



**CITY OF PHOENIX
CITY COUNCIL POLICY SESSION
TUESDAY, APRIL 22, 2014 - 2:30 P.M.
CITY COUNCIL CHAMBERS
200 WEST JEFFERSON**

Pursuant to A.R.S. § 38.431.02, notice is hereby given to the members of the City Council and to the general public that the City Council will hold a meeting open to the public on Tuesday, April 22, 2014, at 2:30 P.M. located in the City Council Chambers, 200 West Jefferson, Phoenix, Arizona.

1:00 P.M. - AN EXECUTIVE SESSION WAS CALLED FOR THIS TIME AT THE POLICY SESSION OF APRIL 15, 2014.

THE TIMES LISTED FOR AGENDA ITEMS ARE ESTIMATED. ITEMS MAY BE DISCUSSED EARLIER OR IN A DIFFERENT SEQUENCE.

Mayor Stanton called the meeting to order at 2:43 P.M. with Thelda Williams, Michael Nowakowski, Daniel Valenzuela, Kate Gallego, Sal DiCiccio and Bill Gates present.

ESTIMATED
3. 3:05 P.M.- WATER RESOURCES Staff: Naimark, Sorensen
UPDATE (Presentation: 10 min.,
Estimated. Total Time:
30 min.)

This report provides the City Council with a summary of the drought conditions in the region, the City's water planning activities, and current water supply portfolio. This report also requests approval for staff to work on several activities to protect and enhance the City's water resources.

This item is for information, discussion, and possible action.

Backup included in Council packet/City Clerk's Office.

Action Taken:

This item was taken out of order.

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Mayor Stanton noted the importance of accurate information concerning the impacts of droughts on current and future water supplies for the City of Phoenix.

Councilwoman Williams pointed out the ongoing involvement with organizations such as the Arizona Municipal Water Users Association (AMWUA) and the need to continue long range planning to preserve water allocations for the City.

Councilwoman Pastor joined the meeting at 2:48pm.

City Manager Ed Zuercher introduced Deputy City Manager Rick Naimark, Water Services Director Kathryn Sorensen, Deputy Water Services Director Brandy Kelso, and Water Resources Management Advisor Clifford Neal.

Deputy City Manager Rick Naimark said the focus of the presentation would be on strategies to ensure sufficient water supplies in a worst case scenario.

Mr. Neal said Arizona had been in a drought for 14 years, although staff expected higher than normal runoff due to snowpack on the Colorado River. He explained the City of Phoenix had acquired sufficient water supplies to meet customer needs for the foreseeable future; however the price of water could increase due to the lack of water security in communities around Phoenix. He added the growth in the upper Colorado River basin coupled with climate variability increased the need to monitor for the risk of shortage in the distant future.

Vice Mayor Waring joined the meeting telephonically at 2:55pm.

Mr. Neal noted the Water Resource Plan, Infrastructure Master Plans, a Groundwater Management Plan, a Water Conservation Plan and a Drought Management Plan as examples of how the Water Services Department planned for water supply and demand. He said the City's portfolio of water supplies was diverse and more than needed for current needs, with the majority coming from the Salt and Verde Rivers through SRP. Additionally, he stated the Colorado River through the Central Arizona Project (CAP), groundwater and reclaimed wastewater make up the other sources of water for the City. Mr. Neal gave statistics on the decrease in water usage despite population growth since 1990.

Ms. Sorensen explained the current water supplies far outpaced demand and the trend was expected to continue into the future. However, in a highly unlikely scenario where the supply drops dramatically with a significant increase in demand, there could be a potential for demand to exceed supplies. For this reason, she said, staff proposed several recommendations to provide for the unlikely scenario of a shortage in the distant future. She gave the first recommendation to engage in discussions with state and federal officials, as well as representatives from the Colorado River Basin states, to

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mitigate the impacts of Colorado River shortages. She explained that CAP had the lowest priority of water rights on the Colorado River.

Mayor Stanton asked who had rights ahead of the City. Ms. Sorensen said within Arizona agriculture interests on the river have higher rights than CAP, along with California and even Nevada to a lesser degree.

Ms. Sorensen explained the second recommendation to develop a water storage and exchange program with Tucson to store CAP water supply to which the City is entitled, but does not currently use. She detailed the final recommendation to review rules, regulations, policies and laws that govern recharge, recovery, and replenishment of groundwater in the region. She noted groundwater as a storage option for future generations to use in the event of a catastrophic drought.

Mayor Stanton questioned whether staff believed the media was overly stark in presenting scenarios about water availability, particularly concerning the Colorado River. Ms. Sorensen responded that while the Colorado River was over-allocated, the City used about 1/3 less than their allocation, and stated her belief that Phoenix was often included in the general water issues of the region with California and Nevada despite the planning the City has done to ensure continued water resource availability.

Councilman Nowakowski left the meeting at 3:10pm.

