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CALL TO ORDER

[Time: 00:00:02]

Mayor Ortega: I call the August 23rd, 2022 city council regular meeting to order. City clerk, Ben Lane, would you please conduct the roll call.

ROLL CALL

[Time: 00:00:12]

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.

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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. Thank you, Mayor.

[Time: 00:00:36]

Mayor Ortega: Thank you. We have Scottsdale police officers Anthony Wells and Sergeant Jeremy Pitt here as well as firefighter Raul Sasha -- sorry, Raul Shoshnik. Let's begin with the Pledge of Allegiance. Councilmember Milhaven.

Councilmember Milhaven: 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: I do want to start the evening thanking the Scottsdale police force, the fire, parks and rec, all the facilities people who answered the call during the monsoon and heavy rains and were able to inform the public as parks and different properties were brought back online. We continue to have our monsoons. So everyone has -- is fully alert.

It's important that we do continue to monitor the situation with the Colorado water basin, and, of course, the delivery of water to the valley. And we'll have some discussion about our water resources later in the program.

We do continue to think of the people in Ukraine and I would ask that we pause in silent reflection as they fight for their independence, freedom, and democracy.

[Moment of silence]

PUBLIC COMMENT

[Time: 00:02:56]

Thank you. We'll resume or agenda, which includes public comment. Public comment is an opportunity for anyone to come forward to speak on a non-agendized item, which are within the purview or jurisdiction of city council.

Hearing this for the first time, we will not be taking any action on any public comment. Speakers are welcome to take three minutes to address the council. We have one request from David Boninger. Please come forward and state your address and so forth. Thank you.

David Boninger: Does my address count in my time limit? Don't worry. My name is David Boninger, live at 3512 north chambers court in Scottsdale, 85251, in peaceful valley and I have been a resident of Scottsdale for 22 years.

I want to thank Mayor Ortega and city council for your responsiveness to my emails. I also want to thank particularly Ben Lane for his assistance along the way, and I want to thank the planning staff who also weighed in with helpful responses. Everyone has really been fabulous in this process.

The challenge that our community, peaceful valley faces is the approval by the city of building permits of large two-story homes in our neighborhood where we have explicit restrictions against two-stories.

These large two-story homes will dramatically transform the character of our neighborhood. To be clear, we fully understand that the city has stated that it can not enforce our restrictions, our CC&Rs, as they are private contracts among the residents themselves.

However, even if the city cannot enforce those restrictions, we believe that to best serve your citizens, and to maintain the character of the neighborhoods in which your citizens live, the city needs to raise awareness of the legal standing of CC&Rs and incorporate them in the billing permitting process.

There's a difference between enforcement, which we understand you are saying you cannot do and raising awareness, which is what we are asking you to do. Raising awareness of the importance of abiding by CC&Rs give voice to the will of the residents the will of Scottsdale who created their CC&Rs in the first place.

This is the purpose of citizen petition that we are presenting to you today, our petition is signed by 98 Scottsdale citizens, from our small tight-knit community of peaceful valley alone. Specifically, we ask for a revision to the city of Scottsdale's application process.

We ask that the city require applicants for building permits to, number one, provide a copy of CC&Rs for the neighborhood in which they intend to build and number two, ask the applicants to sign a declaration they are not -- that they are not violating those CC&Rs or alternatively, if this sits back with city council legal staff, the city could ask applicants to sign an acknowledgment of the legal standing of the CC&Rs as a binding contract between the residents of the community.

[Time: 00:06:33]

In short, we're asking that the city support the will of its citizens to maintain the character of our neighborhoods by raising awareness around the importance of abiding by local restrictions. In supporting this proposal, you will be giving voice to those citizens, both the citizens who wrote the CC&Rs and the citizens that are here today that live in those communities and value their character as they are.

Come visit. Take a look at peaceful valley. It's a beautiful community. Large two-story homes are against our local restrictions. They will transform the community. We urge you to take action. Thank you very much.

[Applause]

Mayor Ortega: Thank you. And just for the record, the clerk is in receipt of the petition. Council will be taking action on that later in our agenda. Do we have any other requests from the public? Therefore, I will close public comment.

Just to let you know that our agenda is posted, and there's an item 14a which was added to the agenda on August 18th, on short notice, and it requires a separate vote to remain on the agenda. Do I have a motion to accept the agenda as presented?

Councilmember Janik: So moved.

Mayor Ortega: And second?

Councilmember Whitehead: Second.

Mayor Ortega: Thank you. Any other discussion? Please record your vote. Thank you, unanimous.

Vice Mayor Durham: Vice mayor Durham votes yes.

Mayor Ortega; Thank you, Vice Mayor.

CONSENT AGENDA

[Time: 00:08:19]

Mayor Ortega: Next, we will -- we will move on to the consent agenda. The consent agenda is items 1 through 14a, and it is -- these items are duly posted and are taken as one motion.

At this time, we also open for public comment any -- anyone who wants to speak on the consent agenda items 1 through 14a. I'm told there are none. However, the council itself may have a question and wish to speak. I see Councilwoman Janik and Councilwoman Whitehead.

Councilmember Janik: Thank you, mayor. I have a quick question on a number 6 or a request and that request is -- I think this is a great idea with the service line protection program. Just give us regular updates so we can see how successful it is. And I'm hoping for very big success on it. So thank you.

Mayor Ortega: Thank you. Councilwoman Whitehead.

Councilmember Whitehead: Yeah, I just want to congratulate our staff on moving forward on the solar project at the north Corporation campus. I'm glad to see that on the agenda. Good job.

Mayor Ortega: Thank you. I do not see a hand up from Vice Mayor Durham, but he is remote. So at this point, I would -- I'm open to a motion -- oh, excuse me, there's no other comment from council on this. Okay. Then at this time, I'm open for a motion to approve -- approve consent items 1 through 14a.

Councilmember Janik: So moved.

Councilmember Whitehead: I will second it.

Mayor Ortega: We have a motion and a second. Any discussion? Please record your vote.

Vice Mayor Durham: Vice mayor Durham votes yes.

Mayor Ortega: Thank you, these are unanimous.

ITEM 15 – UPDATED INTEGRATED WATER RESOURCES MASTER PLAN

[Time: 00:10:26]

Mayor Ortega: Next, we will move on to item -- regular agenda item 15 and 16. Now, we post items and ask that public comment come forward during the regular agenda items, however, we do also ask that there may -- there should not be outbursts, applause, demonstrations, et cetera.

So I didn't -- those are the rules we abide by and I'm mentioning them now. If there's some water issues you would really like to clap about, you can wait and do it outside, I guess. But anyway, we are very pleased that -- to receive public comment when it comes forward.

Next, we will go to our updated integrated water resources master plan and our presenter is Brian Biesemeyer, water resources executive director. Hello.

Brian Biesemeyer: Thank you, mayor. As you mentioned, we have a short presentation for you on our -- and I will say it again, quite the mouthful, integrated water resource master plan or I.W.R.M.P. This is the water industry and we have huge acronyms so my apologies as we proceed through.

With me tonight, I have Gretchen Baumgartner, water policy manager, as well as Scott Mars our engineering and planning director, and then George Massey who is with Carollo Engineers who helped us prepare this document.

And so if you ask some very difficult questions, I'm liable to punt to one of these three very knowledgeable people. With that, I will proceed. So the integrated water resource master plan began in 2019.

It's an 18 to 24-month process and I will get into some of the details of this, but we also ran into a pandemic which kind of slowed everything down. And so we are here about a year late on where we would like to be. But it is a very integrated plan, and it integrates our water resources, our water system, our wastewater system, our reclaim systems and it uses a common framework.

It builds on the 2015 water resource master plan update, as well as the 2017 and 2021 infrastructure improvement plans and as you will recall, in 2021, we came to you with the infrastructure improvement plan as part of our impact fee development.

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And so that's a growth-related infrastructure improvement plan but it's also done Carollo, and we looked at several challenges we could see. The plan goes out for 35 years. Through that planning process, we looked at several challenges. One is increased growth along potential density corridors, the greater airport, Old Town, and the Scottsdale Road, McDowell Road corridor.

We looked at the need to expand our treatment capacity and other assets, and we also looked at water quality and how to continue to provide water -- the appropriate water quality and water treatment.

The major components, now this is not just the chapters but the major components of putting this plan together, included the planning framework where they work closely with the planning department.

Erin Perreault and her staff, we looked at population, water demands, wastewater and recycled water and then we also looked at the water resource portfolio. We looked at the water distribution system, and did some analysis there. We have over 2,000 miles of water mains. It's quite an elaborate system and we do -- it's an evolved process because we look at creating a model of our water distribution system. An actual model that we can use.

[Time: 00:14:42]

We have to verify that with actual consumption patterns to ensure that when we add portion to this or upsize portions, they all react as we expect them to do, and the wastewater side, the same way.

Wastewater side is actually a little bit more difficult because we don't have meters everywhere. So we had to go out and put meters in manholes to meter flows, to ensure that our model was actually correct. We looked, as I mentioned about water quality. We also looked at our facilities and had some facility evaluation of our major treatment processes, and then we integrated these all in the final aspects of it is to put together a long-term asset plan which I will brief on the following slide.

One of the big concerns is obviously our water -- our potable water, our drinking water and projections for that. And so we decided up or Carollo divided up the water consumption into four major areas. In the south our southern area and the Shea corridor are called the central area, as well as our northern which is in green and then desert mountain which is in the -- I will call that an orange-brown.

And then you can see on this -- the red areas, which are the development intensity areas. And then we ran projections or the consultant ran projections on a base line basis and adjusted projection. The baseline was basically following our current zoning, and master plan. And using the same water demand projections for those same zoning classifications that exist. And then

projecting that using MAG data on our build out to see what the final demands would be on our system, at least build out through 2055. Then we looked at the adjusted projection. And so that intense building would be really -- it equates to six to nine stories. So very massive dense building in those three areas. And that's the blue projection you can see on this graph. And then what that demand would be at build out.

And then you will see some dashed lines and those dashed lines are really -- we wanted to have a conservation -- we wanted to imply that we would improve and put conservation to work. And so we did a rather conservative look at conservation. And so this projection for conservation is only a very small amount of conservation.

It's .25% per year for the first ten years, and then .25 every five years thereafter. And if I could get the Elmo going. To try to make it a little more clear. Really overall, through that whole 35-year period, it's roughly only a 4% conservation change. But you can see on that graph, it's a substantial amount. I personally think we can do better. We have actually asked our folks to save 5% this year alone.

So the potential for conservation and the impact to our long-term consumption patterns are there. You can see it in this small conservation effort, but I wanted to make sure that you understood what the conservation assumptions were. Back to the slides, if I could.

[Time: 00:18:26]

We did a similar analysis, because we actually have drainage areas where we collect wastewater. In the northern area, you can see it all kind of drain straight down to the water campus. In the southern areas we pump that north, except for the very south part of the city, where we actually send it to our SROG partners. We also wanted to look at drought. And do some assumptions on drought.

Now, these assumptions were made, again, this is a three-year process. These assumptions were made over a year ago, and they don't reflect the current situation, but I think they do lead to some insight about what drought does and how our resources are situated to respond to that.

So we looked at our drought management plan. So two stages of a drought management plan, not to be -- to be clear, not the drought contingency plan, which the Bureau of Reclamation just announced. So that's -- it's different. This is our city drought management plan. And I have got some -- an Elmo graphic to show.

So we looked at both the CAP system and the SRP system as each individual could be hit by a drought, and at those particular stages. It's not quite an apple-to-apple comparison. But to be clear as we look at the CAP system, on stage two, that relates to Tier 2b and right now, we are currently in Tier 2a.

So it's a little -- it's a step up from where we are, and then stage 3, is really equivalent to a Tier 3 in the drought contingency plan. I realize it's confusing and, again, as I stated from the beginning, we use a lot of acronyms and we have different names for things, but that's what we looked at, or I should say our consultant looked at as we went through this manning process.

Mayor Ortega: And that's per year, correct?

Brian Biesemeyer: That's correct.

Mayor Ortega: As long as the 2a or 2b is in effect, that's the yearly result?

Brian Biesemeyer: That's correct, mayor. That's exactly right. And then we looked at SRP in the stage 2 and stage 3 and so it's a little -- it's a much higher percentage. These cuts, because our SRP allocation is much smaller. So again, it's not quite an apple-to-apple comparison.

The SRP system has shown to be much more resilient than the Colorado system over the life of the SRP system. But this is -- these are the two different scenarios that you can see that we looked at. So if I go back to the slides.

Mayor Ortega: The SRP includes the water table potential augmentation or --

Brian Biesemeyer: It does. And --

Mayor Ortega: And that's part of the resiliency.

Brian Biesemeyer: Yes, mayor. You are exactly correct. They have the resiliency of using stored groundwater to supplement their system and do that regularly, when they get into a drought scenario. So conclusions. When we looked at the CAP supply shortage, stage two.

So equivalent to a DCP 2b, our CAP supplies are sufficient. If conservation assumptions hold, our CAP supply is sufficient to meet us through the 2055, through the extent of the plan, at a stage 2 of our drought management plan. With a stage 3 in a severe shortage, our CAP supplies would only be sufficient to handle growth through 2035.

[Time: 00:22:54]

Let me go backwards if I may. You can see 2035 is in the middle of the graph and so the dashed orange line at the bottom, it's saying that with the stage 3, with our CAP supplies that would be where our water supply and demand would be maxed out. I will go back.

And on the SRP system, with a moderate shortage, SRP supplies would be sufficient. They would pump more groundwater and we would pump more from our remediated groundwater as well.

At a stage 3, SRP would be required to basically supplement all their surface water with -- with groundwater, or sufficient enough to meet our demands. It's a big pull on their system.

Again, it's not an apple-to-apple comparison. This is a huge drought on the SRP system, one that we have never seen. Had but we did ask for that analysis, and our consultant complied and gave it to us. I will move forward.

Mayor Ortega: On that clarification, at one point 22 years ago, SRP reservoirs were only about 12%. So at that point, I was in office too, by the way. But we saw that the SRP alarms were going off or the Salt River project upflow, snow melt, whatever you want to say was really in trouble.

However, at that time, 22 years ago, the Colorado basin was filled to the brim. So it -- they were in opposites and the CAP at that time complimented the growth that occurred for the last 22 years, but it's been declining, the CAP or Colorado basin has been declining. And to the degree that we see today, correct?

Brian Biesemeyer: Yes, mayor, you are exactly right. That's the advantage of having two separate surface water systems as they don't normally parallel themselves. They have been able to back each other up from time to time. So the final slide I have is really about our water and wastewater infrastructure because we use the master plan to plan out our infrastructure needs, both in growth and to maintain our current infrastructure.

