CALL TO ORDER

COUNCIL INFORMATION AND FOLLOW-UP REQUESTS

This item is scheduled to give City Council members an opportunity to publicly request information or follow up on issues of interest to the community. If the information is available, staff will immediately provide it to the City Council member. No decisions will be made or action taken.

CONSENT ACTION

This item is scheduled to allow the City Council to act on the Mayor’s recommendations on the Consent Agenda. There is no Consent Agenda for this meeting.

CALL FOR AN EXECUTIVE SESSION

A vote may be held to call an Executive Session.

REPORTS AND BUDGET UPDATES BY THE CITY MANAGER

This item is scheduled to allow the City Manager to provide brief informational reports on topics of interest to the City Council. The City Council may discuss these reports but no action will be taken.

DISCUSSION AND POSSIBLE ACTION (ITEMS 1-2)

1  Water Conservation Ad Hoc Committee Report

The purpose of this item is to discuss and consider approval of the Water Conservation Ad Hoc Committee Report.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Responsible Department
This item is submitted by Deputy City Manager Karen Peters and the Water Services Department.
2 International Trade Strategy Update

This report provides an update on the Community and Economic Development Department's (CEDD) ongoing efforts to develop global international trade strategies and seeks Council direction on next steps to move forward with both short-term and long-term plans in developing a full international strategy.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Responsible Department
This item is submitted by Assistant City Manager Deanna Jonovich and the Community and Economic Development Department.

ADJOURN

For further information or for reasonable accommodations, please call the Management Intern, City Manager's Office, at 602-262-4449 or Relay 7-1-1 as early as possible to coordinate needed arrangements.

Si necesita traducción en español, por favor llame a la oficina del gerente de la Ciudad de Phoenix, 602-262-4449 tres días antes de la fecha de la junta.
Water Conservation Ad Hoc Committee Report

The purpose of this item is to discuss and consider approval of the Water Conservation Ad Hoc Committee Report.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Summary
On Feb. 28, 2019, Mayor Thelda Williams established the Water Conservation Ad Hoc Committee to make recommendations for additional water conservation activities in preparation for a hotter, drier future in which surface water flows in the Colorado River Basin are diminished. The Committee formed subcommittees focused on three areas of (1) Landscape and Outdoor Water Use; (2) Codes and Incentives; and (3) Education and Outreach. Members from the community, non-profit, private and public sector, including members with water expertise, participated in the process. The Water Conservation Ad Hoc Committee and Subcommittees held 11 meetings from May 2019 through October 2019. These meetings resulted in development of recommendations for 14 new or expanded water conservation initiatives to be implemented in a phased approach, in order to achieve a water conservation metric by 2030.

Phoenix Metropolitan Area Multi-City Water Use Study: Single-Family Residential Sector
The committee and subcommittees reviewed indoor and outdoor single-family residential water use based on a multi-city study conducted by Phoenix, Glendale and Gilbert. The multi-city study confirmed residential water consumption has declined by nearly 30% since 1990, while population has increased by approximately 400,000 people. The multi-city study also revealed opportunities for additional water conservation initiatives to improve indoor water fixture efficiencies, as well as ways to incentivize reductions in outdoor water use through xeriscape implementation and efficient watering practices.

Impacts of Water Conservation on City Water Uses
The committee and subcommittees considered the effectiveness of the City’s Water Efficiency Task Force (WETF) in implementing water conservation measures in City operations. Significant water savings were realized through changes in outdoor water
use technology, especially the use of smart irrigation technology in the Parks and Recreation Department. The committee also endorsed ongoing efforts to examine landscaping contracts within the Water Services Department to include the use of water budgets and closer monitoring of water conservation goals. Finally, the committee took note of the achievements in water conservation in the Aviation Department through changes in cooling tower technology at Phoenix Sky Harbor International Airport. Through these internal water conservation efforts, the City has achieved a net annual water savings of 24 million gallons.