Mayor Stanton asked staff to clarify the intention of the recommendation for more involvement with the seven basin states involved with the Colorado River supplies. Ms. Sorensen indicated that the City should be at the table to represent its interest, where appropriate, and when not appropriate the City should better ensure that its interests were still being represented. Mr. Naimark added that there would be costs related to time and resources associated with being more involved in those types of regional discussions.

Councilman Nowakowski returned at 3:14pm.

Councilwoman Williams asked staff whether they would coordinate efforts with AMWUA and other cities. Ms. Sorensen confirmed they would.

Councilman Gates requested more information about conservation and how the community could continue to help and be part of the solution. Ms. Kelso described the conservation programs and slogans the City used, including "Water Use it Wisely," as well as outreach to schools and the community events staff attends.

Mayor Stanton left the meeting at 3:22pm.

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Councilman DiCiccio asked about water storage, particularly a recharge basin in the East Valley. Mr. Neal gave details about the Granite Reef underground storage and the City's efforts to focus on annual storage, recovery through construction of wells and investing in capacity in dams on the Salt and Verde systems. Ms. Sorensen noted the investment of \$85 million planned for the next 10 or 11 years in new wells.

Vice Mayor Waring joined the meeting in person at 3:25pm.

Councilman DiCiccio pointed out the unlikeliness of a catastrophic scenario described and how this report showed how the City was planning for the absolute worst case scenario.

Mayor Stanton returned at 3:26pm.

Councilman Gates left the meeting at 3:27pm. Vice Mayor Waring left the meeting at 3:27pm.

Councilwoman Gallego commented on the City's recognition of climate change as a reality and looking to the future to ensure continued water resource availability as well as protecting against political risk. She asked staff about salinity issues. Ms. Sorensen explained salinity is an issue on the wastewater side and becomes a bigger issue during drought years due to less fresh water from storms. She described the effort to mitigate salinity issues as a regional issue working with other cities in the Central Arizona and Tucson areas.

Councilman Gates returned to the meeting at 3:28pm. Vice Mayor Waring returned to the meeting at 3:28pm.

Kathy Ferris, Executive Director of AMWUA, spoke to support staff recommendations and noted the City's long standing participation in AMWUA.

Councilman Nowakowski left the meeting at 3:31pm.

Christa McJunkin with SRP also spoke in support of staff recommendations.

Councilman DiCiccio left the meeting at 3:32pm.

Greta Rogers spoke in favor of additional outreach efforts to encourage water conservation.

Councilman DiCiccio returned to the meeting at 3:34pm.

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Dianne Barker also spoke in favor of additional outreach and research on the effectiveness of outreach efforts.

Vice Mayor Waring left the meeting at 3:35pm. Councilwoman Gallego left the meeting at 3:35pm. Councilman Gates left the meeting at 3:35pm.

Councilwoman Williams moved to approve the item adding a review of internal policies to be brought before council in the next six to eight months for Council's review and approval. Councilwoman Pastor seconded the motion.

Vice Mayor Waring returned to the meeting at 3:37pm. Councilman Gates returned to the meeting at 3:37pm.

Mayor Stanton requested the issue be brought before Council on a regular basis.

Councilwoman Gallego returned to the meeting at 3:38pm.

Motion passed 8:0.

Mayor Stanton exited the meeting at 3:47pm.

ESTIMATED **COUNCIL INFORMATION AND**
1. 2:30 P.M.- **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.

Action Taken:

Councilmembers made general comments.

Councilman Nowakowski returned to the meeting at 4:08pm.

CONSENT AGENDA.

This item is scheduled to allow the City Council to act on the Mayor's recommendations on the Consent Agenda. The Consent Agenda has been publicly posted.

Action Taken:

None.

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CALL FOR AN EXECUTIVE SESSION.

A vote to call an Executive Session may be held.

Action Taken:

Councilman Gates moved that the City Council, pursuant to Arizona Revised Statutes, Section 38-431.02.A, meet in Executive Session on **Wednesday, April 30, 2014 at 1:00 p.m.** in the East Conference Room, 12th Floor of the Phoenix City Hall, 200 West Washington Street, Phoenix, Arizona, and on **Tuesday, May 6, 2014 at 1:00 p.m.** in the East Conference Room, 12th Floor of the Phoenix City Hall, 200 West Washington Street, Phoenix, Arizona. Councilwoman Williams seconded the motion, which passed 8:0.

REPORTS AND BUDGET UPDATES BY THE CITY MANAGER.

This item is scheduled to allow the City Manager to report on changes in the City Council Agenda and provide brief informational reports on urgent issues. The City Council may discuss these reports but no action will be taken.

ESTIMATED

2. 3:00 P.M.-

EMPLOYEE SERVICE
RECOGNITION
ANNOUNCEMENTS (NO
REPORT)

Staff: Zuercher
(Presentation: 5 min.)

This item is for information only. No City Council action is required.

Action Taken:

None.