And so this is a 35-year plan, and the capital investment is -- that was shown here is \$578 million. Again, over 35 years. Given the fact that our current infrastructure is over \$2 billion, while it is a tremendous amount, in retrospect to what we currently have, I think over 35-year spend, it's not out of the ordinary. But we do look at this every year. So it's only a planning document.

And every year we come to council with a CIP plan. And we don't just put this in. We look at our current needs and what is happening. And this plan, again, was not developed with the current drought in mind. And so I've circled a couple of things that I believe we will see occur as we come to you next year with our CIP. The first one would be on our water treatment.

[Time: 00:26:44]

So you will see in 2025, a \$50 million investment. That would be the expansion of our CAP water treatment plan. Seems little need to be expanding our CAP water treatment plant when our cap sources are tremendously reduced. So that one would go to the out years and would only come back in should there be some other water source to back up the CAP that's provided.

At the same time, we would most likely accelerate our wastewater treatment plant expansion. We plan on putting in a six pump back to pump more water back to our water campus and as we pump more there, we will need more treatment capacity at the water campus. And so that

would slide that potential -- that potentially slides that \$45 million on of the wastewater side forward.

That's only the expansion of our rec plant not the advanced water treatment facility which that is the only place we need it. We have sufficient at the advanced water treatment facility. So those are two things that you should be prepared to see when we come forward in the spring with our capital improvement plan.

It won't match this plan, again, because we look every year, at our capital and make plans accordingly. So with that, staff's recommendation is adoption of resolution 125892, authorizing the acceptance of updated 2022 integrated water resources master plan. That's all subject to your questions and action.

Mayor Ortega: Good. I do have a question and others can request as well. So there's a third source of our water portfolio, correct?

Brian Biesemeyer: There are two other sources of our water portfolio, yes, sir.

Mayor Ortega: The other two sources are the underground and the recycling, correct?

Brian Biesemeyer: Yes, sir.

[Time: 00:28:41]

Mayor Ortega: Okay. How do those factor in to -- you have calculated those in the graph, saying that --

Brian Biesemeyer: Those are in the potable water. Those are all in those projections. So those are integrated in there. Right now, what we do with our wastewater as you know, we take our wastewater. We treat it.

That water that we don't use directly for irrigation purposes we treat to advance water treatment standards for drinking water standards and then we inject that our aquifer. And then we can use, that pull that out from wells, to use that on the drinking water side. So as those wastewater grow, we can recycle more and that can help us sustain water consumption for a longer period of time. And then as you mentioned groundwater, we have a groundwater allocation, because the groundwater table does do some natural recharge and we have a groundwater allocation.

Additionally, we treat water from the north Indian Bend watch superfund site completely remove all the contaminants and we use that water as well.

Mayor Ortega: Okay. So we have a water bank and that water bank should have a policy, should

it not, on like how much we would withdraw? If you could explain, you know, how we make regular deposits and then into that water bank and then do we have a policy, strategic policy for, you know, how to withdraw money, like would you have a savings account if you lost your job or whatever?

Brian Biesemeyer: Yes, mayor. Great question. So we put water -- so when we have excess CAP water, we treat it at our CAP water treatment plant and we inject it back into our aquifer and if we have additional water we use some regional recharge facilities.

Always our preference, our policy to recharge that water in our aquifer so we can use that later. We use groundwater only in the amount that we have it. We try to meet safe yield, meaning we don't drain that aquifer. We keep that aquifer where it's at. We do have a huge bank of over 200,000-acre feet in excess that we stored up over time and that's what we could use in a drought scenario.

We would use that as a last measure, because it's a bank account. It's a finite resource. We keep putting money in, I mean we do that. But severe drought scenario, we would use that as a measure of last resource.

Mayor Ortega: A see Councilwoman Janik and Councilwoman Whitehead. So Councilwoman Janik.

Councilmember Janik: Thank you, Brian. Very nice presentation. I have quite a few questions. Slide 10, severe shortage. You said we can handle growth through 2035. Can we continue to cover the needs of our citizens beyond 2035? Or is it -- it's just the growth factor or --

Brian Biesemeyer: I think the assumption is growth would stop in 2035 and we can handle our current citizens at that point forward.

[Time: 00:31:47]

Councilmember Janik: Okay. Thank you. I just want to say I would like to see a component for all development to include the amount of water they intend to use or plan to use so that we can make sure that everybody is doing the best job they can with conservation. And then I have a question on slide 12. Water basin number six, how quickly can that come online and are we already making plans to develop that?

Brian Biesemeyer: We have it in the budget currently to purchase that land this year and then we would follow up with the design and construction after that. It's at least a three-year project because it's a big infrastructure.

Councilmember Janik: Sure. And how much water would that provide? As a percentage, what additional water?

Brian Biesemeyer: As a percentage, I don't know. It's about -- so what we treat it -- it's about -- it could be up to 4 million gallons a day.

Councilmember Janik: Oh, okay.

Brian Biesemeyer: So our water reclamation facility is able to treat 24 million gallons a day. So it's a significant increase to our water campus rec facility.

Councilmember Janik: That's good news. Do you prioritize -- you mentioned the one that will drop back would be the expansion because there's less water and then you mentioned you would accelerate wastewater treatment. Do you have rankings for the other ones or does it just pretty much depend upon what's going on?

[Time: 00:33:28]

Brian Biesemeyer: The rest of that really depends on growth and other things. Part of this is in the infrastructure improvement plan, the 2021 IIP, 290 million are the IIP projects or growth-related projects paid for by impact fees. Obviously, growth is not happening. That's not happening, those things get pushed out.

Councilmember Janik: Okay. Okay. Let's see, we may, in fact, slip into Tier 4. Do you want to even guess how much more limited the growth would be or would you prefer not to comment on that?

Brian Biesemeyer: I don't really know the exact. I can tell you the demand, we have been -- because, again as I mentioned, the bureau announced a Tier 2a shortage, but they also stated they want more water saved behind the dam and they haven't come out with their means to do so.

They have asked the basin states to negotiate and the negotiation didn't go as well as they wanted it to. And so we are left with the bureau going to make some announcement at some time to tell us there's going to be something else happening.

Councilmember Janik: Okay.

Brian Biesemeyer: That's about all I can say. The bureau will make an announcement and something else will happen. I don't know what that is and I can't speculate on what that is. We looked at can we run at half our CAP allocation?

Can we actually operate our system and do that because we had plans to do that but we never operated that way. Right now today, our CAP water treatment plant is running at about 25 million gallons a day, and the capacity is 70 million. We have been able to run through the

month of August making up for that water with our well field.

Now, again, we will back off that after the end of August because it's really just an operational check. But we have been successful at doing that.

Councilmember Janik: Okay. Then one last question. Has there been any trending in the SRP water supply? You mentioned that in the past, it was not in great shape and then CAP came on board and now we have got CAP not in great shape, but SRP seems pretty good. Do you see any trends over the past couple years that we have reduced water or is it still in pretty good shape.

[Time: 00:36:03]

Brian Biesemeyer: It's still in pretty good shape. It's interesting and don't have anybody from CAP to talk about. They certainly know their system much better than I do. Because our monsoons have been so heavy, they have actually seen storage during the monsoons which is a rare thing. Our heavy monsoons have started to have some impact on the storage. So that's a good thing.

Councilmember Janik: Good. That's great. And then on the conservation side of it, how has it gone with the trade out of grass to artificial turf?

Brian Biesemeyer: Thank you. That's a great question. Our turf rebate program is off the charts! As a matter of fact, staff came to me and asked if we can increase our budget what happens if we exceed the budget on the conservation side. I said keep the program running. Keep accepting those and if it gets really bad, I will come to you, but I think it's a great program. We have got tons of people.

Our staff are just -- they're working, you know, constantly, and there's tons of folks that have been both for the turf rebates, like we have never seen before. I think it's helped that we increased our curb rebate amount to \$2. We are the leader in the valley to giving \$2 per square foot giving money back but because we have been trying to notify people and they know what is going on, a lot of folks have come on board, including some major H.O.A.s and that's a major thing with the H.O.A.s because they have a lot of water that they use.

So has our home inspection and our home audits. Those programs are going off the chart. And we just -- we can't keep up with them. So both of those programs are really taking off and we can see the response in our customer base and appreciate that.

Councilmember Janik: That's exceptionally good news. Thank you.

Brian Biesemeyer: Thank you.

Mayor Ortega: Councilwoman Whitehead.

Councilmember Whitehead: A lot of those questions were my questions too. So thanks Councilwoman Janik. I guess we could say there is a silver lining. Everyone is looking for the silver lining and so we have a trifecta of outcomes to this drought which I read repeatedly is not a drought. It's a new normal. It's part of climate change. It's part of the heat increases that we are experiencing. So this is just the reality.

And the trifecta is that our residents having just come off the campaign trail, I can tell you with certainly our residents want to restore a more -- a lower density, lower intensity growth and it looks like that will help us meet our water needs. We have a desire to have lower bills. We have a lot of increases. So the lower water usage will lower people's water bills. And then with all these programs, we'll do more with less. So I think there's just a lot of possibilities with this to just be innovative and better and really live more sustainably in our beautiful Sonoran desert. But that said, I wonder if you can talk about the percentage of water from the CAP versus the percent used SRP, I don't think they are quite interchangeable. It's not like we can switch.

[Time: 00:39:22]

Brian Biesemeyer: They are not and as I mentioned, this was not an apple-to-apple comparison. So our SRP allocation is really about 20% of our water supply compared to the CAP which is a much higher percentage. So, yeah, it's not the same. But it's a valuable portion.

Councilmember Whitehead: It's a valuable portion, but it's not like the SRP water can replace the water we are using to provide services up north.

Brian Biesemeyer: Yes, that's exactly right. SRP water is only allowed to be used Salt River project lands which is really basically in Scottsdale south in the Arizona canal. So there's a limit. We do have some other resources from, quote, SRP, such as new conservation space.

So the city wisely invested in the raising of Roosevelt dam a number of years ago. So excess water when it's stored there is called NCS water and we can use that NCS water to pump north. We have some water to pump north but not generally the full allocation. It's a limited and time dependent on the SRP system of how much water we have at one time and how much we can push north.

Councilmember Whitehead: Roughly what percentage of Scottsdale's water is SRP versus all the other sources.

Brian Biesemeyer: I believe it's 20%.

Councilmember Whitehead: 20%.

Brian Biesemeyer: 25 is -- I'm sorry, 15? I'm not reading my hand signals very well.

Councilmember Whitehead: 15. Okay. I'm really -- and I thought this was a chart that showed the dollars we need to invest in our growth areas. Did I -- I can't seem to find that. Was there a chart that showed we have a lot of infrastructure needs in the areas that we did experience a lot of growth? Is that a chart or did I see --

Brian Biesemeyer: Just it -- like I said the IIP, so I'm not sure --

Councilmember Whitehead: It's okay.

Brian Biesemeyer: I don't have that on --

Councilmember Whitehead: That's fine. I mean, clearly we have a lot of infrastructure needs and you point those out that -- the one you point out on this particular chart is to increase the wastewater to our plant on -- off of Pima. Is that -- remind -- can you get into a little more detail about, that how far south will we be pumping currently? We cannot pump our wastewater north of about doubletree is that correct?

Brian Biesemeyer: That's correct. I don't know if you can really see it here, but there's two blue dots and I will try to put the cursor around there. Those are our southern-most pump back stations. So that's the limit of where we can take water and push it north from those pump back stations. Basically, it's around Via Linda north. What we are planning on that further pump back station down around Indian Bend. So we will drop back deeper to pull that water from.

Councilmember Whitehead: So we'll still have plenty of south that we are not pumping north to the treatment?

Brian Biesemeyer: The goal is to meet the minimum SROG commitment. Every other drop we pump north.

[Time: 00:42:33]

Councilmember Whitehead: Okay. Very good. So is there -- this is kind of a valley-wide question. We are producing drinking water here in Scottsdale. Are there any plans in other cities to -- to build facilities like ours so that we overall increase the amount of potable water being produced in the valley?

Brian Biesemeyer: Thank you, councilwoman. That's a great question. Yes, the -- I know the city of Phoenix is looking very hard at doing direct potable reuse. We are too.

There's a statement in here that, you know, we can -- at our water campus, it's a pretty simple connection to do direct possible reuse. We already produced the water of that quality. We would just pipe it over to our surface water treatment plant and be able to do that. The

registrations have to change, though.

So there's a phase two of the direct potable reuse rules that are in the process with the department of environmental quality. 2024 is the goal to have the second phase of regulation which would allow us to do more than our demonstration project right now.

Current regs will allow us to basically do our demonstration project but they don't really allow for a larger project, and we expect in 2024 to have that regulation in place. And, yes, we have a pilot study that we will be seeing in our capital improvement plan to look at what it would take and to do some piloting of that water. It's very pure water.

The problem is that it's actually so pure when you put it in a drinking water treatment plant, it doesn't treat the same way as other water. So we have to look at that and figure out where we connect it and what the best connection is without disturbing our current treatment process. Yes, we are looking at that.

City of Phoenix is looking at that and the city of goodyear is very much interested in that as well. I think the race is on who will do direct potable reuse first. I would bet on us.

Councilmember Whitehead: Yeah, because we have the plant. I mean, none of these other -- these cities have to build the treatment facility first?

Brian Biesemeyer: That is correct.

Councilmember Whitehead: It's a race we want everybody to win in. So there is no losers here if we can get it done. Finally, I want to bring up another source of water that happens to be one of my favorites and that's the water we are losing right now to the 5,000, 4,000 homes that are on septic. So I'm excited about that. Once we do some septic-to-sewer conversions we will have a new source of water; is that correct?

[Time: 00:45:17]

Brian Biesemeyer: That is correct and you asked me a while back on what that volume would be and it's about 800,000 gallons to close to 1 million gallons a day if we can get everybody off of septic. That's another source of water. In our 2021 IIP, as part of that, we plan to put some infrastructure into those septic areas to facilitate more connections.

And so we have a strategic plan to advance into those areas and make those connections easier for folks. We will also continue to look at grants and other things that we could do to accelerate that process.

Councilmember Whitehead: Okay. Thank you. I will say that the audit is well worth doing. I had my own water audit today. Really excellent program. We are targeting the big users because

that's where we can get the most bang for the buck, but, boy, having our incredible staff out there helping the little users who should be a lot littler users is really amazing. It's an amazing service and I'm really pleased with -- I was pleased with the audit. So thank you.