Current Phoenix Water Conservation Programs
The committee and subcommittees heard presentations on Phoenix Water’s current conservation programs, including the effectiveness of well-established programs and pilot efforts. Of particular note was the long-standing commitment to educational programs for children and adults, outreach to homeowners' associations on outdoor water use, and business water conservation check-ups. The committee members emphasized the need to offer customers water efficiency tools and examples in order to inform their continuing voluntary efforts at water conservation that have proven to be effective in reducing water consumption. At the request of the committee, Phoenix Water staff recommended adoption of a water conservation metric to reduce the City’s total gallons per capita per day (GPCD) from the current 169 to 155 by the year 2030.

Recommendations
Staff requests City Council approval of the Water Conservation Ad Hoc Committee Report (see Attachment A) including:

- Fourteen (14) water conservation measures, to meet a water conservation metric through 2030;
- Adoption of a water conservation metric to reduce the City’s total GPCD from 169 to 155 by the year 2030; and
- A 24-month review of the plan and water conservation results by the City Council.

Staff estimates that five additional FTEs are necessary to implement the 14 recommendations, which are expected to cost approximately $1.5 million in total, including the cost of the new positions. The Water Services Department will examine alternatives for the resources necessary to implement the 14 water conservation measures and will recommend those resources to City Council for consideration during the fiscal year 2020-2021 budget approval process.

Responsible Department
This item is submitted by Deputy City Manager Karen Peters and the Water Services Department.
Attachment A

City of Phoenix

To: City Council
From: Mayor
Thelda Williams
Subject: Water Conservation Ad Hoc Committee

Date: February 28, 2019

Water conservation has always played a critical role in water resource planning in Phoenix. As we prepare for a hotter, drier future in which surface water flows in the Colorado River Basin are diminished, water conservation will be even more important in the resiliency and sustainability of our city.

At the request of Council, I am establishing an Ad Hoc Committee for Water Conservation in the City of Phoenix to be chaired by myself and Councilwoman Laura Pastor. The Ad Hoc Committee is to make recommendations concerning potential actions to continue Phoenix's legacy as a leader in water conservation, with particular focus on (1) landscaping requirements and guidelines; (2) codes and enforcement; and (3) education and outreach.

The Ad Hoc Committee will sunset on June 30, 2020.

The Ad Hoc Committee shall consist of no more than twelve members and shall include the following members:

Jack Davis, District 1 Resident
Buddy Shultz, District 2 Resident, retired Major League Baseball player
John Ballou, Environmental Planner and Consultant
Warren Tenney, Executive Director, Arizona Municipal Water Users Association
Cheryl Lombard, President/CEO, Valley Partnership
Kate Stoday, Educator
Laura Dent, Executive Director, Chispa Arizona
Christa McJunkin, Director of Water Strategy, Salt River Project
Frank Fairbanks, former elected member, Central Arizona Water Conservation District; former Phoenix City Manager
Paul A. Bowles, Jr., People United Fight Back

In addition to the Ad Hoc Committee, members of the public may serve on subcommittees. I also request general staff support for the Committee as well as those with specific expertise from our Water Services, Planning and Development, and other appropriate City departments.
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Water Conservation Ad Hoc Committee

Thelda Williams, Co-Chair, Councilwoman District 1, City of Phoenix

Laura Pastor, Co-Chair, Councilwoman District 4, City of Phoenix

Jack Davis, District 1 Resident

Buddy Schultz, District 2 Resident

John R. Balfour, Environmental & Energy Planner and Consultant, District 3

Warren Tenney, Executive Director, Arizona Municipal Water Users Association

Cheryl Lombard, President/CEO, Valley Partnership

Kate Studey, Educator

Laura Dent, Executive Director, Chispa Arizona

Christa McJunkin, Director of Water Strategy, Salt River Project

Frank Fairbanks, former elected member, Central Arizona Water Conservation District; former Phoenix City Manager

Paul A. Bowles, Jr., People United Fight Back
City of Phoenix Water Conservation Ad Hoc Committee

Executive Summary

On February 28, 2019, Mayor Thelda Williams established the Water Conservation Ad Hoc Committee (“Committee”) to make recommendations concerning potential actions to continue Phoenix’s legacy as a leader in water conservation. The Committee was chaired by Councilwoman Williams and Councilwoman Laura Pastor. Citizens from the community, non-profit, and private and public sector representatives with water expertise were selected to participate in the Committee. Subcommittees were formed around the particular focus areas of:

