 8-ZN-2021 and 16-UP-2021.

This site is located in the highlighted area on the slide here which is north of Frank Lloyd Wright boulevard, west of the 101 freeway, backing up to the CAP canal to its northern boundary. A little bit further out context, just to give you some location across the canal to the north is the TPC golf course, to the west generally of this site, you will encounter the airport to the northeast is WestWorld and to the south we've got other commercial properties auto dealerships and similar uses.

Getting a little closer view of this site, you will see it's a long linear, vacant property that sits behind some existing commercial developments and, again, backing up to the canal with its northern boundary. This site gains its primary access through the drive aisle between the Dunn Edwards Paints and the Van's Pro Shop, to achieve access to the site in the back.

[Time: 00:17:14]

The applicant has -- has reached out and worked with those two property owners to secure those updated access rights to account for access to this parcel. Currently the site is zoned single family residential, R1-35, zoning. This is last single family residentially zoned piece of property in this area. All of the other properties surrounding it have, over time, rezoned to their current zoning conditions.

Most recently, I believe, would be the open space zoning to the north of the TPC golf course which left then this as the last remaining piece. The request being sought tonight is to change that single family zoning to highway commercial C-3, which is consistent with the majority of the other existing commercial properties along that stretch of Frank Lloyd Wright to the south of this property, which are also zoned C-3.

There are some C-4 zoned properties for the auto dealerships further over to the south and the west. In the context of this request and the general plan, this site falls within the mixed use neighborhoods designation, which is consistent with the other commercial properties within that area.

The site also falls in the greater airport character area destination and within that -- within that character area, this falls in the airport, excuse me, mixed use, AMU destination, which allows for the types of commercial uses that you would find in that district and is consistent with the other commercially zoned properties surrounding it.

I mentioned proximity to the airport, just for some additional context on that. The site falls within the AC2 airport overlay zone, which is the middle of the outward buffers away from the

airport. It also falls within two of the noise contours, again, moving outwards from the airport, the 60 dnl and the 55 dnl boundaries. Focusing in on the two issues.

The first is the zoning map amendment from the R1-35 single family residential on the site today, to highway commercial C-3 to align with the surrounding commercial properties. The second component is a conditional use permit request, specific to vehicle storage, within the site that is a requirement under the proposed C-3 zoning, and would become requirement if you approve the first request here.

[Time: 00:20:28]

Some key points relative to this zoning action, this is last single family residentially zoned piece in this area, surrounded by many commercial uses. This zoning action would then allow for commercial uses on this property, as opposed to the residential use that doesn't necessarily fit the current site, but it's designated today.

And another aspect of this rezoning that's important to keep in mind is the existing commercially zoned properties to the south, which are zoned C-3 have a development standard requirement of a 50-foot building setback when they abut single family residential zoning. And so this current designation imposes a setback on those other properties, and so the rezoning to C-3 would remove that and bring several of those properties into conformance where they are currently within -- they have buildings within that 50-foot buffer.

The proposal for rezoning ultimately seeks to develop this site with a three-story internalized community storage facility with an additional underground level to it, and incorporated into that site configuration is a 15 bay vehicle storage garage structure. That's the component that triggers the conditional use permit requirement that is tied in this with this request.

Notably out of some of those development standards the C-3 zoning district would allow up to 36 feet of building height on that site. As I mentioned the other properties are also zoned C-3. So that would be consistent in allowed development standards, although those other buildings are currently built to lower heights than the 36 feet allowed.

This is the site plan that had been provided from the -- from the applicant, given the size and the length of the site, it's a little bit difficult to convey visually here. So I've got a second slide here that helps put a few highlights on this, hopefully, to clarify. So yellow boundary represents the -- the property boundary for this site.

I mentioned earlier, it gains its primary access between the pro shop and the paint store. And so that's in and out through the blue arrow here, as the main point of access. There is an intended secondary egress point that would be right turn only back out to Frank Lloyd Wright to -- to relieve some of that -- relieve some of that traffic movement but primarily the main drive would get back to the signalized intersection at Hayden and Frank Lloyd Wright and be the primary

use.

That west-most right turn exit drive is intended to be designed so that emergency vehicles could turn in there, but not so that it would be inviting as a -- as an entrance for normal vehicular traffic. Also, notably in this site plan context, the -- the western larger shaded rectangle on here is that three-story internalized community storage building location, the eastern smaller would be the single-story garage structure.