Brian Biesemeyer: Thank you.

Mayor Ortega: Councilmember Milhaven.

Councilmember Milhaven: Thank you. So the conversation of water almost always includes a conversation of development, as we have already seen here tonight. But Councilmember Janik talked about water studies being required for developers. I know we already require quite a bit.

I apologize if this is better united for planning staff which means you can punt to them if you would like to, but could you sort of give a summary of when -- I know we also put in some new guidelines recently about certain sizes of developments and water usage hasn't things that were required.

Could you give us sort of an overview of when a new development comes forward, the things that the city asks of them in terms of water and wastewater?

Brian Biesemeyer: Councilwoman Milhaven, yes, we have put in part of our sustainable water management principles, a principle 4 requires them to look at their total water consumption, look at their net water usage so how much wastewater is coming back to us, put in additional conservation measures to ensure that they are maximizing the efficiency of the water that they are going to use, as well as look at that water on a basis of economic value.

[Time: 00:47:35]

So what do they actually add to the city of Scottsdale on a per gallon basis? And we are currently working through with Erin and her staff and Rob Millar on how to actually put that model together for you. We have active meetings. We plan to have that this fall to put that together in a means that developers can provide that information to you. It's really devised as a plan to provide that to council, as a means to evaluate a large development and what they add to the city.

Councilmember Milhaven: Thank you.

Mayor Ortega: Councilwoman Caputi, Councilwoman Littlefield afterward.

Councilmember Caputi: Mr. Biesemeyer, you mentioned that there's a difference between the drought contingency plan and our own city-wide drought management plan and I know people get confused about this. I get confused about this. Just always trying to get in the center between understanding the great things that we're doing for water and managing people's

panic.

So when we move in the greater scheme of drought management plan or drought contingency plan, that doesn't always necessarily move us into a more dire situation as a city. I know you were trying to explain that to us in terms of moving from a tier -- the state moves from a tier, but it doesn't necessarily mean that we move as a city. Maybe I -- maybe a quick sort of just cheat sheet explanation of that, because I know I get confused.

Brian Biesemeyer: Councilwoman Caputi, I totally understand, and I tried to do, it but I will do it again. Because I do know it's confusing. This is a page from our drought management plan. I move the mic over a little bit.

So on this, you will see that we look at the CAP shortages up above and then our stage is here. And so we're currently in Tier 1 this year and we're in stage 1 of our drought management plan. The current -- the declared tier for next year is 2a, which would keep us in a stage 1 of our drought management plan for next year. Provided that unknown doesn't happen or -- again, I don't know what the bureau -- the other foot that might fall on, that but as we currently stand, we would stay in a stage 1 according to our drought management plan.

[Time: 00:50:04]

If we got a Tier 2 -- if additional cuts are made, then that would kick us into a stage 2. And that's where council would -- stage 2 is where council takes over declarations and gets involved and has to go to council for declarations. At stage 1, the city manager declared that, but stage 2, it would take council's declaration. Yes, it is different and that's where we currently stand at a Tier 2a. It's really only a -- as you can see, it's 1,000-acre feet -- 1100-acre feet more of a cut to us but we have over -- around 10,000-acre feet of water that we have been recharging. So we just take that cut out of the recharge. It doesn't impact our delivery to our customers at this point.

Councilmember Caputi: Because when you hear those gigantic numbers on a statewide level, people get panicked and it's -- I think it's important to just manage that. You mentioned that we are going to have an infrastructure need of what is it 500 million --

Brian Biesemeyer: Go back to the slide, thank you.

Councilmember Caputi: Yeah.

Brian Biesemeyer: 578 million over 35 years.

Councilmember Caputi: So can you explain to me where does that come from? How does the city pay for that infrastructure.

Brian Biesemeyer: It's paid for two sources. One is water rates and wastewater rates and each is independent funds and rates are set independently, on the water and the wastewater and the other payment includes our impact fees and so that's designed for development to pay for development. And as I mentioned \$290 million from that \$578 million.

Councilmember Caputi: So development pays for development and growth will stop at some point in the future and we want water bills to go down. It's just something to go think about. The numbers are going to get interesting, I think. So math.

Brian Biesemeyer: The numbers will get interesting because a unique feature of when you have less water to deliver through the CAP canal means every gallon or acre foot of water is going to cost a lot, lot more. That's just the nature of what that shortage does to our wholesale provider, and the water that's provided to us.

Councilmember Caputi: Yep. Thank you so much for continually updating us. I love that we are looking 35 years out. I think it's super important and I say it every time we have a water presentation. We don't do things on the council without looking at all of the infrastructure and making sure that we look far enough out to balance all of our needs. So I really appreciate the update. Thank you.

[Time: 00:52:45]

Brian Biesemeyer: Thank you.

Mayor Ortega: Okay. Councilwoman Littlefield?

Councilmember Littlefield: Thank you, mayor. Well, a lot of my questions have been answered already, but I did have one or two just kind of off-the-cuff things. Could you give us a very brief, one or two sentences, update on how Rio Verde is doing? Have they found a source of water? What are they up to now?

Brian Biesemeyer: That's a great question. I'm not sure I can provide too much information. I know that they have a meeting before the Board of Supervisors to talk about their district and I believe that is -- is that September, Gretchen, do you remember the date? I can't remember.

They do have a scheduled meeting before the Board of Supervisors to see if they can actually be allowed to form their water district. And I think that's a good first step. But they have also -- I know the supervisors are also looking at private, potential private sources out there. So the -- there all this still stirring but it hasn't been resolved. It needs to, but it hasn't.

Councilmember Littlefield: This update, all the stress right now going on with water doesn't help that either.

Brian Biesemeyer: No, ma'am, it does not.

Councilmember Littlefield: The other question I had was a little more just kind of weird and off the cuff but I have gotten a lot of questions from people here in Scottsdale who have swimming pools in their backyard, and they asked me, what can they do to conserve water without having to drain the pool and ruin the concrete and all that kind of stuff. I told them, well you could cover it with plastic that might help evaporation but beyond that, I really didn't have an answer?

Brian Biesemeyer: Well, my first answer is to call our water conservation folks and they do have some answers.

Councilmember Littlefield: Okay.

Brian Biesemeyer: You are right, a pool cover is one way to work on evaporation. And if they want to eliminate the pool we do have a rebate to eliminate the pool too. Call the conservation folks because they do have more. I know cover is one feature that can be used.

[Time: 00:54:54]

Councilmember Littlefield: Thank you.

Mayor Ortega: Councilman Durham, did you have anything remotely?

Vice Mayor Durham: No.

Mayor Ortega: Vice Mayor. Okay. Then I believe everyone has spoken. I would add a couple more comments just so I'm clear. First of all, I believe Scottsdale water is very prepared and that's exceptional and we are also very vulnerable. We are vulnerable because of the depletion of the Colorado basin water. We have a high percentage. If we were only dependent 10%, under normal circumstances, we could probably not react as we are today.

That vulnerability and whether or not the bureau would come out with a stronger position that might have pushed us to 2b, even last week they could have declared that. You saw the statement that AMWA put out today and you know I sit on -- representing the city, our meetings on Thursday.

And essentially, that statement from AMWA, the Arizona municipal water users group, was saying that the declaration from the bureau was not definitive enough, and we will be discussing what local governments can do ourselves. So on one hand, if we have a trend which continues downward and the ability to perhaps save less underground because we are receiving less from CAP, we will find out, how much less, conservation will carry us only so far.

And I believe -- and I'm told January is when the spigots get reduced for the big ag and other

sectors. I believe that we should utilize the time we have between now and January 1st or 2nd, whenever that is, and it's incumbent to -- if you know there's a layoff coming and reductions and there may be another one in June of 2023, presuming that -- they expect the lake will be down another 22 feet by July of next year. Those are the projections.

[Time: 00:57:42]

So that means I believe this is a clear picture our, we are looking at some scenarios where we can't just dance around it and our council will look at some ordinance members September 13th, we will be discussing some specifics. Again, if we wait for big brother to tell you what will happen. On the other hand, there's only limited water supply. So we always are dealing with a law of scarcity. Development is not infinite. It can't go on forever. I think your graph shows that pretty clearly.

2035, which is, you know, basically about ten years away when you look at planning and such. It means we have a critical apex there. And then the other projections of the tier would also -- in our drought plan take us to stage or tier four. So we have our phone responses that the council has to take.

I with that, certainly would move to approve the resolution as shown, but saying this is just really a recognition of what the big picture is, and even when you say our CAP water, we could handle 70 million gallons, but we are only handling 20. It's nice that we have that capacity but it doesn't mean that three years from now that they will be able to give us 40. So we may have to a capacity to handle CAP water, but they may not be delivering it. So that's how we have to act, and, you know, I appreciate that.

[Time: 00:59:39]

Brian Biesemeyer: Mayor.

Mayor Ortega: I will ask that we adopt resolution number 12582, authorizing acceptance of the updated 2022 integrated water resource master plan prepared by Carollo Engineers Inc.

Councilmember Janik: So moved.

Councilmember Whitehead: Second that.

Mayor Ortega: Anything else.

Councilmember Whitehead: I would like to speak to my second. We are not here to see how much we can get away with, but to conserve and how much we can do to ensure that the future generation has the quality of life and the water they need. So I appreciate this and I'm excited about the possibilities of doing far better than we currently are doing with water. Thank you.

Mayor Ortega: Thank you. Seeing no other hands. Please record your vote.

Vice Mayor Durham: Vice mayor Durham votes yes.

Mayor Ortega: Yes. And, again, just to clarify, there was no public comment on that issue.

ITEM 16 – FINANCIAL AND CAPITAL IMPROVEMENT PLAN UPDATE – PRELIMINARY FY 2022

[Time: 01:00:47]

Mayor Ortega: So we will move on to the next regular agenda item, which is the financial and the capital improvement plan, and the update. Presenting our treasurer, Sonia Andrews.

City Treasurer Andrews: Thank you, mayor, thank you, council. Next slide. Okay. Our fiscal year is July through June 30th and so we are in the process of closing our fiscal year 2022 books and tonight, I have some preliminary results for the general fund to share with you and we hope that our final fiscal year 2022 financial report will be available in November or December. Next slide.

So the city's general fund is the primary operating fund. It's usually our main focus. Our general fund remains very healthy. Overall, the general fund ended the year with a record revenue growth, again, up to 15% over last year, and 21% above our budget. And the main reason for this growth in 2022, we were still experience a post-pandemic spending spree and pent up demand.

Consumer spending was very large from retail to dining. Driving up our sales tax revenues. And, you know, I just wanted to say that we don't expect this kind of double digit growth to be sustained year-over-year, because it's due to a unique combination the factors which I will explain over the next series of slides. Our general fund revenues grows at 3 to 5% her year. So having 15% growth is really phenomenal. Next slide.

The next slide is sales tax growth by category. Retail being our largest category, consumers during fiscal year 2022 have been buying everything from electronics to home furnishings and online sales skyrocketing. And the hotel and motel are driven by our visitors and tourists and we had very strong tourism activity in fiscal year 2022 as well. Some of this increase in the tax revenue is also due to price inflation. Next slide.

So the Phoenix metro area inflation was higher than any other big metro cities last year, hitting 12.3% in June. Despite the inflation, consumers continue to spend partly because of low unemployment, and growth. Wages and salaries grew at a 6.5% pace in the Phoenix area compared to 5.7% nationwide. So those are the reasons some of the consumers were spending. Another reason that consumers continue to spend was also consumers had savings to spend. Next slide.

During the pandemic, this slide shows the personal savings rate. During the pandemic, the personal savings rate climbed significantly to almost 35% at one point. So consumers had plenty of money to spend. In fiscal year 2022. So with inflation, wage growth, savings, pent up demand, online sales those are the unique combination of factors that drove up our sales tax revenues. Okay. Next slide.

On the expenditure side, we came under budget overall. Inflation was not a big factor for expenditures in 2022 because a lot of our -- for a lot of our expenditures, the pricing has been established through the contracted. So when we renew the contracts, we will likely see the inflation being factored, in but for 2022, that was not a huge factor for the operating expenses. On the capital expenditure side, we saw price inflation but the operating side not quite yet. We saw overtime increases because of all the vacancies and the overtime increases were offset by personnel savings and you don't see a lot of overages because the personnel offset the overtime. And this shows you expenditures by division.

All divisions came in under budget, with the exception of fire where over time it was slightly higher than budget. And I think next slide, this summarizes my quick financial update. Basically we had some land sale proceeds that provided one-time revenues in the general fund and next slide. Sorry, next slide.

[Time: 01:06:00]

Before I end my section, I wanted to share for the bond, the 2019 program, of the \$319 million that was approved by voters, we have spent \$53.4 million to date. On the -- I think there's 58 projects. So with, that I can answer any questions before I turn it over to our city engineer.

Mayor Ortega: Councilwoman Janik.

Councilmember Janik: Just one quick question. The other category on slide 4, I believe it was. Can you just give me a rough idea of what is in the "other." It was 30% over projections which is very sweet.

City Treasurer Andrews: A lot of other categories are computer, software and hardware, wholesalers and manufacturers and there's a lot of miscellaneous items in there too that don't fit into those specific -- actually -- it's actually the next slide if you -- yeah, the next slide. -- the other is wholesale manufacturers and wholesale -- wholesalers that don't fit into the other categories.

Councilmember Janik: Okay. Thank you.

Mayor Ortega: I would also comment on the construction side, there I'm told that one stop has been very busy and those numbers have been holding very strong, which are reflected in the -- in the matrix there. Any other questions? Okay. Thank you. We will continue with the CIP

picture. With our chief city engineer.

Allison Tymkiw: Thank you, mayor, members of council. So I will be presenting the fiscal year 2021-22 CIP quarterly update for the fourth quarter through June 30. I always go the wrong -- I always go the wrong direction on this. Okay.

So the agenda tonight is for first reviewing the bond 2019 projects. I will just go through each question and highlight a project. And then I will go through other non-bond CIP projects both in design and under construction. So the first slide here is question one.

Question one is parks recreation and senior services and this highlights the projects that were funded in fiscal year '21/22 and, again, this is through the fourth quarter. So future updates will actually have '22/23 projects on them. So a couple of things to note here is the first project listed here number two, add a splash pad and improve walkways at McCormick stillman railroad park. That welcome done with the bunk house replacement at the McCormick stillman railroad park. Another thing to note here we have number 55, build a 17-acre park at Ashler Hills Drive and 74th way. That's in the design.