1. Landscaping and Outdoor Water Use
2. Codes and Incentives
3. Education and Outreach

The Issue

For over 100 years, Phoenix Water has been delivering safe and clean drinking water to Phoenix residents. As a desert city, water resource planning has been at the forefront of the utility’s operation. Phoenix has a diverse water portfolio that includes Salt and Verde River water delivered through the Salt River Project (SRP); Colorado River water delivered through the Central Arizona Project (CAP); groundwater reserves; and reclaimed wastewater. Recognizing the importance of groundwater as a finite resource and drought supply, Phoenix Water protects its groundwater reserves for the future and instead relies primarily on renewable surface water supplies. Phoenix is also a pioneer in the use of reclaimed water, using nearly all of its reclaimed water for agricultural irrigation, power generation and wetland restoration at Tres Rios Wetland. Phoenix has also partnered with SRP, agricultural interests and local Indian communities in an exchange of reclaimed water for potable water to add to our available drinking water supplies.
While Phoenix Water enjoys a robust and diverse water portfolio, conservation has always been a part of the history of Phoenix Water. Rather than focusing on short-term reactive strategies during drought conditions, Phoenix focuses on long-term culture change among its residents. Residents are encouraged to adopt a desert lifestyle because in a desert, water will always be scarce. This strategy has been very successful as Phoenix has reduced the number of gallons per capita per day (GCPD) it uses by nearly 30% over the last twenty years, despite an increase of almost 400,000 additional residents.

Despite the advances in conservation and healthy water supply portfolio, Phoenix is facing a hotter, drier future. Surface water flows in the Colorado River Basin are diminished by overuse in the Lower Basin, as well as the impacts of climate change. Some models of the Colorado River Basin predict significant risk to Central Arizona’s Colorado River supplies in as little as 5 years. In the face of this drier future and potential impacts to Colorado River supplies, water conservation will be even more important to the resiliency and sustainability of Phoenix.
Phoenix Metropolitan Area Multi-City Water Use Study: Single-Family Residential Sector

The Phoenix metropolitan area has a unique climate compared to most of the United States. It is difficult to compare it to existing models of water conservation, in part due to the lack of large areas of turf and tree canopy. In December 2016, the cities of Phoenix and Glendale, and the Town of Gilbert began a study, funded by the Arizona Department of Water Resources, to quantify:

- the similarities and differences across their cities in water use;
- potential efficiencies in outdoor and indoor water use on residential properties; and
- water efficiencies based on the age of a home and trends in new development construction.

The Multi-City Study confirmed that in Phoenix, like most Valley cities, residential water consumption has declined by nearly 30% since 1990, while the population increased by approximately 400,000 people. The Multi-City Study sought to explain the water conservation trends and determine what additional efficiencies in indoor and outdoor residential water use would continue that downward trend in water use.

Generally, the greatest volume of water use on residential properties is outdoors. In the area of outdoor water use, the cities used a methodology of “landscape coding” to determine the relative water use intensity of a resident’s choices over a spectrum with regard to turf, large tree canopy, choices of desert-adapted plants, the presence of a pool, and the choice of an arid landscape with no additional irrigation.
Key findings of the Multi-City Study in the landscaping area include:

- The majority of residential properties in all three cities have moderate or sparse landscaping, with less than 7% of properties classified as high water intensity with majority turf or large tree canopy. In Phoenix, 9% of the studied properties was classified as high water intensity.

- Conversion to xeriscape or a less water intensive landscape with desert-adapted plants will result in a significant decline in gallons-per-capita-per-day (GPCD).

- Water use across the cities is similar in both winter and summer months, indicating an overall shift away from turf intensive landscapes, with 39% of homes studied having no turf at all.

- Only 1/3 of homes have swimming pools, and pool water use is minimal when compared other outdoor water uses, especially irrigation.

The City of Phoenix has done extensive internal research over the years to determine the patterns of decreasing water demand. The reductions of indoor water use can be attributed to the use of more efficient indoor devices and fixtures. The Multi-City Study sought to compare the indoor appliances and fixtures for specific water use and determine whether the age of a home impacts water use. To conduct the study, the cities used logging devices installed on residential water meters and specialized software that identifies specific water uses within the home.
Key findings of the Multi-City Study in the area of indoor water use include:

- Toilets, showers, clothes washers and faucets account for a majority of indoor water use.