The application before you here was on your agenda at the last meeting. The applicant did request a continuance to give more time to work with the neighbors on some concerns and they did that and provided an updated site plan that also eliminates what was proposed as some covered vehicle storage at the west end of the site, and eliminate some site walls that were in that location as well to attempt to open up more of the visibility of that site.

[Time: 00:24:54]

So those changes hard to see on these graphics but are represented in the documents in the staff report that you have been provided and the updated information there. Getting into the building details a little bit, the conceptual building elevations that were provided by the applicant team are here.

This is representing the internalized community storage building, the primary building on the site, that is, again, that sort of linear style building to fit within the shape of the property. And then the other building being the garage structure on the site this is the single story further east that would contain the vehicle storage bays.

I mentioned the conditional use permit component to that vehicle storage, as the -- the covered external storage locations have gone away, with the iterations of the site design, the primary point of the vehicle storage is going to be within that garage structure and so that drastically reduces any concerns although there were not any that we identified, but it really brings everything into an enclosed building and so we do not foresee any issues of noise, dust, odor, smoke, vibration, anything else that are typical things we look at with the conditional use permit criteria.

We also do not expect there to be any unusual character or volume of traffic for that component of the use that would be different than the regular internalize community storage use on the property. This went before the planning commission back in April and received an approval recommendation vote of 6-0, and as I mentioned, it was continued from your last meeting to this meeting to allow more time to work through some details with the neighbors.

Circling back again, just as a reminder of what the requests are tonight, we've got the first one being the zoning district map amendment from the R1-35 to the C-3 and then the second being the conditional use permit approval relative to the vehicle storage component. And that

concludes staff's presentation. The applicant team is here to provide additional details and answer questions that you may have as well.

Mayor Ortega: Thank you, Mr. Barnes. We will go to the applicant. Then we will go to public comment. After the applicant, Greg Loper, Clear Sky Capital.

[Time: 00:27:49]

Greg Loper: Thank you, mayor, members the council, my name is Greg Loper. With me this evening is John Stevenson and Matt Mason. I never remember his last name. They are with me here with Clear Sky Capital, developer of the site. I would be happy to answer any questions. I would like to mention real quick -- publicly thank Jeff Barnes on a nearly two-year project that has gone through a lot of iterations.

I don't believe see Mr. Lesoto, or the other adjacent property owners. We wanted to thank them for coming up with the changes to the site plans and the elevation changes that they are happy with. With that, I'm happy to answer any questions.

Mayor Ortega: Okay. Well thank you. I see there's several questions coming forward, but I would prefer to go on with public comment and then we'll come back for questions that may have come forward.

Greg Loper: Absolutely.

Mayor Ortega: So at this point, I would ask for public comment. And seeing a nod no, there is no public comment. So you may return. And I say that seriously, because we take public comment very seriously. So accordingly, I will close the public comment. And lead off with Councilwoman Littlefield and then Janik.

Councilmember Littlefield: Thank you, mayor. I just wanted to confirm with you that you have met with your neighbors and that they are okay with this at this point?

Greg Loper: Mayor, Councilmember Littlefield, yes, that is correct. I believe they submitted emails and/or letters to that effect.

Councilmember Littlefield: All right. Thank you.

Mayor Ortega: Okay. Excuse me, we will go to vice mayor Durham and then Councilwoman Janik.

Vice Mayor Durham: Thank you, mayor. A question for you, or for Mr. Barnes, whoever can answer it, is this going to go before the development review board? Okay. I would urge you to work with the development review board to see if we can make this project more beautiful.

I know it is a parking garage in the end, and there's a limit that can be done, just by the nature of the beast, but I would urge both the D.R.B. and you to work together to see if there's things that can be done to give it a better presentation, such as possibly windows, real or imagined or other features. So -- and I appreciate your working with the neighbors. I know that you have. I have been in contact with Mr. Lesoto and I know he no longer has any objections. Thank you.

Greg Loper: Thank you. And if I could, mayor and Vice Mayor Durham, the elevations you saw before you, we like to say that's reflective of majority of the buildings that are in the center, directly to the south of us today.

The vision coming forward is more of what's planned by some of those existing buildings as they get redeveloped and I believe the element you talked about, faux windows or real windows, a more modern look is exactly what you will be seeing when it goes to the development review board which has to go to.

[Time: 00:31:17]

Mayor Ortega: Thank you, Councilwoman Janik and then councilwoman Whitehead and then hopefully we'll have a main motion.

Councilmember Janik: I concur with what both of my councilmembers have said, and I wanted to thank you for conducting respectful negotiations with people that perhaps you had disagreements with.