[Time: 01:09:19]

And we are in the master site plan process. We did just go before the planning commission and it was continued. So that will be heard again in September. I think we were originally hoping to get to council on that through that process in September but that will be delayed as well.

Mayor Ortega: And with that slide, the dog park, item number 42 is progressing at Thompson Peak off leash dog park.

Allison Tymkiw: Yes, that's under design.

Mayor Ortega: There will be some community outreach.

Allison Tymkiw: Correct. Yes. Thank you.

The first project is the build the multiuse sports field in the area of bell road. One was the bell road sports complex and the offsite water at D.C. Ranch and then the second phase was the -- is the WestWorld Sports Complex.

So the bell road area project, the facility, the support facilities and restrooms are now complete and they are working on punch list items at that location. So the primary location is at the WestWorld sports complex and we are proceeding with storm drain work and sidewalk work and water lines and we are working on the drainage for field five. Okay.

Question two is community spaces and infrastructure. And I will be highlighting again the civic

center project. I think it's a good one to highlight. But I also wanted to point out a couple of other things here first we have a couple of projects at WestWorld that are proceeding. We have 45 which is rent foe elevator the horse barns to increase rentable space. We actually have our first barn is expected to be delivered in October. So that will be installed.

And then I have 46, which is replace the public address system at WestWorld, and that actually -- the installation there is complete, and we're just working on testing and punch list at that location. Okay. Here we go. This is the civic center project. The intent of this project is to reconstruct the civic center to provide better pedestrian flow and performance areas.

And I think previous updates have shown a lot of earth work and grading and utility work but now we are actually starting to see some vertical structures. We have been doing some tree planting quite a bit of tree planting. 140 new trees are going in there. We are doing concrete work around the little red schoolhouse. The support structure for the 360-degree performance area has been set. And then as you can see in these photos, the shade structure and the restroom building are starting to take shape. Okay.

[Time: 01:12:40]

Question three. We have two slides for public safety and technology. There's a lot of the IT-related projects. 8, 11, 12, 14, these are all proceeding. Most of these are looking to have a completion date by the end of fiscal year '22-23. Sorry. I keep going the wrong direction. Okay. And this is question three continued and I will highlight the fire training facility. But also to note here, we have the install the bullet-proof glass and reception area of the police department. The construction at the P.D. headquarters is commencing.

There was some delay on this project, both to get the materials and then some of the materials when we received them were damaged. So it had to be replaced, but that's progressing and following the P.D. headquarters we will be doing the family advocacy center. Now, this is project number 38, it's build a new fire department training facility.

This is our new training facility that will be located in Tempe at our Tom Hans facility. It's been delivered in conjunction with the police training facility there. And this is a rendering the proposed fire training facility and it shows the three live fire training structures as well. We are proceeding on the fire training portion and our construction manager at risk, core construction, they are preparing the GMP for demolition, site work, and long lead materials for that project.

So then this slide highlights the projects that are complete. We have several of the court surfacing and lighting projects that were done. We had quite a few that were already complete at WestWorld, including lighting and restroom expansion, and then we have several of our automation power supply and training software projects that are complete. Okay.

Other projects in design, I think we did highlight this project several months ago. It's the

Scottsdale Road from Jomax to Dixileta, including the landscape, bike, walks, and trails and it will include a roundabout at Scottsdale and dynamite. It will also eliminate the load crossings. Important to note on this project, it does include quite a bit of ALCP funding, as well as a federal grant.

We are working towards 90% design and we anticipate construction in the fall of 2023. Projects like this, when we have federal funding a lot of time, they take a little bit longer. So we have to go through the federal process. We have to get authorization through Arizona Department of Transportation.

[Time: 01:15:57]

We have several clearances that we have to obtain and a lot of them are dependent on each other, for example, we have to get an environmental clearance for these projects. And we're not able to actually go through our right-of-way acquisition process until we actually have the environmental clearance. Around then we have to get right-of-way clearance as well.

So there's quite a few steps and it makes the duration a little bit longer on some of the federal projects. And other projects in construction. We have the Osborn Road complete streets, agenda sidewalk segments between Hayden and Scottsdale Road. It includes an Indian Bend wash connection and roundabout at Miller and Osborn.

The progress on this project sidewalk on the north side of Osborn, working on the retaining wall and path connection to the Indian bend wash trail system. We have done some its work. On this project is important to note that we are actually doing a water line project in the intersection at the same time. The water department had a need for some of the water lines in the intersection to be replaced in advance of the roundabout construction.

They don't want to have to get in there after the fact to have to do any repairs. And potentially tear up the roundabout or cause traffic delays in the roundabout. And then this dove valley water line replacement project. This is part of our water distribution system improvement program and I will thought this was a good one to highlight because it was really a fast track project that we had to do.

We found out about it in the fall. There were about 7,000 feet of PVC pipe that was failing. We needed to get it designed. We got a construction manager at risk on board to help us. With especially the supply chain issues, there were long lead -- long ordering times for that. So we did get the CMAR under contract in February for the procurement of the pipe. And then we got them -- we authorized their construction contract in April. They began construction in May. They needed to get the segment in front of the cactus shadows high school done in the summer months. They got in there on May 23rd.

They closes the road between 56th street and 60th and they were actually able to open the road

back up and get the water line installed and the road repaired in time for school opening. The road was opens on July 29th. They are still working on the project but this was a segment of it. I think that's all I have and I'm open to any questions.

Mayor Ortega: I don't see any hands up. I do want to make one comment, though. I have been asked what is all the roadwork going on with cable being -- or lines being put under along Indian School and I don't see them as city projects. I just want to -- if you could just clarify it. Not everything there are construction in roadways are the city's projects, correct?

Allison Tymkiw: Yes, that gets confused with capital projects. Sometimes we do capital projects in the area but a lot of the times we have private utility. Verizon is doing a lot of fiber work throughout the city right now.

[Time: 01:19:50]

Mayor Ortega: Good. At this point I would call for any public comment. I see none. I hear none. Therefore, I will close public comment. Okay do. We have any other questions before I request a motion on this item? We are just going to accept. It says there may be a motion. We are just accepting your report? Okay. Thank you. Next we will go to public comment.

Another opportunity for the public to come forth on a subject not on the agenda and they can speak for three minutes. I have no indication for any speakers and therefore I will close the second session for public comment.

ITEM 17 – CITIZEN PETITIONS

[Time: 01:20:48]

Mayor Ortega: I want that thank peaceful valley for your patience and taking here as we move on to the citizen petition. We have received a citizen petition signed by about 100 residents and concerned and suggesting some city action. We will see a lied would allow us to take action on a petition. So our charter calls for council to receive petitions at every meeting. And then to direct or give -- take action on any petition. I will just use my memory until we see the slide, but essentially -- here it is. We have three choices: Go ahead, clerk.

City Clerk Lane: You can direct the city manager to agendize the petition for future discussion. Direct the city manager to investigate the matter and prepare written response to the council with a copy to the petitioner or take no action and it's now on the screen.

Mayor Ortega: Okay. Councilwoman Whitehead.

Councilmember Whitehead: Thank you, mayor. I think the most expeditious way to handle this is number two, which is direct the city manager to investigate the matter and maybe something that can be done administratively and not need a city council meeting. So I would motion to

direct the city manager to investigate the matter and prepare a written response to council on this petition.

Councilmember Littlefield: I will second that.

Mayor Ortega: Okay. We have a motion and a second. Any discussion? Seeing none. Please record your vote.

Vice Mayor Durham: Vice Mayor Durham votes yes.

Mayor Ortega: Thank you. We have completed that item. And next point on our agenda is if there are any mayor and council items. This is an opportunity for an item to be brought up. I do not see any requested by mayor or council. Therefore, with that, I will adjourn the regular portion of this city council meeting. And we will be moving on to a work study session. Would you like a five-minute break? Okay. We will resume in -- at 6:30. Thank you.

[Break]

WORK STUDY ITEM 01 – BUILDING AND FIRE CODE UPDATES

[Time: 01:23:57]

Mayor Ortega: We will reconvene our regular meeting with a work study. For the record, all of our councilmembers are present as well as charter officers. The purpose of a work study is to review more -- in a more informal setting by work study and give direction, express our views so staff can bring subsequent action on any matter.

Typically, we always allow public comment on the subject, which has to do with the safety, housing, water resources, energy and environmental elements of the built environment, the architecture we live in, educate get healthy where we live, play, and earn a living.

So at this point, I would ask that we could go right in our public comment, but I would prefer that we would go right to our presentation with Michael clack and then after that point, we would have five speakers from the public on the posted subject. Good to see you. Mr. Clack is our building code official.

Michael Clack: Thank you, mayor and council, my name is Michael clack. And I'm the chief development officer for the city of Scottsdale better known as the building official for the city of Scottsdale. And my role is to enforce the building codes that are adopted by the city of Scottsdale for construction purposes. That's a very broad overview of what I do. Let's see if I can -- good. Okay.

So if you follow along on the slide here, just as a matter of background, every 3 to 6 years, building and fire codes are updated to account for changes in national building standards,

technologies, and construction practices.

They are to ensure the safety of buildings and maintenance of life safety systems. We are able to maintain a favorable rating with the insurance services office for homeowners, because we stay -- try to stay current with our codes. We get more favorable insurance ratings as a result. Part of what we do when we update the codes simplify the building compliance by improving code language.

Sometimes it gets a little bit unclear as to what the intend is, and so we try to improve the code language from year-to-year, drive for clarity and ease of use as much as possible and we do this while addressing energy, environmental impacts and water conservation measures. The code is also in keeping with the general plan 2035. And in the building codes, there's the safety element, water resources element, energy element and environmental element.

[Time: 01:27:35]

So it's not just about construction but we try to address all of those other items within the codes. And this slide here indicates all the codes we will be bringing forward to you. We hope to bring these codes for formal action by the city council on September 2022. And these are all codes published by the -- formally known as the international conference of building officials, ICBO, but now it's called the International Code Council.

And on these codes, just to go through it really quickly, we have the international building coat, the international fire code. The international existing building code, the international plumbing code, mechanical code, residential code, the international fuel and gas code, the green building code, that the LgCC, the energy conservation code, and our swimming pool and spa code there at the bottom. Just to keep in mind these codes are not retroactive.

So a building that was built in compliance, for example, back in 1972, it does not have to come up to today's code as long as it's maintain the operation under which it was contemplated. In other words, no change of use, any addition that's done to the building, it has to comply with today's code with not necessarily having to upgrade for -- from the previous code under which it was built.

Our local amendments reflect community priorities and local codes. As we go forward, one the things we drive to do is keep in mind the community priorities and that's the purpose of this work study session because you will see two different recommendations and both of them have to do with city priorities and we are looking to the council to give us some direction as to which way we want to go because ultimately it is up to the council what goes into the codes.

This collide here is just an illustration of a code change hearing on a national level. There are code professionals, trade organizations, builders, contractors manufacturers, suppliers, architects, engineers, all come and discuss changes to the code. At this particular one, I'm

probably way off to the side. So I'm probably not in this picture.

But I do have an opportunity to attend the code development hearings and process and have been active in getting some of the changes into the code. Just to go through some significant changes, starting with the building code, some of the changes have to do with mass wood construction, new roof fire classification for solar, photovoltaic panels, structural load details in the fire code.

There's an emergency responder communication, and new technologies and applications, and construction fire safety requirements. And the plumbing code there's accommodations for multiple toilet facilities serving all genders and shared restrooms. We have the mechanical code where they are improved exhaust ventilation for nail salons. The electric code has an electric vehicle power transfer for bidirectional current flow of electricity.

For example, as you have probably seen some advertisements on TV where a certain electric vehicle will have an advertisement where the house has the power loss. They can take the energy from the car and send it back to the house for the short periods of time where there's a power loss. Other significant changes in the fuel and gas code has to do with return air and mechanical rooms, clothes dryers that exhaust more than 250 cubic feet per minute. And unsafe structures and equipment and smoke and carbon monoxide requirements.

[Time: 01:32:10]

In the residential code, the residential code has the use of commercial cooking equipment. Occasionally you have a house so big and we have come across that here in Scottsdale where they do a lot of entertaining and they can afford to have commercial cooking equipment and typically that has to go by way of a variance or a code modification on my part. This addresses that for those types of structures and also energy storage systems.

In the international energy code, there are improved energy measures related to insulation, duct leakage, solar heat gain, mechanical systems, water heating and lighting. Lighting has been updated to reflect new lighting technologies, and also there is an electric vehicle charging infrastructure amendment in the energy code.

In the green code, this is for commercial structures and I want to emphasize that the green building code is for commercial structures. It does not address single family residences or multifamily less than -- greater than -- excuse me, if you have a multi-family project that's greater than three stories above grade, the green building code would come into play. If it's less than three stories, it does not come into play and that's very clear in the energy code. But some of the things, the significant changes trying to address heat island mitigation, electrical vehicle ready charging. And on site, photovoltaic, and construction waste management and low impact building materials.

We did receive some community input throughout this process. We have been working on this for the better part of a year now. We feel the community will benefit from up-to-date resources that account for new technologies, materials and building systems.

The update will improve community value and quality of life, while protecting natural resources. And also the update will clarify code provisions while enhancing life safety, reducing fossil fuel generated energy use, conserving water and improving indoor air quality. The community impact, we came across a study done by the national cost effectiveness study done by the U.S. Department of Energy and Pacific northwest national laboratory and it shows that construction based on 2021 energy code is cost effective in our climate zone 2b which is an arid desert environment, Scottsdale.

The simple payback is 7.5 years for single family and low-rise multifamily building. Homeowners will see or should see, according to the study a positive cash flow in two years. Keep in mind, this is part of this study. Part of the community input that we receive was from the Building Advisory Board of Appeals and we do have members from that board present tonight. We have the Scottsdale Environmental Advisory Commission and we have members there.

[Time: 01:35:51]

We received input from the home builders association of Arizona southwest energy efficiency project, Arizona multihousing association, American institutes of architects from Arizona, Nelson partners architects and planners. The Scottsdale area association of Realtors, Experience Scottsdale, the American Lung Association, environment Arizona, southwest gas and electric utilities the Arizona public interest resource group and vote solar.

Now we are getting into some of the recommendations from the various boards and our Building Advisory Board of Appeals recommends adoption of all codes with staff amendments except for the following. No energy code amendments nor EV, solar, HVAC which is your heating and ventilation and air conditioning, commissioning exceptions no residential IRC amendment for pull out trash and recycling bins and kitchens of new single code keep this for bonus keeping it as a voluntary code as it is currently.