- While showerheads meet or exceed federal standards of water conservation, toilets could be more efficient than the 2.2 gallons per flush noted; dishwashers and clothes washers also did not meet optimal efficiency standards.

- While the age or size of home is generally not indicative of fixture and appliance efficiency, the age of a home is indicative of clothes washer efficiency.
Impacts of City Initiated Conservation Efforts

Prior to the initiation of the Committee, Phoenix engaged a Water Efficiency Task Force (WETF) to examine the use of water in City operations. As a result, in part of the efforts of the WETF, the City has achieved significant water savings through changes made in outdoor water use technology. Specifically, the Parks and Recreation Department has saved over 2.6 billion gallons of water between 2013 and 2018 due to changes in standard irrigation practices at its facilities and the use of smart irrigation meters that record weather and flow in order to maximize efficiency in irrigation practices. City departments also continue to examine their landscaping contracts in an effort to increase water use efficiency through the use of water budgets and closer monitoring of water conservation goals and landscaper activities.

Another example of industrial water conservation was achieved by a change in cooling tower technology at Sky Harbor Airport. After two years in operation, the new cooling tower technology surpassed expectations, saving 21 million gallons in water alone, while also reducing the chemical costs to Phoenix. By establishing itself as a leader in water conservation, the City sets an example for its residents and acts as a “pilot” for new technologies and practices that can be passed on to its residents.
Current Phoenix Water Conservation Programs

As part of its current water conservation efforts, Phoenix Water employs the following strategies:

Toilet Retrofit Program

Phoenix has a long-standing Toilet Retrofit Program that serves low income customers by providing a low-flow toilet and installation free of charge. In the last 10 years, Phoenix Water has changed toilets and/or fixtures in 4,329 homes, saving approximately 840,000,000 gallons of water. While the Retrofit Program is very effective in reducing indoor water use, based on the scope of the program, Phoenix has reached only a limited number of customers and the full potential of retrofit has not been realized.

Homeowners Association Audit Program

Beginning in 2018, Phoenix piloted a Homeowners Association (HOA) Audit Program that conducted 9 audits of outdoor water use within “common areas” managed by HOAs. Based on that pilot, the potential average savings for the HOAs that volunteered to participate was 4.5 million gallons per year if they implemented the recommendations from the audit.
Business Outreach Program

This program was launched in mid-2018 as an effort to assist businesses with a voluntary water efficiency audit. Phoenix Water employees reviewed the indoor water use of commercial, office, retail and restaurant businesses to find opportunities for greater water efficiency. Based on the pilot efforts, participating businesses could realize a potential average savings of 60,000 gallons for indoor water use exclusively by implementing the recommended repairs and water fixture upgrades.

Education and Outreach Efforts

Phoenix has a robust Education and Outreach Program designed to educate customers about the benefits and necessity of water conservation. This outreach includes both live presentations and materials on a variety of topics relating to water conservation. The Education and Outreach Program includes the following:

- Community events
- Conservation workshops
- School outreach (presentations, classroom materials and online tools and resources)
- School water festivals
- Family H2O Labs

During the most recent fiscal year (FY 18/19), Phoenix Water staff visited 19 schools and gave 36 presentations to 930 students. There were three water festivals in partnership with Arizona Project WET that reached 22 schools and 1,787 students. Finally, the Family H2O Labs reached 349 students and parents in an interactive format.
Water Conservation Ad Hoc Subcommittee Meetings

The Water Conservation Ad Hoc Committee’s inaugural meeting was held on May 14, 2019, with subsequent meetings on June 18, September 25 and October 29. At the May 14th meeting, the Committee established subcommittees: Landscape and Outdoor Water Use; Codes and Incentives; and Education and Outreach. Each subcommittee had at least three members.