You came to a good conclusion and this is a very good example for the rest of our community to follow when there are disagreements about how a project should proceed. Thank you very much for cooperating on the issue. It makes it much easier for us all of us sitting here.

Greg Loper: I thank you and I appreciate that, but I have to give hats off to Mr. Lesoto, Mr. Casiana for being respectful of what our vision was and what their vision was. You know the old saying, sing kumbaya, well, it happened and we're happy.

Mayor Ortega: Councilwoman Whitehead.

Councilmember Whitehead: I concur with everybody. I'm really pleased that you took the extra time and got everybody on the same page what a difficult little nook. I think it's a really awesome use. People are going to really appreciate having that storage and that's pretty good that you guys were able to think of that.

So I would -- I'm going to motion to approve item 35, the Frank Lloyd Wright storage rezoning and conditional use permit 8-ZN-2021 and 16-UP-2021 and adopt ordinance number 4543, approving a zoning district map amendment from single family residential R1-35 to highway

commercial, C-3, on a plus/minus 3.38-acre site located at parcel number 215-51-026. And find that the conditional use permit criteria have been met and adopt resolution 12461, approving a conditional use permit for vehicle storage associated to the proposed highway commercial c-3 zoning on the site.

Mayor Ortega: Second. We have a motion and a second. Is there any other discussion? Seeing none, please register your vote. Thank you. Unanimous.

Greg Loper: Thank you.

Mayor Ortega: Good luck with your project.

ITEM 36 - SCOTTSDALE SUSTAINABLE WATER MANAGEMENT PRINCIPLES

[Time: 00:33:57]

Mayor Ortega: Next, we go to item 36, Scottsdale sustainable water management principles. Brian Biesemeyer, water resources executive director will be making the presentation.

Brian Biesemeyer: Thank you, mayor and council. Brian Biesemeyer. I'm pleased to present the Scottsdale sustainable water management principles. These principles are a set of nine compiled from existing Scottsdale water policies and practices and with the intent of providing a transparent framework for sustainable water solutions for Scottsdale.

There's one exception and policy four the water and land use management does have a new element to it. So we'll get to that when he get to policy 4. These principles were put together or consolidated by our water policy committee that consists of the leadership team from Scottsdale water, as well as Rob Millar from economic development, Erin Perreault from planning and development and lately, Lisa McNeilly our sustainability director and I appreciate Lisa's giving us a review on very few day notice.

So she -- hats off to her for helping us out in a quick time period. The sustainable water management principles are shown above and there's, again, nine of them, and they span the width and the breadth of what we do in Scottsdale water, but because this was a team effort to put this together, you will see a little bit of a team presentation and we won't have the entire team up here but I do have a couple of key members of that, including Gretchen Baumgardner, our water policy manager, who heads up water resources, and water conservation, and then Kevin Rose our water administrator, would be really our chief operations officer who all the operating parts of Scottsdale water work for him.

So we talk first principle water quality, that's a pillar of what we do. Water utilities are unique in the fact that we provide a consumptive commodity into everybody's home on a 24-hour a day basis. So water quality is the key pillar of what we do. So some of these, and I will outline some of them, there's actually more in the document, but I will outline some of the key ones.

We will build, operate, and maintain water treatment facilities that provide quality drinking water that meet, of course, all federal and state standards. One caveat that I think is important, is at Scottsdale, we build our treatment facilities, we design them and build them to treat for 50% of the maximum contaminant levels so that we try to build our and design our facilities to treat for half of what the state and the federal requirements are.

We comply, of course, with the amended record of decision, and other agreements with the superfund site, and the north Indian bend superfund site and then we will maintain a cross-connection and backflow program, and this is -- this is not talked about a lot, but it's an important part of our drinking water system because we provide water to industrial and commercial customers who do things on their property, and we want to ensure that that water -- whatever the process is on their property does not come back into our drinking water system.

And so we have a backflow prevention program. It's ongoing. It's active. It exists today and there's thousands of backflow devices that are out in our water system that we check and ensure -- we check them annually to ensure that -- or require checks annually to ensure that they work.

[Time: 00:38:01]

We will operate and maintain our reclaimed and recycled water systems to meet all permits. We main tape industrial pretreatment program and this is kind of the flip side to the backflow prevention program.

We have industrial users that have the potential to use on their property in their uses, chemicals that could overwhelm our treatment facilities. And so we require monitoring of their systems and sometimes pretreatment so that what is discharged into our wastewater system, we are able to treat and then recycle that water.