The Scottsdale Environmental Advisory Commission has some different recommendations. They recommend the energy code adoption with amendments, EV-capable electric vehicle capable charging for new single family, multifamily and hotels. Cool roofs for low slope roofs of new residential and commercial buildings, solar photovoltaic compliance options for new single-family homes, amended exceptions for commercial heating and cooling and ventilation system commissioning.

They recommend an amendment to the residential code to provide pullout trash recycling bins in the kitchen of new single-family homes. They recommend that the green building code as a mandatory code for new commercial and family -- multifamily projects and electrification

proposed amendment for all gas appliances and new single-family homes.

In other words, what happened is where gas is provided for and I will use the example for a stove for cooking, you also have the ability to have a 220 outlet for an electric stove so that in the future if somebody wants to change out gas for electric, they have that opportunity to do so if they do so desire. So with do have some options for the council and the things that we are seeking for some direction on.

The staff recommendation, I want to emphasize that staff recommendation is because I staff the Building Advisory Board of Appeals is to recommend adoption of all the codes with amendments, with the following exceptions, adopt the energy code without amendments for easy capable charging cool roofs, solar PV option and HVAC commissioning exceptions, adopt the residential code without the amendment for pull out trash recycling bins in kitchens of new single family homes and keep the green building code as a public benefit for zoning bonus consideration voluntary.

Option b, the environmental advisory recommendations, they recommend the adoption of all codes with amendments, including the residential amendment for trash pullout recycling bins in kitchens of new single-family homes, energy code amendments for EV-capable charges, cool roofs, solar photovoltaic option and HVAC system commissioning.

[Time: 01:40:02]

Green code as a mandatory code, we need to consider what that will do as far as staff reports and resources for building code plan review and compliance, if the council so directs us to do that. And then a third option is to remain with the current codes which I would not recommend that we do as it would put us behind the industry standards and may negatively affect our ISC insurance rating. If I could use the Elmo. There we go. I wanted to put this up here.

One of the things as far as option b is concerned if council so gives us that direction, what I'm concerned about are the energy code and the green codes. Is as I stated earlier, our intent is to bring all of these codes to the city council for action on September 20th, 2022. If you wish to make the green code mandatory, and go with the provisions of the energy code we would like the opportunity for more public outreach on the energy and the green codes and he would recommend that the council consider that we conduct a joint Scottsdale Environmental Advisory Commission and the Building Advisory Board of Appeals meeting to have a conduct meeting -- and to allow interested parties to provide inputs to both parties at the same time. And then we would bring back the energy and the green codes before the end of the year for council action in a January 23rd implementation date.

The rest of the codes I showed you, we would like to continue on to have that for your consideration September 20th, and then -- and with an implementation of January 1st. So it's part of the implementation date, there's no harm in, that but this would give us a time to -- where

staff could really get into studying what the changes of the new code is. It will give us time to have some of our architects engineers to prepare drawing in accordance with the 2021 codes and also we have a lot of standard residential projects that would need to be updated to today's code.

One other thing that I would like to do, because I know this is a lot of information, and hopefully this will help with the understanding of what we're trying to do, is this chart that we put up here and hopefully you can read it, and you can see what -- we're just trying to illustrate what the Building Advisory Board and the Scottsdale Advisory Commission, where they stand open these proposed amendments so that you can see you know, who is a proponent of the amendments and who disagreed with that, depending, of course, upon the council direction, this could change and that's what we are seeking tonight, because we do have two differences of opinions on amendments and we would like to have the council give us direction on how to proceed.

With that, we have a couple of speakers, and I would like to -- with your permission, I would like to introduce Natalie Chrisman Lazarr and give her an opportunity to speak. And then after that, she's representing the Scottsdale Environmental Advisory Commission. And then afterwards Julian Anderson who is representing the Building Advisory Board of Appeals we would invite him to come up to speak. Thank you.

[Time: 01:44:17]

Natalie Lazarr: Thanks for that. Oh, goodness. Mayor Ortega, honor councilmembers my name is Natalie Chrisman Lazarr, and I'm the chair of the Scottsdale Environmental Advisory Commission. Also known as SEAC. I live at in Scottsdale at 7647 east turquoise avenue. What does a few more days of temperatures over 100 degrees mean to you? Moreover, how about nights over 90 degrees?

When will the effects of the drought require an increase in cost of water that reflects the scarcity of this resource? Do you worry about your child or grandchild playing outdoors on high pollution advisory days. Does the fact that we as a city are literally throwing away an alarming amount of recyclable and reusable material in a landfill that could fill some time in the next ten years give you pause?

The effects of our urban heat island, finite water supply, and poor air quality and limited waste resources are very real concerns that our citizenry is passionate about because they matter. They matter so much that we voted as a city to specifically include policies to address these challenges in our 2035 general plan. But how does that directly affect the subject of your study session tonight?

Maintaining sound and timely building codes is vitally important because the codes reflect the direction that you're built environment will head for years to come. Given the timelines for progress an idea from concept to fruition, delays in translating policies into the reality of code

requirements could leave us flat footed when it comes to reducing our overall impact of the built environment on human health and the natural resources. With my limited time here before you, I will touch on three key points that SEAC. SEAC is overwhelmingly supporting in code amendments.

These are comprehensive and we support them. The second is the importance of integrating the electric vehicle charging infrastructure into this code cycle. And the third is how a mandatory green building code based on the international green construction code or IgCC furthers not only Scottsdale's green building leadership, but also aligns and implements the voter approved 2035 general plan.

First off, in your packet, city staff has code updates that are listed as many acronyms, and I will not go into them here. Staff's recommendation may be a little confusing because we talk about some of the amendments that are there and then they identify amendments that they do not recommend.

So that sounds a little by confusing, but truly when we are talking about some of the EV amendments that are in the presentation, but they don't recommend them. So what I am trying to identify here for you is truly, you know, the complexity of what it is that you are hearing, but in general, what they are trying to say is we need staff direction. We need direction from you guys, and we need council direction, I'm sorry. We need council direction to make some of those decisions.

[Time: 01:48:06]

Likely the most significant item that they need your leadership on is the direction to make the city's green building code mandatory. SEAC recommends the comprehensive and forward thinking amendments presented in your packet because they contribute to the health, safety, and the welfare of our citizens. They reduce our energy bills and they enhance our community's resilience. Specifically, with reference to electric vehicles, all reports of EV purchases show record sales and a growing market share.

An independent analysis completed by Boston consulting group Deloitte, Guidehouse and Wood MacKenzie projects EVs will represent 10% of the light duty vehicles on the road in the U.S. in the next eight years. Closer to home, the Arizona Department of Transportation is executing a plan that's just the draft plan was just put out in August this year -- or this year, to spend over \$95 million in federal and matching funds in the next five years on EV infrastructure. Electric vehicles are not a fad.

They are a solution that all major auto manufacturers have doubled down on to address one of the largest sources of carbon emissions in our society. The use of our beloved cars and trucks to get where we want to go. With the electric utility industry is fully committed to transitioning from carbon-based fuels, we are at a sea change moment in history with respect to mobility and

Scottsdale needs to be positioned to support our residents, businesses and visitors as they make a move to cleaner, healthier air.

The EV proposals included in the amendments appropriately balance cost with benefit. They are well vetted at the national scale, achievable and hone in on the place where most EVs are charged, where we live. For homes, the new homes, the requirement is that they are EV capable that they have space in the panel and a pathway from the panel to a parking space for future equipment for multifamily structures and hotels, 20% of parking spaces would need to be EV capable, like that. But 4% would need to have all the infrastructure to actually charge an EV.

These provisions are important because the cost to retrofit an EV charging infrastructure on a per parking space basis can be as high as 3 to 4 times that of planning for it in new construction. Remember, the life of our residential and multifamily structures is measured in decades. This code cycle needs to plan for future EV infrastructure so that costs are properly controlled, and support our residents, businesses, and visitors' future charging needs.

[Time: 01:51:21]

Lastly SEAC recommends that council adopts a mandatory green building code that will be applicable to all future commercial and multifamily development as Mr. Clack indicated. Of history of Scottsdale's green building program is coveted by our sister cities and we are lucky to have Mr. Anthony Floyd here in his leadership and as a nationally renowned green building expert at the helm.

Over the last ten years use of a voluntary green building code has improved the quality of our built environment, demonstrated what developers choose -- demonstrated that when developers choose to, they can construct cost effective community enhancing projects that will reduce the very real environmental impacts of buildings they construct for years to come. There are three considerations I encourage you to weigh when making your decision to continue with a voluntary green code or adopt a mandatory green code under the IgCC.

The first is that a considerable amount of time and effort has been put into aligning the proposed amendments to the IgCC with Scottsdale's 2035 general plan. Implementing it as a mandatory code will progress the policies that the public voted on and approved. Two, the mandatory code saves time and levels the playing field for builders and developers by clearly identifying the rules that everyone must play by.

And three, any concerns from city building staff regarding resources to manage mandatory code can be addressed with prioritization of said resources by city council. In conclusion, you may have heard from various constituencies that many of the proposals in the SEAC recommended amendments are decided best left to the individual.

That having or not having a recycling bin, an electric vehicle or an array of solar panels is a

personal lifestyle choice. However, I submit you to that we are a connected community and the changes we aspire to make tackle very real challenges that must be addressed collectively. We have limited natural resources that by their very nature must be shared. The water we use, the air we breathe, the very land that we live on are finite. We should start acting like it. Thank you.

Michael Clack: Thank you. I would ask Mr. Julian Anderson from the Building Advisory Board of Appeals to come up next.

Julian Anderson: Mayor Ortega, councilmembers, ladies and gentlemen, thank you. My name is Julian Anderson. I'm the vice chair of the Building Advisory Board of Appeals. And I live in the McCormick Ranch area of Scottsdale and have lived in Scottsdale for 24 years. Thanks for the opportunity to speak on behalf of the board. As a reminder, the Building Advisory Board of Appeals has two roles.

The first role is to recommend that minor variances in the electrical, mechanical, plumbing and other codes be granted and that alternative building materials and applications be used. That's one. The other is to make recommendations on amendments and adoption of new building codes. That's what it does. Members of the advisory building board of appeals are appointed by you the council.

[Time: 01:55:14]

They are required to be qualified by experience and training to pass judgment on construction matters, particularly building construction matters. As Mr. Clack pointed out, building codes exist to ensure number -- codes exist to ensure number one, safety in buildings and maintenance of life safety. So you do not want your building falling down, that's primary and you want the life safety aspects of building to work so that if there's a disaster or an accident, a fire, whatever, everything works as it should and people get out of their buildings, stay alive, one way or another.

In the United States, codes are -- model codes are generally based on standards. In the case here, ANSI, American National Standard Institutes standards that are then referred to when model codes are developed. Code committees comprise large groups of people, from various backgrounds. Codes are not developed lightly and they are not developed without input. They are well considered and brought forward.

The city of Scottsdale reviews the model codes, and makes amendments to those codes, based on the needs of the local environment and its citizens. In developing the recommendations that were put forward by the Building Advisory Board of Appeals, which if you noticed that list, it's a small list, that there's a disagreement between the two -- between the board and the commission. It's a very small list. There is a substantial list of things that were agreed that both the board and the commission agree upon. And our board heard testimony from a variety of parties. Mr. Clack went through some of them. It was comprehensive.

The board listened closely to all testimony, Anthony Floyd came and gave us a great presentation to us and spoke about the ins and outs of all of those things that were being put forward. The board of appeals is not deaf to environmental issues. It's not. It considers those issues deeply but throughout the meetings and the testimony heard, there were a variety of opinions often conflicting -- what people keen on environmental issues proposed were occasionally -- who often deeply opposed by home builders, multifamily builders for a variety of reasons.

I would categorize the amendments that were put forward, all the amendments not just these on the -- shown on the screen a few minutes ago as falling into four buckets. The first is the administrative bucket, those things necessary to make the codes work. In other words, changes to make sure that they refer to the city of Scottsdale in particular. Continuation of code amendments. And so things included in previous versions of the code that we wanted to bring forward to include in the new codes there is a raft of those.

Things that the city of Scottsdale has already agreed to and implemented: They were environmental issues as Mr. Clack noticed and then there were financial issues, things that would make things more expensive or less expensive for the end user, whether it be a homebuyer or an apartment renter. All of those things were looked at. The board accepted the amendments to nine codes, as presented. There are a couple that were just talked about that the board did not accept and Michael clack has shown you what those were. And those were not accepted by the board for six general reasons.

I don't want to bore you by going through every one. But there were six general reasons. First, did these amendments really belong in building codes because these are building codes to deal with life safety and the -- sorry to deal with building safety and the maintenance of life safety. Secondly, on one account we were advised that perhaps state law actually did not allow the amendment as presented to us and we had advice that probably that was true. There was a cost impact on some of these items.

And the cost impact can be brushed off, I guess, and we heard Natalie talk very clearly and sensibly about the lower cost to install something when the building is under construction originally, as proposed -- as opposed to retrofitting. The question is, should that actually be required anyway? Because to do something first time, assumes that the consumer actually wants it.

[Time: 02:00:24]

When it Scottsdale which is in many areas of Scottsdale kind of affluent, if a consumer wanted it, would they not want it in the first place, require it themselves rather than the city asking for it. And then on other matters, the cost of housing, particularly for low-income earners in the city of Scottsdale is unaffordable. So to add costs where it's not absolutely necessary, was

something that the Building Advisory Board of Appeals questioned. We also recognized that this is not the end of the road. These codes evolve all the time.

And the things that are not necessarily included in this round may well be recommended by the international code council in the next round or the subsequent round. That is not saying these things will never happen. It's saying that the Building Advisory Board has a view at the moment. But as things evolve, they might be things that become standard which would be accepted later. And then finally in respect of the international green construction code, there was a preference that it remains optional.

As Natalie testified, it's used as a lever or perhaps another way of putting it an incentive when considering development proposals, and that is a benefit for the city of Scottsdale to have that lever as an option. That's the end of my testimony, thank you very much for hearing me. Appreciate it.

Mayor Ortega: Well, I could defer again to Michael clack, but I think what I will do is perhaps go to public comment and that would -- oh, Councilwoman Whitehead.

[Time: 02:02:09]

Councilmember Whitehead: I have a question for Anthony Floyd. So there's a lot of talk about this EV, providing EV infrastructure in houses and in buildings. So I'm hoping you can explain to the council and to those here are we providing actual EV infrastructure as in charging stations? Are we requiring anything that requires some sort of charging infrastructure in these buildings?