ESTIMATED

*4. 3:35 P.M.-

GOLF FUND UPDATE

Staff: Takata, Burke
(Presentation: 10 min.,
Estimated Total Time:
30 min.)

This report provides an update on the 2013 Golf Fund Balancing Plan approved by the City Council on March 6, 2013.

This item is for information, discussion, and possible action.

Backup included in Council packet/City Clerk's Office.

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Action Taken:

Deputy City Manager Lisa Takata introduced Parks and Recreation Director Jim Burke.

Councilman Nowakowski and Councilwoman Pastor left the meeting at 4:14pm.

Mr. Burke gave a brief history of the golf program since the 1930s and the importance of the program to the public. He explained revenues were up, contracting maintenance to a third party saved an annualized \$1 million a year, and the one-time sale of equipment brought revenues of \$352,000. He said the result was reducing subsidies from the Phoenix Parks and Preserve Initiative Program (3PI) fund in the amount of \$900,000 for the current fiscal year.

Councilwoman Pastor returned to the meeting at 4:22pm.

Mr. Burke discussed the contract with Touchstone Golf, LLC (Touchstone) resulting in a recommendation to eliminate a centralized marketing position and creating new positions at each golf course for a targeted marketing approach. He said Touchstone did not recommend modifying golf courses to allow development unless the golf course on a parcel was shut down and the entire parcel developed. He noted Touchstone did recommend possibly eliminating the Palo Verde golf course as it was unlikely to provide revenues to cover operating costs in the future. He added Touchstone would come back in the fall to work with staff on a request for proposals for a consolidated food and beverage concessions contract, expected to bring in additional revenues.

Mr. Burke mentioned an idea that came from the Ad Hoc Golf Committee to put golf related deed restrictions on courses to be done at a later date, and direction from Council to work with ASU to take over the Papago golf course for NCAA use and keep it open to the public.

Mr. Burke asked for Council approval to eliminate the centralized golf marketing position and to reclassify existing positions for a net result of \$35,000 annual savings.

Mr. Zuercher highlighted the leadership of Council related to the progress made in the golf program over the past year and noted staff would return annually to report on further progress.

Vice Mayor Waring indicated the report was positive, but noted the one time sale of equipment would not be a continued source of revenue. He pointed out his disappointment in the use of 3PI money to repay debt from golf operations and asked if the money taken from 3PI would be paid back to be used for more traditional uses. Mr. Zuercher said Council could make that decision when revenues exceeded expenses

Councilman Nowakowski returned to the meeting at 4:29pm.

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Councilman Gates credited staff for their work on saving money during a difficult economy for the golf business. He noted the accessibility of the golf courses for a diverse segment of the population and agreed with the Vice Mayor on the direction to pay back 3PI money used. He also added his excitement for the ASU-Papago partnership and the work of Touchstone.

Vice Mayor Waring asked about internal controls over cash operations at the golf courses. Mr. Burke discussed the Point of Sale system controls, internal audits and variance reporting procedures.

Dianne Barker spoke supporting paying back the 3PI funds and pushed for reducing the number of holes per course to make room for development. She also noted some issues she had experienced with the online video from past Council meetings.

Greta Rogers spoke in favor of repaying the 3PI funds with interest.

Councilman DiCiccio indicated his support for including a schedule requirement for the repayment of 3PI funds in three to five years. He also expressed support for the ASU-Papago partnership in bringing in youth to add new life to the Papago area.

Councilman Valenzuela added his support for keeping all golf courses open as a resource that is available for residents from all different socioeconomic backgrounds.

Councilwoman Pastor moved to accept staff's recommendation including the Papago-ASU partnership and a timeline to repay 3PI funds used to subsidize the golf program. Councilwoman Williams seconded the motion. Motion passed 8:0.

ESTIMATED

*5. 4:05 P.M.-

**UPDATE ON THE CITY'S
BIOMEDICAL EFFORTS**

Staff: Blue, Marshall
(Presentation: 10 min.,
Estimated Total Time:
25 min.)

NOTE – This item will not be heard by the City Council on April 22, 2014, and will be scheduled for a future agenda.

This report provides an update to the Mayor and City Council on the City's efforts to continue to promote investment in the biomedical industry in Phoenix on both the downtown Phoenix campus and in the Arizona Biomedical Corridor in north Phoenix.

This report is for information and discussion only.

Backup included in Council packet/City Clerk's Office.

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Action Taken:

None.

*4:05 P.M. – ADJOURNMENT

Vice Mayor Waring adjourned the meeting at 4:55 p.m.

For further information, please call the Management Intern, City Manager's Office, at 602-262-4449.

For reasonable accommodations, call the Management Intern at Voice/602-262-4449 or TTY/602-534-5500 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.

PHOENIX CITY COUNCIL MEMBERS

Councilman DiCiccio
Councilwoman Gallego
Councilman Gates
Councilman Nowakowski
Councilwoman Pastor
Councilman Valenzuela
Vice Mayor Waring
Councilwoman Williams
Mayor Stanton