And we are the -- we operate and maintain water quality laboratory, and we will meet all of those standards, as well as the important parts of the water quality laboratory's ability to get sample results back faster, by the city operating that facility.

So we can get those samples back faster, and we're talking about water quality issues. The faster the better. That allows for faster reactions. And then the last one we are the water quality experts for the city and while we don't operate the stormwater system, we do monitor the permit and do all the permitting requirements for our stormwater permit. And with that, I will have Gretchen come up for principles two through five.

Gretchen Baumgardner: Little shorter than Brian. Good evening, mayor and council, my name is Gretchen Baumgardner, one of my tasks here at Scottsdale is to manage water conservation

staff and programs. So principle 2 of this document outlines two main objectives of the conservation program.

One of those is to provide the resources and tools available to all of our customers to be able to conserve water. And the next one is to provide educational opportunities. So these customers understand that we're a desert city and water is finite resources and they are stewards of it and all of them are.

How do they do that by conserving water, at each one of their properties and also their businesses. How do we achieve this objective? These two objectives? So we develop and administer innovative conservation programs. For several decades we had conservation programs in the city of Scottsdale, although the conservation programs we have today are not what they were yesterday. That's because we are innovative.

We continue to look at our programs and find ways to make them better. We find ways to examine our customer base and what their needs are and also what technology available to them. We have a diversified conservation program because our customers are diverse. We have small single-family residents.

We have large family residences, and we have small multifamily and large multifamily. We have an array of different commercial entities and each one has a different aspect of conservation, and we need to have a diverse suite of options available to them. And the third item here is engage in local discussions. Scottsdale is not an island among itself. We need to have innovative conversations with our partner cities. We need to learn from them and we need to also teach from them. That includes our partner cities across the valley, but also state, as well as local and federal government agencies.

[Time: 00:41:18]

And fourth is to comply with those regulatory obligations that we have with the state and make sure that all the data available to us is accessible to them as well as any state reporting requirement.

The third principle I'm going to cover, is water resources planning. Now this is a great topic for right now. As we all understand in the news and what's happening right now is very critical and in this state and the desert southwest planning. There's two main focuses of this principle. The first one is water resource compliance.

As we are in the Phoenix active management area, we are governor of the 1980 groundwater management act and the Phoenix active management area and so the standard compliance is paramount for us. But also long-term planning. How do we look at the future, this uncertain future in front of us and find the arrays of possibilities and how do we plan for it?

I'm going to talk about the regulatory compliance. We are a designated city with the 100 year assured water supply through the Arizona department of water resources. Now, that designation is up for renewal every 15 years or. So we are up for renewal in 2025. In this next fiscal year, we will go through that process to redesignate and during that process, we will have many conversations with the state agencies and our partner cities to put our best foot forward.

We also recharge underneath our feet, within our service area, as well as regionally. We want to make sure that we are up to date with those permitting processes and infrastructure needs. We want to make sure that we actively pursue and put or best foot forward. That includes both the Colorado system and the Salt and Verde system. Those two systems have different water right framework.

We are actively involved in the general and we are part of the four-member city that has outside counsel that gives us recommendations and city attorney's office, conversations with the general office after adjudication. We have conversations with the C.A.P. And it's up for expiration in 20 26 and we are an active member when we have conversations with Arizona department of water resources, essential Arizona project and our regional and state partners.

We are on the steering committee for the renegotiations for the 2026 interim guideline update. So let's talk about long-term planning. This document lays out that we are here to ensure resiliency in our water supply. However, with bullet number two, there's a lot of uncertainty in that.

So while contribution will always be an important component of what we do, understanding the uncertainty of what's flowing or not flowing down the river is a really important component of figuring out what our supplies are.

[Time: 00:44:08]

And then importantly number three, we need to identify those policies that will affect the city, both locally, regionally and also on a federal level. How they -- the implications and how they affect Scottsdale in the long-term, potential new sources that could be out there, the cost, potential exchange partners and how we move water in a different manner in the future.

So in summary on that one because I know this is a really important one right now. We need to engage in all swaths of local, regional and federal, potential extended long-term drought supply scenarios. These are the worst case scenarios. We need to evaluate those and potential acquisitions of future supplies.

I know a couple months ago we came before you and talked about the Bartlett dam modification study. We are on that steering committee to talk about that. That is a potential new additional supply. So last principle that I'm going to talk about tonight is the new one that we haven't explored before.