Anthony Floyd: Yes, mayor, Councilwoman Whitehead, no, it's not requiring actual charging equipment. It's only the infrastructure for the charging equipment. It's to ensure that there's enough electrical capacity in the service panel and there is a difference between EV ready and EV capable. We are proposing EV capable.

Councilmember Whitehead: I want to talk about that. I want to explain to those who may not know it, but when developers build houses, they provide indoor wiring. Is that a surprise to anybody? What we are asking here is to provide a room, not even additional requiring, it has a junction box to allow a future resident or a future business to add a wire. So let's talk about the EV capable versus EV ready. In EV ready, we would require the builder to -- and I will let you finish.

Anthony Floyd: Yes, for EV ready, it requires the builder to put in a circuit breaker and to run your conductors, your electrical wiring, to a junction box in the garage. And that's it, just to have the circuit input. That's EV ready. So it would be a little more expensive, but EV capable is just having the electrical capacity and reserving a breaker space for future installation and to run conduit or raceway to the junction box. So it doesn't require pulling wires or installing circuit breakers.

Councilmember Whitehead: So what the SEAC's recommendation -- the Scottsdale Environmental Advisory Commission, SEAC's recommendation is EV capable, which means not a single new wire goes into the house. We simply provide a function box and a conduit so that should that future resident want an electric car, they would simply have the capability to run the wires that they pay for themselves and install. The actual infrastructure, the actual charging system. So we're talking about a function box and conduit. I mean, does this add any significant -- any measurable cost to building the house?

Anthony Floyd: Well, it depends on the size of the house too in terms of where the electrical service is and in most cases if the electrical service is by the garage on the outside, exterior wall of the garage, then there's no expense involved.

[Time: 02:05:26]

Councilmember Whitehead: So the average house. Thank you.

Mayor Ortega: Councilman Caputi. Another question for Anthony.

Councilmember Caputi: Can you think of a modern day home builder who puts in a panel that doesn't have the capacity for an extra breaker space?

Anthony Floyd: Most spaces do, or service panels do have access space.

Councilmember Caputi: Especially with lighting coming down into L.E.D., there's usually excess capacity in breakers. This is what I do for a living myself. It's hard to believe that they wouldn't have an extra space in a breaker?

Anthony Floyd: Yes, what happens is over time those spaces are used for other things, whether it's equipment in the garage, workshop, or additional appliances added. So this is to reserve a space for future EV and to ensure the capacity is here, based upon other equipment that may be added to the house.

Councilmember Caputi: Sure. Again, hard to picture, but thank you very much.

Vice Mayor Durham: Mayor Ortega. Can I ask a question?

Mayor Ortega: Yes, vice mayor Durham. Please chime?

Vice Mayor Durham: Thank you. What you have been talking about is true of housing, but for hotels and multifamily, they have to take it up another step, don't they, to -- to the EV capable? Or maybe the EV -- yeah, to the EV capable?

Anthony Floyd: I'm sorry. I'm not quite understanding the question about multifamily.

Vice Mayor Durham: Well, I thought that for multifamily and hotels, they had to take another step of building the EV infrastructure. So beyond what is necessary for a single family home.

Anthony Floyd: Yes, Vice Mayor Durham, actually, it's 20% of the parking spaces need to be EV capable but once again, there's no wires or breakers that are installed and it's probably more critical for multifamily to ensure the 20%. And then there is a requirement to require at least 20-amp capacity for those charging spaces, and sizing the electrical equipment.

Vice Mayor Durham: So no wires or plugs or anything to plug the car into?

Anthony Floyd: Correct. Just a raceway.

Vice Mayor Durham: All right. Thank you.

[Time: 02:08:14]

Mayor Ortega: Okay, we will -- I will add one question. I see the picture of the waterfront there and use that as an example. So there's the two towers at the Scottsdale waterfront, it's on our big screen here. And they have 90 units each. They were built 20 years ago or so. And the reason I'm pointing them out is that they are, of course, not eligible for this new code change and I do know that there's at least one resident of that -- those housing units in this room.

And the problem they have is that their infrastructure is not powered enough for them to have EV. It's one thing to say I'm EV ready because I have a panel and I have a conduit in my house, but there is an increased demand that has to be accounted for by APS or SRP, and trench built and so forth. So in this case, they are not, as I understand it, able to retrofit because their infrastructure is not sized for it.

So if you were to say that we would suppose that this was provided for every new house and every new subdivision, electric would have to be an upsizing, in my opinion, and upsizing the general infrastructure to that subdivision. Now, again, maybe only 10% of the people would perhaps buy electric vehicles but they would all have that electrical infrastructure to them, which would be a higher demand, and, again, we have limited resources either at the generating plant or -- but they would have to be all upsized.

Now that gets us to a certain critical point where in fact, having a conduit and naming that, is sort of like saying, well, I have a four hose bibs on my house but the city is only delivering me water through a 5/8th-inch line. It's part of this whole discussion as we -- again, we are in just work study. Nothing is being designed ultimately, but that's how it all plays out.

It would be no different than adding on a new appliance, a major appliance and that does cause a

drain on the system. Okay, we are just again discussing this. Councilmember Milhaven and then Councilmember Whitehead.

Councilmember Milhaven: I was wondering if we might want to hear public comment.

Mayor Ortega: You know, you are right. We had a few questions. I'm fine with that.

Councilmember Milhaven: Thank you.

Mayor Ortega: Can we hold on that councilman Caputi? Let's go on to an architect -- well, a representative from Nelson Partners, Linnea Brudenell. Please state your name and then you have three minutes.

Linnea Brudenell: I'm setting my timer now. Thank you, councilmembers for your attention on the second night of council meetings and at the end of the night. My name is Linnea Brudenell, I'm with Nelson Partners. We are a planning and architectural firms. We have offices up at Kierland, and in Austin, Texas.

My particular role is very nuanced. I act as an in-house energy code consultant and sustainability consultant. My background is I was a former sustainability consultant. I also worked for Quest energy group, one of the members of that team is sitting here tonight as an energy consultant and I went back to architecture about seven years ago when I went back to work at Nelson partners.

[Time: 02:12:40]

My job is to work directly with municipalities across the country, to ensure our projects ever compliant with local energy codes local amendments, state requirements and required sustainability ordinances and goals, as well as deliver projects on time and on budget which is very important as you can imagine for a developer-driven firm.

My focus is specifically on commercial projects. That is my focus tonight. And I would like to talk briefly about my experiences, in the market and specifically with the international green construction code, which is currently used as a developer incentive. What we have seen in the market and the post-pandemic market specifically is that demand for a high performance building project with healthy indoor air quality, stringent water conservation, the electrification, energy efficiency and as well as energy and water resiliency planning, is becoming the market norm in the developer-driven world.

I have personally been in the proverbial trenches working on successful IgCC projects in Scottsdale. I have known Anthony Floyd for upwards to 15 years in this industry. He's definitely well known in the International Code Council. The IgCC is used by our developers for developments incentives during zoning and they love it. They don't mind using it. It's very

straightforward to comply, the product is typically compliant anyway at this point in time. It makes my job very easy.

I have had the privilege of working with many local builders and agencies and IgCC that's been proposed. The cost is negligible because it's baked into the project from conceptual design and included in all the contract documents. The specifications and the drawings clearly state the IgCC requirements on the project before it goes to bid. Many of our clients use the green building third party rating and/or IgCC to qualify for project financing or mortgage interest point deductions.

Banks and financing agencies are requiring this because the product is a higher quality project. And prove into have lower operational costs. That's it. I had more.

Mayor Ortega: You still have 25 seconds.

Linnea Brudenell: Oh, okay. Quickly, the architects and developers and builders that are using the IgCC in Scottsdale successfully for years in the special sector and as proposed as mandatory code, it is heavily amended, lots of additional options for compliance and compliance is very easy. It is an IgCC light. Solar is required on an IgCC project but the allowances allow for many other options. So solar is not an actual mandatory component. Thank you.

Mayor Ortega: Thank you. We have Rebecca Grossman, Scottsdale Realtors –

Councilmember Whitehead: I had a question for that speaker.

Mayor Ortega: Oh, I'm sorry. There was a question for you. Thank you. Thank you, Linnea.

Councilmember Whitehead: So the IgCC is not mandatory in Scottsdale, but is it mandatory others.

[Time: 02:16:11]

Linnea Brudenell: Similar to the IgCC are mandatory for commercial projects and many other large and medium sized cities. Salt Lake City, Austin, Texas, Baltimore, Dallas, Texas, Chicago, Seattle, New York City, are just a few. I'm not going to get into the California green building codes but there's mandatory provisions statewide for green building.

Councilmember Whitehead: What about states?

Linnea Brudenell: Yes, let's see, South Carolina, Wyoming, Montana, very surprising those particular states. I haven't memorized my list yet. There's about seven eight that adopted it statewide.

Councilmember Whitehead: I keep hearing about costs and I wonder if it's who pays the costs. Is it mutually exclusive, either you get the high-quality green low utility bill project or you get affordable housing or can you do both?

Linnea Brudenell: You can definitely do both. When you are planning and designing a project from the conceptual phase and it's baked into the project, material selections using local and regional materials and building in water conservation measures, energy efficiency measures and high efficiency mechanical systems we have many affordable projects in Austin, Texas, that irrelevant required to use the affordable housing.

And if they can produce product, it's definitely feasible. I think the real cost for increased represents and in the multifamily sector is really the supply and the demand problem, which is very complex.

Councilmember Whitehead: Okay. Thank you.

Mayor Ortega: Thank you. We have Rebecca Grossman, Scottsdale Realtors and then Peter Palmer.

[Time: 02:18:08]

Rebecca Grossman: Thank you, mayor and city councilmembers for allowing me to speak today. As a Scottsdale resident, it is always a pleasure to present to our distinguished leaders. As CEO, Scottsdale Area Association of Realtors, I wish to speak on our support of Scottsdale's proposed energy conservation building code changes for single family residential homes to require electric vehicle EV charging station infrastructure.

When we are asked to weigh in on these issues or process is simple. We reference our public policy platform and look if it aligns with those positions. Our association's platform gives us the following direction for this issue. We support reasonable regulations regarding property use or land use which preserve or improve property values affordability, and the overall quality of life in our communities.

We look to ensure the effective standards and design options, provide a durable roadmap for future growth and roadmap which balances having the choice of housing options in conjunction with conservation, incorporation of the environment and the wise use of our national resources. When our members sell Scottsdale they are selling all the features that a home has to offer, comfort, convenience, neighborhood amenities, drive time to work, school, restaurant, healthy environment, efficiency and a whole host of other things that go into that home buying decision. The industry also demands that we anticipate the future needs of homeowners.

It is estimates that 25% of U.S. households will have at least one electric car by the end of 2025. If this building code change is approved, Scottsdale will once again prove that it leads in

important policy decisions. The city showed leadership when it decided to require fire suppression in all new homes and that program is admired across the U.S.

Compared to that, this change is a remarkable small cost requirement and a chance to get out ahead of a fast-growing trend. The cost to add the EV capability after the fact is much more expensive. Other factors that make this a reasonable choice to support are currently the areas of Scottsdale where new builds exist, are primarily in higher priced point neighborhoods where the average household income and lifestyle support the consumer ownership of electric vehicles and the expectations that it will be available as needed.

Because the proposed change only requires a single raceway receptacle and reserved breaker space to be installed it allows for the homeowner to deal with the electronic for their electronic car. Things that 20 years ago, were not part of a new build infrastructure, the time has come for EV charging capability. So in conclusion, I am proud to restate that the Scottsdale area association of Realtors is in full support of the proposed changes as presented by o4.04 of the new update for the Scottsdale building code. Thank you.

Mayor Ortega: Well timed. Peter Palmer and then Michael Kravit.

Peter Palmer: Mayor Ortega, city councilmembers I'm Pete Palmer, 7181 east Camelback Road Scottsdale or the waterfront. Actually, the mayor pretty well summed up my coverage but I will go ahead and go through it anyway. For the past couple of years, the waterfront condo association and I'm on the board is looking for solutions to increase the number of EV charging stations in our garage. And we have about 400 parking spaces in our garage.

[Time: 02:22:03]

Initial construct of this area did not include an infrastructure to support the rise in EV charger power requirements. We have explored multiple different options for potential solutions but at this point, construction costs are prohibitive since our current requirement would only support 2% of you are residents.

There is no feasible option for a resident to pay for installation of additional power capabilities for their parking location. Current impact we cannot support all our recurrent resident EV charging needs. We cannot support future EV charging needs for residents who want to buy an EV. And we lost potential sales to those who want the option to have an EV charging station. I personally would recommend you approve the EV policy at least for the multifamily members. Thank you.

Mayor Ortega: Thank you, Michael Kravit and then Jim Myers.

Michael Kravit: Good evening Mr. Mayor and councilmembers, my name is Michael Kravit, 10430 east Skinner drive, Scottsdale. I'm an architect. I'm also a member of the Building

Advisory Board, and -- of appeals and Mr. Anderson did an amazing job recapping our charge and what we did.

I would just like to say that when we were reviewing each one of these changes we took into consideration hours and hours of testimony and discussions with the public, with all the interested parties, with all the agenda, with all the different opinions. Yet, it came down to several items when we made our final decisions.

Number one, was the fact that the building codes are remedial in that they secure the interest of the public for the health, safety, and general welfare of the public. Building codes are different than the zoning codes. The zoning codes many cases will incorporate some of the items that we're discussing because they can be incorporated on a citywide or city by city basis. The city codes are more of a national identity.

Years ago I was appointed by a governor of another state to write a building code that was based on the International Building Code model, just as Scottsdale uses. And in our charge -- our charge was, again to protect the health, safety and welfare of the public, general welfare of the public, I should say and to look at the cost and the implementation of costs to the public. And I think advisory board of appeals did that. When we look at costs, we have to look at all the costs and not just oh, well, this is baked into our project cost at the beginning of a project, as was discussed a little bit earlier.

[Time: 02:25:13]

The final costs of implementing the green building code are burdensome to all residents. They increase costs by hundreds of thousands of dollars on larger projects and perhaps a little bit less than that. The green building -- the GBCC, green building code was originally implemented with having to have agents that would -- that would approve the project and put it through. It was primarily used for very high-end commercial buildings and governmental buildings and as a result the costs were prohibitive.

Today's building code implemented approximately 90 to 95% of those requirements by keeping in addition to keeping the green building code voluntary. There's a reason why the international codes kept that code voluntary. As Mr. Clack has stated and we have discussed, our charge as architects, we feel that the -- we should adopt the codes as they are written and not be reactive because if we are, there's unintended consequences but, again, as the advisory board of appeals, I think we did an excellent job and I think we addressed what the public was asking for. Thank you.

