

## Attachment A

**Phoenix City Council  
Transportation, Infrastructure, and Planning Subcommittee  
Summary Minutes  
Wednesday, Feb. 21, 2024**

City Council Chambers  
200 W. Jefferson St.  
Phoenix, Ariz.

Subcommittee Members Present

Vice Mayor Debra Stark, Chair  
Councilwoman Kesha Hodge Washington  
Councilwoman Ann O'Brien  
Councilwoman Laura Pastor

Subcommittee Members Absent

**CALL TO ORDER**

Chairwoman Stark called the Transportation, Infrastructure, and Planning Subcommittee to order at 10:04 a.m. with Councilwoman Kesha Hodge Washington, Councilwoman Ann O'Brien, and Councilwoman Laura Pastor present.

**MINUTES OF MEETINGS**

**1. Minutes of the Transportation, Infrastructure and Planning Subcommittee Meeting**

Councilwoman O'Brien made a motion to approve the minutes of the Jan. 31, 2024, Transportation, Infrastructure, and Planning meeting. Councilwoman Hodge Washington seconded the motion which passed unanimously, 4-0.

**CONSENT ACTION (ITEMS 2-3)**

**2. West Transit Facility Request for Proposals**

Consent only. No Councilmembers requested additional information.

**3. Taxi Services Contract Extension**

Consent only. No Councilmembers requested additional information.

**4. Native American Graves Protection and Repatriation Act Program Grant**

Consent only. No Councilmembers requested additional information.

Councilwoman O'Brien made a motion to approve items 2, 3, and 4. Councilwoman Pastor seconded the motion which passed unanimously, 4-0.

**INFORMATION ONLY (ITEMS 5-7)**

**5. Parks and Recreation Five-Year Capital Improvement Program**

Councilwoman Pastor asked if Steele Indian Park was included in the Five-Year Capital Improvement Program due to community interest in revitalizing the park, particularly the renovation of the old dining hall.

Parks and Recreation Director Cynthia Aguilar confirmed that approximately \$2 million would be allocated for general improvements to Steele Indian Park in the FY 2025-26 budget.

## **6. Aviation Annual Capital Improvement Program FY 2025-29**

Information only. No Councilmembers requested additional information.

## **7. Public Works Capital Improvement Program FY 2024-29**

Information only. No Councilmembers requested additional information.

### **DISCUSSION/POSSIBLE ACTION (ITEMS 8-9)**

#### **8. Updated Air Service Incentive Plan**

Deputy City Manager Mario Paniagua, along with Director of Aviation Services Chad Makovsky, Assistant Director and Chief Revenue Officer Roxann Favors, and Air Service Development Manager Alexandria Van Haren, presented an updated incentive plan to boost Sky Harbor International Airport's air services, aiming to attract new airlines and destinations.

Ms. Van Haren highlighted the necessity for airlines to invest heavily to initiate services, mentioning an incentive plan compliant with Federal Aviation Administration (FAA) guidelines, updated in February 2023. After Aviation staff submitted feedback with concerns, the FAA issued final guidelines on December 7, 2023, which addressed concerns and required all United States (U.S.) airports to update air service incentive plans, making them public for 30 days before finalizing any new contracts.

Councilwoman Pastor asked what prior concerns Aviation staff had with the FAA.

Ms. Van Haren responded that feedback provided to the FAA included clarification on some of the terminology within the guidelines and concerns with proposed changes to the program administration that would have been costly and overly burdensome. The FAA resolved these concerns in the final guidelines.

Councilwoman Pastor asked if the FAA's changed guidelines impact airport traffic patterns.

Mr. Makovsky responded that the changes do not impact traffic patterns.

Councilwoman O'Brien sought clarification on FAA regulations for airport-generated funds.

Mr. Makovsky responded that the airport operates as a self-sustaining Enterprise Fund within the City and adheres to strict FAA guidelines on airport funding. All generated revenue must remain within the airport for reinvestment. The airport does not utilize local taxpayer funds.

Councilwoman O'Brien asked if the airport received any General Funds from the City.

Mr. Makovsky confirmed that the airport does not receive General Funds.

Councilwoman O'Brien sought confirmation that the airport's revenue is derived solely from airport services, such as travelers and patrons dining at the airport.

Mr. Makovsky confirmed that revenues from airport services contribute a portion of the airport's funds. These revenues are then reinvested into the airport.

Councilwoman Hodge Washington asked about similar incentive programs at other regional airports and the program's competitiveness.

Ms. Van Haren responded that competing airports have incentive plans, indicating that their revised plan is compliant and competitive with those of peer airports.

Chairwoman Stark opened the floor to public comment.

Leslie Shepard expressed opposition, criticizing the policy of allocating \$5 million for nonstop international flights as inequitable and benefiting a few, urging reconsideration in favor of addressing local needs like homelessness.