This is our water and land use management principle. So this principle, if you choose to approve this tonight will put in place those bigger conversations in the city, of what this looks like. So the voters came and voted our general plan several months ago. Within that general plan is a land use plan. We use that land use every five to seven years to project out our water usage. Now, sometimes that can be slightly challenging when you have rezoning issues which affect them.

So the idea and the concept for this is to have a bigger conversation for those users that rezone that have a larger quantity of water and need. So what does that look like? Within this plan, any development that comes in, that uses 100,000 gallons a day, excluding fire flow or more will warrant a bigger conversation with the city.

Now, you should know that there are a handful of cities that have a similar policy and this trigger is similar to what other valley cities have as well. What would we be asking of these developments. There are four major things. If they triggered that 100,000 gallons per day, they would be asked to produce a water demand Exhibit.

And so that means they have to talk about exactly how much water they need and also how much wastewater they will incur and develop. Now, this is something those developers are already doing with their engineering basis of design. So we'll examine this in a little more detail. Number two is we'll examine the difference between the water that they need and also the wastewater that they produce. Not all developments are created equal.

Some of them produce more return flow into the selection system where we can treat that at the campus for beneficial use and some do not. This is a point of conversation for some developers.

And the third one for those who want to us 100,000 gallons per day will have more items. If those folks wanted larger portions of water, they have to have a bigger detailed examination of what value they bring to our community. How much population do they serve? What economic value do they bring into the city? Are they a resort industry? Are they a hospitality industry? Are they healthcare industry? How do they explain the value that they bring to the city?

[Time: 00:47:32]

And so this demand Exhibit would have them summarize and really detail out what exactly value they think they bring to the city and that means the city can have a conversation about what value they think that is for us. And with that, I will turn it back to Brian. I have one more slide. My apologies. This is an example slide. I pulled several different developments over the last several years.

These are three of them, a, b and c of what water they put in their basis of design and what wastewater they put in their basis design. They range from 100,000 up to 300 or 400,000 gallons

per day. And then the return flow and the next is the water, the economic development and planning to have a bigger conversation to figure out what that criteria is so it can go on to the review process -- the development review process for consideration. And I will turn that back to Brian.

Mayor Ortega: Thank you. Perhaps just to handle this in sections, we will ask questions up to item 4. Councilwoman Whitehead, councilmember Milhaven.

Councilmember Whitehead: Thank you, Gretchen. So first of all, that is a really interesting slide. What did you mean -- you said move water in a different manner? What did you mean?

Gretchen Baumgardner: Oh. You're talking about this one the exchange partners?

Councilmember Whitehead: You made a comment about we will have to move water in a different manner and I wasn't sure. I'm trying to see where that is.

Gretchen Baumgardner: So bullet number three, the second line, it identifies new sources and potentially identifies exchange partnerships. So every -- every provider has a different manner of infrastructure in place. And right now, we have a tendency -- there are some exchanges in place for different providers, but I think the drought and the potential supplies in the future will have a broader conversation about how to move water.

The city of Phoenix and the city of Avondale have something set in place where they move water through the city of Phoenix in a system to Avondale and infrastructure-wise it works really well for those two cities. There are several other examples and exchange partnerships will be necessary.

Councilmember Whitehead: It's totally different than what I was thinking. Thank you for explaining.

Mayor Ortega: Thank you. Councilmember Milhaven.

Councilmember Milhaven: What kind of a use would use 100,000 gallons a day?

[Time: 00:50:07]

Gretchen Baumgardner: There are a number of developments that people come in and use is hundred thousand gallons or more a day. We have a decent amount of developments that do. I don't know if I necessarily want to talk about specific developments because some of them under the queue to find a different --

Councilmember Milhaven: What does an average home use?

Gretchen Baumgardner: A Scottsdale single family resident uses about an acre foot a day. So the EPA says about 100 gallons per person per day would be an average American home. So if you have five people, you can do the math, but exterior is different. So the EPA says about 100 gallons per person for single family resident. That's a nationwide statistic. If you would like me to get more statistics on Scottsdale families, I can't produce it at the time.

Councilmember Milhaven: 100,000 gallons of --

Gretchen Baumgardner: We're talking very large commercial developments.

Councilmember Milhaven: Thank you very much. And then can you tell us more about the assured water supply program? Can you tell us what that is about and sort of where we stand with that?

Gretchen Baumgardner: Yeah, there are a number of different facets to the assured water supply. We go through that process every 15 years or so. It takes into account the physical availability of those different supplies. I know I talked about this about a month or so ago.