Mayor Ortega: Thank you, Mr. Jim Myers.

Jim Myers: Mayor Ortega and councilmembers, thank you so much. I'm Jim Myers, I'm the director of the buildings program at sweep, southwest energy efficiency project. We are a

501(c)(3) organization, we are based in Colorado but we cover five states in the southwest. I appreciate the opportunity.

We submitted a letter to you in support and so we support the Building Advisory Board's suggestion of adopting the 2021 IECC as is, a base code adoption. That's great. But we also suggest that EV infrastructure should be included for the city of Scottsdale. There's already three cities in Arizona that have adopted EV infrastructure. Sedona up the road, Flagstaff a little further north and then you go south to Tucson. They have EV infrastructure.

In fact, Tucson has a meeting going on right now. We have one of our staff participating in that virtually talking about their multifamily and commercial. So it's happening in the state where I'm based out of Colorado, there's over a dozen municipalities that have EV infrastructure. So it's happening in the code. One of the individuals earlier talked about life safety and the IECC and was it really a life safety code. I want to mention that it is. Just think about building a house on 115-degree day with no cooling.

There's resiliency in the energy code, the ability for those occupants to stay in that building that house longer than having to rely on the community to support them for cooling or in a cold climate. We also support the mandatory IgCC. We really focus on the energy efficiency and zero energy but the international green construction code is a code to help the municipality of Scottsdale to reach your climate goals that you have set.

Just recently I saw this week that J.D. powers released an hour. We all know J.P. powers and their Article and their surveys of happiness of ownership of vehicles. Well, they also did it for public charging stations. Within that article, I read it was interesting the EV owners were happiest with the ability to charge at home. And so when they don't have that ability to charge at home, then they are having to go off and find those public charging stations.

[Time: 02:29:28]

And lastly, there is economic benefits and we documented that. We pulled the information from those studies that Michael clack mentioned from PNNL, that you can see a large savings as an example, 101,000 a year just for single family homes every year. That would remain in the economy of the city of Scottsdale. Thank you so much.

Mayor Ortega: Well, at this point, with he can chime in with other questions. I just thought I would mention, I believe a good process to keep track of -- again, we want to give some clear direction to staff. Have discussion on every topic as we go. And rather than miss anything, I would like us to look at page 10 of 12. It has a list of the codes and if we're able to discern, excuse me, as we go through the list and, of course, then we'll be able to check those off as far as if there's any exclusion or something that might be applicable. Now, that's the way I would like to do it.

People may be prepared with other statements of preferences, but I want us to be sure that we can give staff direction on these 11 different codes that are listed. So if that makes sense. For instance, the first one is International Building Code for 2021. And in that case, that's the general building code that we would -- that was presented. Perhaps with only a few amendments but if I was to go into those amendments, I have been an architect here too long. Every city has additional comments to a code.

And so every city, Mesa, Scottsdale, would have a provision that might say, oh, you have to have an elevator in the building is such and such a size or, for instance, for our other applicability. So that's my intent to hopefully go through the list, get a nod this way or not. Again, in general, there's some agreement, but I'm not -- this is just the presented council item and in this case, it's the staff recommendations. In my opinion, I'm not weighing them heavier. I'm just saying that's how we can go through the list with clarity. At this point, I'm certainly open to general comments about any particular item that has been discussed. I see Councilwoman Milhaven.

Councilmember Milhaven: I'm figuring out what page. When I go to the work study agenda and I pull it up, I'm not getting it. So I apologize for my --

Mayor Ortega: I keep a hard copy. Just so you know then the order I'm trying to keep track of.

Councilmember Milhaven: That's what I would like to follow. So I go to 8/23/22 regular agenda.

Mayor Ortega: You have the overhead slides. Now here you go to page 10 of 12.

Councilmember Milhaven: When I open that, I get -- if I go to the agenda that's in the -- I get this memorandum. So I have to keep scrolling?

Mayor Ortega: So what we have here is the same list of items 12 items --

Councilmember Milhaven: That's a list of attachments?

Mayor Ortega: We will make copies. I want everyone to follow along.

Councilmember Whitehead: Go to 479.

Mayor Ortega: Basically, our index lists the 12 codes that were spoken for, including the pool, spa, pool, et cetera.

[Time: 02:33:56]

Councilmember Milhaven: Thank you.

Mayor Ortega: I'm hoping that we can again comment if there's anything in particular that

caught your eye, and then make sure that we can make a productive -- have a productive work study based on that list of 12. Are we okay? Now the index then has the references to all of them and, of course, they get really thick later. Does that make sense?

Councilmember Whitehead: Actually, I have a recommendation to that. So there's agreement on all of the codes. There are a number of codes, obviously in this, on that big list. There's agreement, on all of the codes other than IgCC, IECC and IRC. So the question for all the codes other than those three, is do we keep the current codes or do we adopt the new codes? And I think that we should first do that, and then we can focus in on the three areas where there's some different viewpoints.

Mayor Ortega: You are right. I could have said that as a whole. I would rather say at least we know or if we are -- we give a nod because we want consensus on it and we want to discuss, there may be a particular item, now, for instance, did -- and I'm trying to alert us to the process. Does that make sense, Vice Mayor Durham?

Otherwise, we will have scattered comments and I know we will focus on the ones that are disputed. So overall -- Councilwoman Caputi and Councilwoman Janik, any comments as to how I'm trying to handle this?

[Off microphone comments]

Mayor Ortega: I just want to get a check list.

Vice Mayor Durham: I'm having trouble figure out what page 10 is also.

Councilmember Whitehead: Page 478.

Mayor Ortega: We have the a through l and on page 10 of 12, it happens to have some staff discussion on that.

Vice Mayor Durham: Oh, okay.

Mayor Ortega: And at this point, you know, in terms of the adoption of -- and then the staff's request was to move on the important ones, so to speak or that they would be brought forward by September 20th, which may include up to, you know, the first nine; is that correct? Or -- or just to be clear.

[Time: 02:36:15]

Michael Clack: Yes, sir, if I may. I think you have got the general concept of what we're looking for. We're most concerned about the energy code and the international green construction code, and then if -- and then the other item in the international residential code has to do with

the EV-capable and then the electrification for gas appliances.

Mayor Ortega: Okay. And that was the subject in the energy code, not the others.

Michael Clack: Yes.

Mayor Ortega: I'm trying to segment this according to what your presentation was. You are prioritizing September 20th as a date when we could act on the ones we were in agreement on. And I just want to clarify that for instance, the fire code, the international fire code. That's b, the second one on the list.

I don't think anyone had any objections on that. So what I'm going to do is just try to get a nod so we can give you some direction and not just bulk them all together. So on the International Building Code, IBC, and that's the 2021 code; is that correct?

[Time: 02:37:50]

Michael Clack: Yes, sir. All of these are the 2021 codes, with the exception of the electrical code. That's the only one.

Mayor Ortega: Yeah. Now, as you saw, here the question is about whether we have a pull out bin or not. Remember, we are not voting on this today, but we are giving them a nod that it's generally okay on future builds is that permissible on a new kitchen that they might have that?

Councilmember Whitehead: Mayor, that's not in that code. I don't believe there's any difference between the two boards; is that correct, Mr. Clack?

Michael Clack: On the -- if you are talking about a pull out trash bins there is a difference of opinion there.

Mayor Ortega: That is placed in the IBC?

Michael Clack: There's in the IRC.

Mayor Ortega: Where is it mentioned here in the IBC on my 10 of 12?

Michael Clack: It's for multifamily. It's the residential code where there's a disagreement there's no disagreement on the multifamily.

Mayor Ortega: At this point if we take them one at a time, just to clarify, then are we generally okay with the code with the discussion still about the pull out trash or not pull out trash? Here again we want to give direction to staff. This will still have to be voted and discussed on later.

Frankly, I think it's -- when I read this, if we don't have -- if we don't have recycling, at multifamily, which I believe we don't provide that or it's voluntarily done at apartments we don't -- we don't recycle at multifamily. Right? And yet here we're saying well, maybe they should have two bins?

What is the difference if we require two bins one for recycling and we don't pick up any recycling, it seems a little strange to me. But go ahead councilwoman.

Councilmember Janik: I would suggest that what we're looking at is the future and I have some meetings set up to begin the process of getting recycling in the downtown area in all the businesses, voluntary, not mandatory.

Mayor Ortega: Okay. What we are going to do now -- I'm just trying to keep the order of discussion. Councilwoman Caputi next.

Councilmember Caputi: I think it might be easier, since we have been given three options, I just feel like those 11 are all incorporated in our three options. So maybe it would be better time spent if we go back to what our packet suggested, option a, option b, or do nothing, and we could have conversation around the few topics that are in discussion for tonight.

I think in general, most of us want to update our codes, we get down into the weeds on a couple of these things. I think staff spent a lot of time sort of bucketing for us into three options and that would certainly be much more time effective in my opinion.

Mayor Ortega: Okay, Councilwoman Janik and then Councilwoman Milhaven.

[Time: 02:41:17]

Councilmember Janik: I think I will start with what I have written out. It's simpler. It's pretty much what Councilwoman Caputi said. I would like to get council consensus to direct staff to update the building codes to include Scottsdale Environmental Advisory Commission recommendations as follow, one, mandatory green code based on international green construction code, IgCC for commercial and multifamily projects that furthers policies identified in our voter approved 2035 general plan.

Two, amendments to the international energy conservation code, pertaining to a solar compliance option for single family homes updated commissioning standards for HVAC systems, EV charging infrastructure, and co-roofs for low slope roofs.

Mayor Ortega: I really like the process here, but I would like to get a nod on each of these as we go, because you are mentioning different codes, is that -- does that -- repeat the first one and then we will either go with option a or b and then your recommendation. If that makes sense.

Again, if you do -- if you read out all four of them, then we are voting on four at a time instead of one at a time. Councilwoman Littlefield.

Councilmember Littlefield: Thank you, mayor. Yes, I'm fine with listening to what Betty has and give recommendations on these. I would also like to recommend that the two groups get together and hash out the differences as much as they possibly can before they come back here because I think there's some differences that perhaps aren't as large as they think they are, and that we could have the two -- the commission and the advisory board of appeals work together for a week or two and see if they can't mesh what they want and get it more concrete and then come back to us again at that point in time and say we agree on this, this, and this and this is where we are still having a few issues. That's what I would like. Thank you.

Mayor Ortega: Thank you. Back to Mr. Clack.

Michael Clack: Thank you. I think Councilwoman Littlefield pretty much summed up what our -- what our staff recommendation is, and I also have up on the screen, to make it a little bit easier to follow where the -- where there's some differing opinions and so what I'm hearing is you know, you want us to go back and look at the energy conservation code with the items that we're talking there.

The international green construction code, making it mandatory, and what I would recommend is that we get more public input on those items and have a joint meeting with SEAC and BABA and come back to you by the end of the year with firm recommendation on the amendments in those two areas.

[Time: 02:44:38]

And we can also overlap that with the disagreements into the international residential code as well, under energy conservation and come back to you at that point. What I'm looking for is for the rest of the codes, there doesn't seem to be any conflict between the boards and that we move forward with those on September 20th for council consideration with our local amendments.

Mayor Ortega: Thank you. Councilmember Milhaven and then Councilwoman Whitehead.

Councilmember Milhaven: I think you practically took the words out of my mouth which is there's a lot of stuff that everyone agrees on and I agree with the comment that Councilmember Whitehead said earlier. These are the things where there's disagreement on.

I know when we did our rules of procedure, we said that we can make motions to direct staff to clarify stuff. So why don't I start with something simple and say I would like to make a motion to direct staff to move forward with all the proposed changes with the exception of the topics listed here. So that --

Councilmember Whitehead: I will second that.

Mayor Ortega: Do I see any nods on that? Okay. Very good.

Councilmember Milhaven: And then it's commendable to bring Building Advisory and the environmental quality groups together but I think there's huge philosophical differences there, and I embody part of that.

Yes, some of this is good because it's good for the environment and good for the community but then there's the other part of me that says well, if it is cost effective and if it is economical and if it is market drive and they are doing it anyway, why do we need government overreach to monitor what the they are doing anyway. Don't mandate all of this stuff if they are doing it anyway.

I think that encapsulates the difference between the environmental quality people are saying if this they are doing it any way, there's no harm in doing it and the other side will say why legislate something if they are not going to do it any way. And my -- although you said you heard -- you make green mandatory.

I'm not sure that I'm there, but I don't know where the rest of the council is. I don't know if there's a point in do we take each of these whatever they are, seven or eight and just do one of these, do another consensus, yes or no? Or more work.

[Time: 02:47:21]

Mayor Ortega: And it's at this point in time which is a useful exercise, since we started to discuss those. The Councilwoman Whitehead and then Councilwoman Caputi. And I would -- I would agree that, yes, it's these basic points that we can give a nod to as to at this point, the direction that we are giving, and yet, also asking for them to meet once again.

So in that case, as we look, I will revert back to Councilwoman Janik and just mention a key point, yes, as you have them listed, and then we can either get an odd aye or nay on each one individually as we go. I'm sorry, Councilwoman Whitehead.

Vice Mayor Durham: Can I interject when I have a chance too.

Councilmember Whitehead: We might let you in.

Mayor Ortega: Let's let Vice Mayor Durham.

Vice Mayor Durham: Thanks. I think something that would really help me is to take this list of contested items, and give a short concise explanation of why those changes should not be

made. Because I think several of us are leaning in the direction of making the changes that -- the changes listed on the chart.

So I realize cost is going to be a big one but frankly, I don't understand what the cost of the divided trash receptacle would be in a multifamily, I can imagine that putting in chutes would be considerably more expensive. So I'm I would like to see a list of those items that are in the little chart and then explanation against -- or the case against making those changes. Thank you.

Mayor Ortega: Thank you, Councilwoman Whitehead and then Caputi.

Councilmember Whitehead: Thank you. I have some overarching comments I want to make. First of all, I see no point in bringing the BABA and the SEAC together. These two boards did their job. They reviewed and they made a recommendation and it's up to this leadership to provide direction to staff. This is not uncommon.

We had a transportation commission that desperately wanted a road and voted in favor of a road within the preserve. We had a preserve commission that is voted to protect a wildlife corridor and the this council voted to protect the wildlife corridor. So this is the same situation. I agree with public comment.

[Time: 02:50:24]

I want to go over -- I appreciate that the vice chair of BABA did go through the six points. He says does this belong in the billing code? Well, we heard that states and major cities have adopted this as building code, and I would have to also say that the International Code Council wouldn't have adopted it if it didn't belong in a building code.