Through the spring and summer of 2019, the subcommittees met and learned about the current water conservation efforts in Phoenix and discussed opportunities for improvements to existing programs and ideas for new programs to advance water conservation among Phoenix customers. Interested members of the public joined the conversation and provided additional input. The subcommittees met on the following dates:

**Landscaping & Outdoor Water Use:**
- May 21, 2019
- July 10, 2019

**Codes & Incentives:**
- May 23, 2019
- July 16, 2019
- August 30, 2019

**Education & Outreach:**
- June 4, 2019
- July 24, 2019

Based on these discussions, each subcommittee formulated recommendations subsequently adopted by the Committee for presentation and consideration by the Phoenix City Council. A number of other proposed recommendations were considered but not recommended at this time, including a rate component dedicated to conservation, incentives for gray water systems, low impact development and development of water budgets as part of the plan review process. Ultimately, these other proposals lacked subcommittee or Committee consensus. In the case of the recommendation for a rate component, City staff, in consultation with the co-chairs, determined it was outside the scope of the Water Conservation Ad Hoc Committee, but the Committee agreed to submit the rate component for water conservation to the Citizens’ Water and Wastewater Rate Advisory Committee for consideration.
## Recommended Water Conservation Measures

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<th>Cost</th>
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| Standardize City Landscaping Contracts | • Water Services will pilot a landscape contract that includes a water budget for each City site, a requirement that contractor meet the budget within a margin of error, and closer contract monitoring.  
• If pilot successful, other City departments would implement similar landscaping contracts. | TBD (will vary by site) | Start Up: $212,700  
Annual (WSD): $117,000*  
*Does not include landscape contract costs  
(FTE = .85) (additional staff to monitor contract and supervise interns) |
| Expand HOA Audit Program | • Expand program from pilot to ongoing program by increasing number of audits from 9 to 40. | 180,000,000 | Start Up: $221,000  
Annual: $202,000  
(FTE = 1.20) (dedicated project manager to conduct audits and follow-up) |
| Offer Free Xeriscape Plans to Residential Customer | • City develops standardized xeriscape plans for residential lots with help of landscape architect.  
• Xeriscape plans available for free download from Phoenix website. | TBD (will vary) | Start Up: $10,000*  
Annual: $0  
*Plan development costs |
| Utilize Door Hangers to Inform & Educate Customers | • Development of door hanger for use by City employees when they see obvious outdoor irrigation leak or overwatering.  
• Door hanger includes phone number for conservation assistance. | TBD (will vary) | Start Up: $10,100  
Annual: $5,000 |
| Smart Irrigation Controller Subsidy Partnership with Salt River Project (SRP) | • Expand existing SRP program that subsidizes the cost of smart irrigation controllers for residential use.  
• Using SRP’s existing vendors and pricing, customers pay $60 and City subsidy is $75 per controller  
• Goal is distribution of 1,000 controllers  
• Requires additional budget for advertising and distribution of controllers | 8,116,000 | Start Up: $125,000  
Annual: $125,000  
(FTE = .15) |
| City Hall Water Feature Redesign | • Conduct redesign contest for water feature in front of City Hall to increase awareness of water conservation. | TBD | Start Up: $10,000*  
Annual: $0 |
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| Expand Toilet Retrofit Program | Evaluate the feasibility of a new toilet retrofit program that includes the following elements:  
  - A low income program that includes toilet and professional installation at no cost to customer.  
  - A flat rebate program of $75 for a customer at any income level that purchases and installs low flow toilet (1.28 gallons per flush).  
  - Third-party contractor to administer program (make rebate payments and verify installation) on behalf of City. | 20,685,280 | Start Up: $484,800*  
Annual: $484,800  
*Based on 4,000 rebates and 400 low income retrofits. Does not include program administration costs. (FTE = .60) (manage low-income portion of program) |
| Water Budget Calculator | • Provide a free web-based tool for residential customers to develop water budgets for their indoor and outdoor water use.  
  • Programming and website development required. | TBD (varies) | Start Up: $80,000  
Annual: $20,000 |
| Commercial Cooling Tower Program | • Develop a targeted outreach program to educate commercial and industrial customers about Phoenix experience at Sky Harbor.  
  • Goal is to convert 5 cooling towers to more water efficient technology.  
  • Could ultimately include revolving loan program funded by businesses. | 106,000,000 | Start Up: $177,000  
Annual: $177,000  
(FTE = .50) (develop program and perform outreach) |
| Update building codes on 3-year cycle | • This is the same cycle used by the industry to update standard building codes.  
  • Keeping building codes current with industry standards allows residents to use the most efficient technologies available in water conservation. | TBD | Start Up: $0  
Actual: $0 |
| Revise State educational standards for water conservation | • Establish a working group of educators and City staff to review state standards with a goal of developing a standard specifically for water conservation.  
  • Brand existing City water conservation materials to inform educators on consistency with State educational standards. | TBD | Start Up: $0*  
Annual: $0*  
*Costs are included in next recommendation |
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| Expand Youth Educational Outreach | • Establish a working group of educators and City staff to improve education outreach efforts.  
• Develop strategy to include water conservation education in other City programs such as afterschool programs and neighborhood meetings.  
• Expand number of school visits from 19 to 40 schools; add at least one additional water festival, reaching multiple schools.  
• Provide educator stipend for participation in working group. | TBD | Start Up: $220,000  
Annual: $200,000  
(FTE = 1.55) (staff to participate in working group, brand materials, train and supervise volunteers, and expand outreach programs) |
| Establish Volunteer Program to Assist in Water Conservation Activities | • Develop formal intern program in Water Services to assist in conservation activities and projects.  
• Coordinate with City’s Volunteer Office to expand water conservation messaging. | TBD | Start Up: $0  
Annual: $0 |
| Include educational component in Tres Rios Visitors’ Center | • Include educational component specifically accessible to children in upcoming design and construction of Tres Rios Visitors’ Center  
• Determine staffing needed for educational component. | TBD | Start Up: $0*  
Annual: TBD  
*Construction costs in WSD CIP |
| **TOTALS** | | **314,801,280**  
Minimum Gallons Saved Annually | **Start Up: $1,550,600**  
**Annual: $1,330,800**  
7 FTE (incl. 2 existing FTE)** |
Water Conservation Metric