So the Salt River project supply actually Salt River project just finalized their study on that and they use some climate change scenarios in that and so it will look a little different from our 2010 designation. It takes all the different elements of our supply, and it also matches up to our projected demand and since we just did our master plan, those demands within that will be in the next designation.

Councilmember Milhaven: Does it evaluate our ability to meet those demands and where are we?

Gretchen Baumgardner: We are going through that paperwork. Some of the things about the designation. It looks at a swath of 100 years. When we look at SRP water. It ebbs and flows and so that -- the similar bucket you get one year is not what you get the next year. So there's a challenge in some of our water supplies if you look at 100 years, the snapshot for 100 years is not the same snapshot for one year at a time.

[Time: 00:52:29]

So right now we are doing okay, but as we go through that paperwork and have a conversation with the department, we will find out where we are lie.

Councilmember Milhaven: Okay. And then your recommendation here for principle 4 is additional information to help make a decision, not that it would dictate a decision?

Gretchen Baumgardner: Yes.

Councilmember Milhaven: Thank you.

Mayor Ortega: Good. This may also be for Brian and you. Obviously, you are well prepared on this presentation, and we'll have the three other points to hear. But I do want to at this point five days ago the assistant Secretary of the Interior Trujillo mentioned that -- essentially gave an ultimatum to the seven states to come forward with very -- let's just say comprehensive and deeper cut program.

I'm guessing that happened before this slide -- excuse me, your slide show was prepared before this. And so those standards and that ultimatum is very real, because of their -- the shortages in the Colorado River basin, the lower and the upper. So, I guess as we continue, and Brian maybe you could just mention that.

My general question, though, is that at what point -- you know, that's the ultimatum, essentially to the states, but then we have -- well, to Arizona. And then we have to produce, you know, keeper cuts and conservations according to those principles. When do you foresee some sort of a conversation to address that ultimatum?

Brian Biesemeyer: Mayor and council, yeah, that information is going to come back, and state has through August to make those proposals to the government. We expect in August to learn what the state's proposal back is.

Our thought is to come back to council in late August or September and discuss what we found out and what those implications are for us. As we look at the potential scenarios prior to that announcement, we were looking at a possible tier 2a or b cutbacks on the Colorado River. The currently interior one. So it would be an upping of that.

But with this potentially even deeper cuts on our C.A.P. allocation. Again, as Gretchen mentioned, it's -- it's an evolving situation and we are trying to learn as much as we can of what the state's proposal back. But we certainly suspect with good reason that all the cuts will be deeper than we have anticipated.

[Time: 00:55:20]

Mayor Ortega: Sure. And then for instance, the 100,000 gallons per day criteria might come back at 50,000 criteria to trigger some sort of -- let's just say further study and explanations on input and output and so forth. We don't know yet, but we'll --

Brian Biesemeyer: Yes. I mean, these are certainly open for discussions and certainly as we got -- go in -- first of all, I should backtrack and say these are principles.

We set these principles up and they are not -- they are overarching guiding principles. But with, say, a specific like 100,000 gallons per day requirement, I think as we get deeper into

our drought management plan, that might be something the drought management team would come back and recommend to council that we lower that threshold because water is just that much more important.

Mayor Ortega: Thank you. So continue with the next principles.

Brian Biesemeyer: And I have Kevin Rose coming up next.

Kevin Rose: Hello. Thank you, mayor and council. I'm Kevin Rose, the water resource administrator over the day-to-day operations. I will present the next three and then turn it back over to Brian and more of an operational perspective. Principle 5 has five components to it. Some of these things we are already doing.

[Time: 00:56:50]

The first thing is Scottsdale has always been on the forefront with reclaimed water. We will remain engaged not only at the regional and the state level but also at the national level on regulatory requirements for reclaimed water. As point two points out, we will continue to expand the recycle water system and replace the potable water system where possible.

Point three, we will continue to maintain our equipment for the reclaimed system. It's an important system for us, and for our customers. So we'll keep those standards up. Point four, we will not only adopt existing ordinance but create new ordinances and policies that require the use of reclaimed water where applicable and point five is we'll continue our great education programs.

Some of them are our citizen academy, and we are excited to begin that going this fall again. We will also leverage our water conservation team who does a fantastic job engaging the community and local organizations here in Scottsdale. Principle 6 is our operational philosophy on recharge. We have been doing a great job of recharging the water in the aquifer.