And I want to point out that after speaking to many representatives in the industry and it was nice, we heard from developers, architects, environmental groups, the American Lung Association, that while these -- making these mandatory will have a tremendous impact on water conservation, on reducing energy, on reducing electric bills, and on preventing asthma, we have a very high pollution municipality.

So while these codes which clearly are meant to be codes, because that's they were adopted by international code council. They are -- they are not very cutting edge! They are just effective. But if we don't make them mandatory, what we do is we tilt the playing field in favor of really low quality developers who really are looking to maximize profit and then get out of town. So I want to answer that point.

I agree, do these belong in a building code? yes, I would argue they do. The other -- I'm trying to read my own writing. Your second point was I think about -- that the state law. You mentioned state law. Yes, one of the recommendations may conflict with state law. And that recommendation is that we provide an electric outlet, wherever there is -- for gas infrastructure.

We have removed that. That is not part of this. Because we don't want to conflict with state law. That's not how Scottsdale rolls. We are pretty conservative. We have taken care of that item. So thank you.

The cost impact as we heard from somebody who is in the field working around the country, there is really minimal cost impact, in fact, developers really thrive on having the same code, having consistent code nationwide, and that is the benefit of adopting international code like this one because developers are not trying to accommodate different municipalities. We provide them a consistent code that has been clearly vetted. So the cost impact. I want to point out the cost impact. That's cost impact for developers.

[Time: 02:53:37]

I want to tell you something, when we all pay our fair share, we all save money. So it doesn't really ring true to me that maybe developers save a few bucks to make a lesser quality product. There is cost to that, it's just not their cost. So the cost to retrofit is quite significant. So -- and when I was in real estate, for a while, nobody asked me how much are the taxes of this house because you, you know, honestly that's not a big deal in Arizona.

Every one of my customers said can I see the current owner's electric bills? Anybody who wants to provide affordable housing in this state, would be in favor of these codes. What we are trying to do effectively and we know this will work is reduce electric bills, reduce water bills and in the process reduce heat, reduce asthma, and save our precious water. So he also mentioned the cost of housing that ties in well.

So on the cost of housing, right now we have Scottsdale, let's face it, we attract the best developers and some of those developers weighed in either by writing or by phone, telling me Solange, go for it. Make it mandatory. We do it any way, because that's the kind of developer we are.

So why would we waste our limited negotiations on saying, hey, developer, you want two extra floors, how about adopt the IgCC with your building. When I go to the negotiating table, I want to get something for it! This is something developers are doing around the country. This is something that the developers that come to Scottsdale tend to want to do anyway.

So why not make it so I can negotiate it for something else, such as affordable housing units. So by not adopting this as mandatory, we are basically tilting the playing field in favor of the developers we don't frankly want and we are taking away an important negotiating tool. He mentioned the codes work as voluntary.

Yep, we proved it. We proved that those parties that adopt these codes save water, save the energy, reduce heat, reduce pollution, and this is all great. But we also know that we are facing a daunting problem on water and energy and water and energy are interrelated. When you have

your air conditioner come on too many times, you are wasting water. You are wasting energy. You are producing heat. You are waiting money and you are wasting water.

So we know that these codes work and that's why we tried them. That's why we were the leader in Scottsdale. We tried these codes voluntarily to see if they, in fact, would work. And the good news is they do. They do work. They achieve everything we want. The economics are behind it. We save our constituents money. And we know it doesn't cost -- there's not a single developer that is not going to come to Scottsdale because we adopt these codes as mandatory. Plain and simple.

We get more bang for our buck and that's what this council's job is to do. Yes, we tried them as voluntary. Thank goodness we led the way and now we have cities like Surprise that followed us and has them as voluntary. Everyone is looking to Scottsdale to see what's next, because we set the standard. The other argument was he mentioned that this is something we can use for negotiations and as you just heard, I love negotiating. Absolutely!

[Time: 02:57:32]

We only want the developers who want to build quality products. They are already using the standard, it's an internationally adopted standard and it's approved in states throughout this country and cities throughout this country. Yes, let's don't it as mandatory and then absolutely, let's go to the negotiating table and get something else. So I do want to say that I wanted to respond to that.

I don't see any need for the two commissions to get together again. But then I'm satisfied with going through this item as you suggested, mayor.

Mayor Ortega: Thank you, Councilwoman Caputi and then Janik.

Councilmember Caputi: Could you put the slide back up with option a, option b, no option. A would be good. Okay. So I did think it would be cleaner and easier if we did this this way and my comments are more big picture. So I would prefer option a.

I think that we need to trust our professionals city staff and the Building Advisory Board of Appeals are our professionals and this is what they have suggested for us with their expertise. If we go ahead and adopt the current codes, 2021, which is what you are asking us, right, that automatically is going to put us on the cutting edge.

There's only two other cities who adopted the current codes which takes us out to 2015 and brings us to 2021, that's what you are asking us. I think there's consensus here on this council that we definitely want to go to the absolute most current codes which, again is going to give us the cutting edge. There's two cities Cave Creek and Chandler. They are the only ones who have adopted it and they are not even adopting as strict as we would be. They have other exceptions

in it.

So we would be the leaders in sustainability as Councilwoman Whitehead says because that is who Scottsdale is. We are leading the way and adopting the updated codes would certainly put us there. I think that this is a philosophical question that's more important. I mean, the question is, do we really want government making these decisions? I think the comment from Mr. Parker was they don't have the plugs now that they need, right?

And here we are, that particular development was only built a few years ago and already the technology has changed. And so do you think a home builder going to build today is going to say, I'm not going to provide that? Of course, now that the technology requires it the home builders in Scottsdale will make sure that they put it in, because that's what the market requires.

We're certainly not going to ask people to pay for things that they don't want. And in terms of mandating the code, as was explained, we're already doing these things, which is fantastic and, again, it's more of a philosophical idea. Are we going to force people to do these things or allow the market to make the correct corrections that it makes? To me, again, technology is going to change.

[Time: 03:00:38]

How do we know that people are still going to be plugging cars in in their homes in ten years? And in the meantime, we have made a government mandate which doesn't move as quickly as the market moves. I know, again, I'm in the lighting business. You don't see a spec any more for light fixtures that are not LED. It's not even there.

But in the technology changes again in two years we don't want to have to wait for the government mandate to catch up. It's my opinion that we just accept the way the market works because again, I'm a capitalist and I like the idea of being able to negotiate with developers to work this out and get more things for the city. I totally agree. I think it's a fantastic idea.

I think we are struggling with rising costs and supply chain issues. Again, I work in this industry. It's a huge problem and putting more onerous requirements and mandates just forces private business to not have as much flexibility. So again, I completely agree with the suggestions that have been given in option a. I think we go ahead and adopt the cutting edge requirements but I think this council is going to be at odds about the different parts and pieces. I'm happy to dig into each one.

I think councilman Durham made a great suggestion. Maybe if everybody sees here the costs, here the benefits to these three or four sticking points that would help us make better decisions. But again my basic default is the building code is meant for issues of life, safety, and welfare, and that overreaching government mandates really belong more in zoning and it's just not that applicable here. So that's my two cents. Thank you.

Mayor Ortega: Thank you, Councilwoman Janik and Whitehead.

Councilmember Janik: We have two issues here. With the exception of, I think it's next slide, where we have the disagreement, we can all agree that we want to proceed. Is everybody in -- so you understand that. So we're done with that one.

Then the next one is where we quote have philosophical disagreements. I don't think they will be philosophical. I think they are real and I don't think it's okay to give it up -- let the developer decide which way to go. We are Scottsdale. We are a heat island. We are short of water. It's running low. We need to do everything we can do to keep our environment going for 10, 20, 30 years.

[Time: 03:03:30]

If things change in ten years, that's fine, we come back and change it in five or ten years but right here, right now, I believe it's important to make these changes mandatory. So I go with option b. I do think it's better if we go one by one, but in general, I agree with most of what is in option b. Do you want me to proceed then with the different -- or do we --

Mayor Ortega: I do think that we are ready to give a nod. At the same time -- I mean -- I have no question about all the provisions regarding water and energy and I agree. Three years from now to say why didn't we do this three years ago is too late. So the water conservation provisions we're not going to blow over and leave to some developer that their specialty is building and moving on.

So that's our responsibility and that's why I tilt towards the international green code. Now we have to realize also that the effect -- with we are down to recycling -- you know, two drawers, two bins and a drawer, that's pretty petty. I can tell you that, you know, that to me is not such a huge deal as to whether or not we will have water and energy which are interrelated as Councilwoman Whitehead said.

You know, waste and sustainability are ultra important to us. That's our obligation as government. That's why there are codes. Codes are approved by government. They are not something you blow by and say they don't exist because the government has overreach. It's lives lost or exits being blocked or insufficient.

That's why it see volume offered that -- see volume offered -- evolved that way. Now we are up against the wall on energy and water and these important issues. I believe we can continue to discuss our positions. Councilwoman Whitehead you have spoken. Councilman Durham, I think we're down to that clear set. I believe it's time to give a nod.

We can speak to our own positions again but I think we need to look at some specifics. I find

some issues somewhat trivial. If it's down to whether or not there's two bins in an apartment, and we're not even recycling, it's just like somewhat frivolous to me. I don't understand that part of it, but for the sake of continued discussion, do you want to weigh in or would you like to respond again Councilwoman Whitehead?

Councilmember Whitehead: I want to say that I would like to nod. I think that is -- I agree with Councilwoman Caputi. Let's give our nod on the different options and I would give a nod to option b.

Mayor Ortega: Councilmember Milhaven.

Councilmember Milhaven: Mr. Clack, you had an overhead that you put on the Elmo at the end of your presentation that was option b, 2 be or -- right where you were suggesting there was additional -- and you said this several times tonight that there's additional work to be done to some of those things in b and vice mayor Durham made a similar comment about needing some additional information.

So while I don't necessarily agree with option b, I think this direction sort of moves us forward and gives us the information folks feel they need, and we can then make those decisions based on the additional feedback. Does that sound agreeable to everybody?

[Time: 03:07:32]

Mayor Ortega: So you are agreeable also with option b and with this -- these stipulations?

Councilmember Milhaven: Well, in as much as that will give us some additional information. The Vice Mayor said he needed more information. I would appreciate some more as well. So I think -- because we're not making any final decisions here. We're moving down this path and we'll get more information to make decisions.

Mayor Ortega: I'm trying to weigh consensus. Councilmember Janik and then --

Councilmember Milhaven: She's nodding.

Councilmember Janik: I'm okay with b. Knowing that we pretty much agree with option B, which is -- could you go back and show us option b from the beginning? Because it seems like if we agreed to option b from the get-go, we would be going through this process anyway.

Michael Clack: I think so. If we could go back to the slide presentation. Yeah, there we go.

Councilmember Janik: Yeah, I'm fine with what Councilmember Milhaven said.

Mayor Ortega: Councilmember whitehead.

Councilmember Whitehead: I want to make one slight change back to the overhead and I think Councilmember Milhaven agrees. I agree with that. I appreciate her. I don't see any reason for SEAC and BABA to meet again. Everything on that slide other than that item. And is there agreement from -- okay. And Councilmember Milhaven agrees with that. I mean, they can, it's a free country.

Councilmember Littlefield: They can if they want to.

Mayor Ortega: I'm going to clarify one thing that was spoken by Councilmember Whitehead, I believe we said that the option for an electrical outlet for a stove or whatever is off the table? So I just want to clarify that I'm agreeing with that specifically. And that's one less -- we're giving direction. I do want to bring in vice mayor Durham and then go to Councilwoman Janik and Milhaven.

Vice Mayor Durham: Thank you, mayor. This is vice mayor Durham. I'm generally in favor of option b. But as I said earlier, as mayor pointed out option b contains some pretty trivial matters such as split leased baskets and so on and so I'm in favor of option b, but I would like to hear the best arguments against the individual items of option b, in order to help me make a decision on each one individually. Thank you.

Mayor Ortega: And then back to Councilwoman Janik.

Councilmember Janik: I want to emphasize another aspect of why this is so important. Through conversations, there are other cities in this area that are waiting for Scottsdale to take the lead. They want these things to be mandatory. But they want us to take the lead because then it's easier for them to continue what we have started. So there is quite a bit of significance to Scottsdale being the best that it can be. Thank you.

Mayor Ortega: Councilwoman Littlefield?

Councilmember Littlefield: Yes, Councilmember Janik said what I was basically going to say. Talk it out, make it happen. I do think that this is the way to go, and that I would wait and see what they come back with. I think that would be the best way to go. I am in favor of a lot of what the advisory commission said. And I think that some of what they want to do is good.

[Time: 03:11:32]

Some of it, you know, if things change, I was just reading in one of my newsletters, actually yesterday, where he this have travel in a car that goes from one side of the country to the other that recharges itself with solar. Eventually we don't need these charging stations. We don't know what is coming up. They may come up with something that we haven't thought about, moonlight, who knows. What we can do is this point in time. As things change and as our society

changes, these get updated.

These get changed remodeled, fixed and we move on. Personally, I like having the two trash cans. I like it. But that's me. Do we need to mandate that in every house that's constructed in Scottsdale? I don't know. That's something else to talk about. You know, a lot of these things are pretty important.

And they have a long-term extension in Scottsdale on what will happen in construction and what will happen in our current homes here. So I think it's worth spending some time on and I like b, if they could get together and hash out some of these things behind closed doors, that's fine with me and then come back with what they have come up with. But then we'll come up with something when it comes back to us. So thank you.

Mayor Ortega: So in closing, Mr. Clack, do you have enough direction to work with?

Michael Clack: I think I do. If I may summarize. It sounds like the council is considering -- likes option b, with the exception of the electrification amendment for gas appliances in new single-family residences.

It doesn't sound like you are too warm on the pull out recycling bins in the kitchens the single family homes and then we'll take a look at the energy code and the international green construction code as mandatory and it sounds like you are leaving it up to us if we want to bring SEAC and BABA together. If you don't, there's no real heartburn. Do I have that right?

[Time: 03:14:00]

Mayor Ortega: Yes, good. We have a lot of nods up here. I want to add in the meantime, okay, Scottsdale has Section 49.7, Article 7 on water conservation. So we will continue to properly supplement that. It's already in our ordinance and how we can do that is very important as these new codes are adopted.

At this point, we are concluded on our work study. Do I have a motion to adjourn? We have a motion and a second. All in favor say aye and record your vote. We are adjourned.