The Committee determined that in order to measure the efficacy of the City’s conservation programs, a metric or goal for water conservation is necessary. The Committee agreed to use Total Gallons Per Capita Per Day (GPCD) as the standard because GPCD is not driven by growth or the lack of growth. The Total GPCD reflects both residential and commercial customers and has been trending downward for the last 20 years. Conservation programs help continue the trend downward.

In recommending a water conservation metric, the Committee acknowledges that water conservation programs are demand management tools that have impacts beyond reducing water use among customers. Water conservation also impacts utility costs and revenues. Most costs associated with operating and maintaining a water utility are fixed; as less water is sold due to conservation, rates must go up to garner the revenue necessary to maintain the utility’s financial viability. However, water conservation also allows Phoenix to avoid or delay the acquisition of additional, expensive water supplies to meet demands and to better manage its existing supplies for enhanced reliability. These are complicated tradeoffs that the Phoenix City Council should consider.

Effective conservation programs can be powerful demand management tools if strategically deployed when Phoenix is anticipating or experiencing imminent reductions in water supplies due to shortage. Multiple new or enhanced conservation programs should have a staggered implementation over time in order to achieve a balance between the value of additional conservation and the quality of life in a desert community. Use of a metric based on reducing GPCD over a specified period of time allows Phoenix Water to implement and monitor the effectiveness of water conservation programs in real time. This facilitates annual reporting and adaptive management of each water conservation measure.

The Water Conservation Ad Hoc Committee recommends a metric to reduce Total GPCD in Phoenix from 169 to 155 by the year 2030.
Recommendations

The Water Conservation Ad Hoc Committee makes the following recommendations to the Phoenix City Council:

- Develop a phased implementation plan for the fourteen (14) water conservation measures identified by the Committee in this report. The implementation plan should balance the goal of meeting the new water conservation metric through 2030 while guarding against a dramatic impact on revenue requirements resulting from water conservation measures. It should also be flexible and adaptive to reflect changing conditions in water supply and demand.
- Adoption of a water conservation metric to reduce the City’s total GPCD from 169 to 155 by the year 2030.
- Review the implementation plan and water conservation results 24 months from adoption by the City Council.
International Trade Strategy Update

This report provides an update on the Community and Economic Development Department's (CEDD) ongoing efforts to develop global international trade strategies and seeks Council direction on next steps to move forward with both short-term and long-term plans in developing a full international strategy.

THIS ITEM IS FOR DISCUSSION AND POSSIBLE ACTION.