We use groundwater use, typically during the summertime and then we look at the wintertime to maximize our recharge. And we have been doing this for a few decades now. We know with the drought coming that there may be years where we won't be in recharge mode, but recovery mode and we are more focused on recharging within the city of Scottsdale boundaries. And last principle I will discuss is our infrastructure.

One of our strengths is planning and we do a great job planning for our infrastructure. Not only to ensure we meet the customer demands for today but it's an investment into our future and with our capital improvement plan, there's three components that we look at or documents that we use which is our integrated water resource master plan, our infrastructure improvement plan, commonly referred to as the I.I.P. and the technology master plan to help reinforce and help us strategize where we need to be investing in our infrastructure for the future. And with

that, I will turn it back over to Brian.

Brian Biesemeyer: Thank you, Kevin. On financial planning. On our financial planning, we will mirror the comprehensive financial policies that you adopted in February. And our sustainable water management policies also include management for stewardship and safeguarding our assets, as well as long-term financial stability.

Specifically, as council knows, we are an enterprise fund, and we are funded by our rates and fees and the rates and fees only. We base those on direct, indirect, recovery of cost, including our infrastructure needs. And they are based on multiyear financial plans that we review annually. Reserves are required, fully funded and require council approval to access.

We have to meet our bond covenants and we have a development fee program to have growth pay for growth within the limits of state law. Climate change and drought. To address these long-term -- our long-term resiliency, the city takes this seriously and we have adopted -- the council has adopted a drought management plan.

We want to be part of the city's overall sustainability efforts, and Scottsdale water is going to participate on regional, state, national and international levels where possible on water supply augmentation projects and firming. That's part of what Gretchen talked about earlier. And with that, our staff recommendation is approval of the resolution number 12539. Pending your questions.

[Time: 01:00:55]

Mayor Ortega: Well, at this point, I want to open for any public comment. Seeing none, I would close the public comment for the Scottsdale sustainable water management principles. I see Councilmember Janik and then Councilmember Caputi.

Councilmember Janik: Thank you all for all the really good information. An email came through from the Arizona municipal water users association, which I'm sure you saw. But I want everybody here and everybody listening to know this.

We recognize that water conservation will be even more critical, not because it will solve the supply issue on the Colorado River, but because it protects and enhances each city's water portfolio so our communities remain resilient. And I think that is one of the major goals from what you presented.

This is something all of us can do something about. And I'm asking all of us to start conserving water and try to reduce your use by 5%. Thank you.

Mayor Ortega: Thank you, Councilwoman Caputi?

Councilmember Caputi: Brian thank you for that awesome presentation. Again, there's always a lot of gloom and doom and scary comments and water is a scarce resource. We live in the desert, but I want to say our city is doing a fantastic job with this and as was repeated many times, we are planning. We don't make off-the-cuff decisions.

We are actually taking into account water usage based on what we're doing going forward in terms of development and -- and we are planning carefully. We have a drought management plan and, again, I'm incredibly proud of what we are doing here and I'm sure someone will go ahead and give a motion. Great job. Thank you.

Brian Biesemeyer: Thank you.

Councilmember Whitehead: Mayor, I will make a motion.

Mayor Ortega: Yes.

Councilmember Whitehead: There we go. I motion to approve item number 36, Scottsdale sustainable water management principles and request that we adopt resolution number 12539, approving and adopting the Scottsdale sustainable water management principles and authorizing water resource executive -- the water resources executive director to execute any other documents and take such other actions as necessary to carry out the intent of the resolution.

Councilmember Caputi: Second.

Councilmember Janik: Second.

Mayor Ortega: Thank you. We have a motion and a second. Any further discussion? Seeing none, please register your vote. Okay. We have a unanimous yes. Thank you very much, Brian.

ITEM 37 – FISCAL YEAR 2022/23 PROPERTY TAX LEVIES

[Time: 01:03:51]

Mayor Ortega: Moving on to item number 37, fiscal year, 2022/23 property tax levies. Our presenter is Judy Doyle, budget director. Hello.

Judy Doyle: On June 7th we held a truth in taxation hearing and a public hearing on the fiscal year 2022-23 property tax levies and rates. At that time, I had mentioned that state statute requires that the hearings be held at least 14 days prior to actually assessing the levies and fixing the rates which is what we are doing this evening. Nothing has changed since the June 7th meeting.

The fiscal year 2022/23 combined secondary and primary levy is decreasing 3.7 million from

fiscal year '21/22, with the rate also decreasing 10 cents per \$100 of assessed valuation. So the action tonight is to adopt ordinance number 4547, assessing the primary and secondary property tax levies and fixing the rates, and that concludes my brief presentation.

Mayor Ortega: Thank you. At this point, I would call for public comment. Seeing none, I will therefore close public comment. Councilwoman Janik?

Councilmember Janik: I would like to make a motion to adopt ordinance number 4547, assessing the fiscal year 2022/23 primary and secondary property tax levies and fixing the primary and secondary property tax rates.

Councilmember Littlefield: Second.

Mayor Ortega: We have a motion and a second. I see no further discussion. Please record your vote. Thank you. Unanimous.

ITEM 38 – FISCAL YEAR 2022/23 STREETLIGHT IMPROVEMENT DISTRICT PROPERTY TAX LEVY
[Time: 01:05:54]

Mayor Ortega: Next, we have item number 38, fiscal year that is F.Y.2022/23 will streetlight improvement district property tax levy, presenter Judy Doyle, budget director.

Judy Doyle: Thank you. Yeah, on June 7th, the city also held a public hearing on the fiscal year '22/23 municipal streetlight improvement district property tax levy. Nothing has changed since the June 7th meeting. The levy request for '22/23 is \$524,844 for the 355 streetlight districts to cover the electric utility costs of operating the streetlights within the districts.

The action tonight is a request to adopt ordinance number 4548, assessing the fiscal year '22/23 streetlight improvement district property tax levy by district in accordance with the Arizona revised statutes in the city charter and that concludes my brief presentation.

Mayor Ortega: I open up for the public comment seeing none, I close the public comment. Vice Mayor Durham.

[Off microphone comments]

Councilmember Janik: I second.

Mayor Ortega: Thank you. We have a motion by Vice Mayor Durham and a second. Seeing no comment, please register your vote. Thank you. Unanimous. Thank you so much, Judy.

Next, we will move on to receipt of citizen petition. This is an opportunity to receive citizen petition, which would have been recorded down -- or delivered to the clerk's office. Seeing

none, item number 39 is closed.

MAYOR AND COUNCIL ITEM 40 – INITIATE CITY COUNCIL REVIEW OF THE DEVELOPMENT REVIEW BOARD’S JUNE 2, 2022 DECISION REGARDING 25-DR-2021 (THE GOLDWATER)

[Time: 01:08:23]

Mayor Ortega: Moving on to mayor and council items, item 40, initiate city council review of the development review board's June 2, 2022, decision regarding 25-DR-2021, the Goldwater. This item was brought forward by me for consideration of certain issues on the Goldwater project.

Subsequently, the applicant who is here as well, came forward with some minor modifications, which were reviewed by staff, and accepted and recorded. So I will not -- I will not make a motion for consideration of the D.R. board decision by the city council. Therefore, that item is closed. Are there any other mayor and council items tonight? Okay.

Seeing none, I therefore adjourn the regular portion of the city council meeting even convene the -- and convene the work study session.

CALL TO ORDER

[Time: 01:09:39]

Mayor Ortega: Therefore, I call to order the June 21st, 2022 city council work study session to order. For the record, I note that the complete council, including Vice Mayor Durham is here, present, as well as all charter officers.

The work study session provides a less formal setting for the mayor and the council to discuss specific topics with each other and the city staff and provide staff an opportunity to receive direction from the council.

The presenter for tonight's work study session on housing options has a conflict and this item will need to be continued to a future meeting date. May I have a motion to continue item 1 to a future meeting date to be determined?

Councilmember Whitehead: So moved.

Councilmember Janik: Um --

Mayor Ortega: I have a motion to continue the item to a -- oh, excuse me, Councilwoman Janik.

Councilmember Janik: I was informed that Ben Lane was able to find July 6th at 4 p.m. date and time for the home Arizona presentation.

Clerk Lane: Mayor and council, we're finalizing that date and time.

Councilmember Janik: Okay.

Clerk Lane: And if we can leave the motion open to a date to be determined, it would be appreciated.

Councilmember Janik: Okay. Thanks.

Mayor Ortega: Great. That's the clarification that we have. We have a motion to continue and a second. Any further discussion? Okay. Please record your vote. Thank you. Unanimous.

[Time: 01:11:31]

Finally, are there any other mayor and council items tonight? Seeing none, I adjourn the regular portion of the city council meeting -- oops, excuse me. I would therefore ask for a motion to adjourn.

Councilmember Whitehead: So moved.

Mayor Ortega: Moved and seconded. Please record your vote. Thank you. It's unanimous. Have a good evening.