Summary
At the Nov. 6, 2019 Formal meeting, City Council directed Community and Economic Development Department (CEDD) staff to develop a long-term global international trade strategy to advance the City's economic development activities with multiple trading partners. CEDD staff are pursuing both a long-term global international trade strategy and an interim Mexico trade strategy to minimize service disruptions with potential business partners in Hermosillo and Mexico City since the conclusion of the Mexico Trade Office contract in July, 2019.

1. Global International Trade Strategy
As the fifth largest city in the country, Phoenix is well positioned to further define and identify additional global connections with leading edge companies looking for business-to-business connections, or those looking for expansion opportunities in the U.S. Staff is currently analyzing research data to identify the global trade partnerships that would generate the greatest return on investment from additional economic development resources. The City has always had a strong trade and business partnership with Canada through direct contact as well as through the Arizona Canada Business Council, which complements Phoenix's strongest trading partnership with Mexico. Over the last few years, City staff and dignitaries have been conducting robust meetings and creating business opportunities with the United Kingdom and Southeast Asia, on both the government side as well as through business to business connections. These relationships represent Arizona's largest export partnerships, focusing on Advanced Manufacturing, Information Technology, Financial Services and Biosciences. Nearly 40 percent of all international companies operating in Maricopa County in 2018 originated from Canada, Mexico, China, Taiwan, the United Kingdom, or the Republic of Korea.
As part of CEDD’s ever-expanding global trade strategy, it is critical to maximize existing resources already working with the City on global trade and connections. These partners include the Consular offices, Phoenix Sister Cities, the Greater Phoenix Economic Council, universities and other strategic partners. Further, the expansion of direct international flights has created strong partnerships that can be grown in these markets. These connections have already provided business connections that can continue to be mined.

Staff will return to the City Council in March 2020 with a full global international strategy to include direct representation in each country or region, additional staff resources required for CEDD, and outcomes that can be expected from the additional investment.

2. Short-Term Mexico Strategy
In the interim, staff recommends issuing a solicitation to reopen the City’s trade offices in Hermosillo and Mexico City and actively pursue economic development opportunities with businesses and investors from Mexico. The solicitation would require each proposer to have a physical office in the city in which it intends to provide services and that office must have been operational for at least one year prior to the proposal deadline. Proposers will also be required to have three years’ experience providing economic development or Mexico trade development services. The solicitation would also require the successful proposer(s) to self-perform the services and prohibit any subcontracting, with the successful proposer(s) reporting directly to CEDD. The solicitation will identify measurable performance metrics that will include not less than one new company locating in Phoenix from each office every six months; generating a minimum of 15 prospects each quarter; and each office will work in conjunction with multiple chambers of commerce in Phoenix to assist chamber members seeking exporting opportunities in Mexico. The resulting contract(s) will also include metrics that require each office to identify investment opportunities into Phoenix from Mexico.

If approved by City Council, the solicitation would be issued later this month with a late January 2020 proposal deadline and staff returning in March 2020 with an award recommendation. The resulting contract(s) would be for one year and be funded by the Downtown Community Reinvestment Fund.

In the short-term, an additional Program Manager position in CEDD, at an annual cost of $160,000, would be needed to oversee the consultant(s) and the resulting activity and connections during the one-year contract term. This Program Manager would then be absorbed into the long-term global international strategy in the future. This position
would be funded by the Downtown Community Reinvestment Fund for the remainder of Fiscal Year 2019-2020. For Fiscal Year 2020-2021, the position would be funded by the General Fund and be included in the Fiscal Year 2020-2021 Trial Budget for approval.

If interested in pursuing a short-term and long-term international strategy, City Council would need to: 1) authorize a solicitation for Mexico City and/or Hermosillo trade offices for one year; 2) authorize a Program Manager position in CEDD to oversee the consultant(s) staff; and 3) direct staff to develop a global strategy for consideration in March 2020. Beginning in July 2020, the Program Manager position and any additional positions and/or consultant services will be supported by the General Fund, pending approval in the Fiscal Year 2020-2021 Trial Budget.

**Responsible Department**
This item is submitted by Assistant City Manager Deanna Jonovich and the Community and Economic Development Department.