Councilwoman O'Brien asked staff to explain why Aviation proposals are presented to the Council or Subcommittee for approval or recommendation.

Mr. Makovsky responded that as a self-sustaining enterprise and a department of the City governed by the City Council, their contracts with business partners necessitate Council approval. This request seeks authorization for a program enabling contract agreements with airlines.

Councilwoman Pastor noted the airport's role as a major economic force in the state. She stated that it contributes to attracting international airlines and boosting local and state economies through passenger spending and taxes. She emphasized the importance of enhancing airport usage for the broader economic benefit of both the City and the state.

Vice Mayor Stark asked about annual visitor spending.

Ms. Van Haren stated that international visitors tend to stay longer and spend more, contributing to the airport's \$38 billion annual economic impact on the state.

Councilwoman Hodge Washington emphasized the airport's role in supporting 59,000 jobs and stressed the importance of recognizing investments within regulatory constraints. She advocated for clarity on the self-sustained Enterprise Fund's spending limits, especially in balancing support for unsheltered individuals.

Mr. Makovsky clarified that airport revenues, primarily from user fees distributed by the FAA for grants, must be used exclusively for airport services due to regulations, emphasizing that spending outside these parameters could jeopardize future grants and incur penalties.

Councilwoman Hodge Washington appreciated the clarification, emphasizing the airport's significant role in generating jobs and operating within regulatory constraints. She underscored the small investment's importance considering the economic impact and called for further explanation on the Enterprise Fund's expenditure restrictions to ensure compliance while supporting the community.

Councilwoman O'Brien inquired if tickets for international flights are subsidized by the people flying back and forth.

Ms. Van Haren clarified that the program does not subsidize international flights for passengers but aims to support airlines in establishing their operations in Phoenix, thereby attracting tourism and business.

Mr. Makovsky explained the program aims to sustain routes and promote the community by allocating funds with airlines for marketing Phoenix in international locations like Paris, enhancing community benefits.

Chairwoman Stark stated she echoed the benefits of economic impact of the airport.

Councilwoman O'Brien made a motion to approve Item 8. Councilwoman Pastor seconded the motion which passed unanimously, 4-0.

## **9. Large Water Users Ordinance Change**

Deputy City Manager Alan Stephenson, Director of Water Services Troy Hayes, and Deputy Director of Water Services Dr. Max Wilson presented a Large Water Users Ordinance Change to recommend City Council approval of a new Large Water Users Ordinance in Code 37.

Chairwoman Stark asked about the outreach to significant water users.

Mr. Stephenson discussed a meeting with developers and large water users like Greater Phoenix Economic Council (GPEC) and Taiwan Semiconductor Manufacturing Company (TSMC) to discuss the ordinance, receiving questions on implementation but no opposition.

Chairwoman Stark expressed satisfaction with the thoroughness of outreach efforts.

Councilwoman Pastor explained that she reviewed water use data up to 2021, anticipated higher usage in 2024, and called for updated figures to inform decisions, noting challenges in obtaining current data.

Mr. Hayes stated the population is about 1.7 million, daily water use per person has dropped below 100 gallons, and confirmed Water Services staff can update this data in a chart.

Councilwoman Pastor requested clarification on unsustainable water usage thresholds and sought current data, given how Phoenix's growth can imply higher consumption. She anticipated staff's reliance on specific data points but suggested alternative means for obtaining figures.

Mr. Hayes detailed their planning process, matching water supply with projected demand over 50 to 70 years. He discussed how the Colorado River's reliability poses a challenge, requiring assumptions for future projections regarding available resources.

Councilwoman Pastor clarified her question, asking for the specific population number at which Phoenix's growth becomes unsustainable for water resources.

Mr. Hayes responded that sustainability concerns are not solely based on population numbers but on water demand and usage. He mentioned they could provide updated charts showing future water demand projections.

Councilwoman Pastor further revised her question to ask about the specific water demand or usage threshold indicating when Phoenix's growth becomes unsustainable, expressing interest in knowing the exact figure for planning purposes.

Mr. Hayes said he could get that number.

Councilwoman Pastor stressed the need for public awareness of water sustainability, highlighting the Council's role in balancing water resources for current and future Phoenix residents and businesses.

Mr. Hayes agreed with Councilwoman Pastor, noting the ordinance aims for growth that adheres to the sustainable desert city policies for water sustainability.

Councilwoman Pastor sought details on water use efficiency and how water conservation plans are approved, asking about criteria and who makes decisions. She stressed getting accurate information to balance attracting businesses with safeguarding water for all residents.

Mr. Hayes said users that consume over 250,000 gallons daily must create a conservation plan showing their use and savings compared to industry standards. He used cooling towers as an example of technology reducing water use, stating plans are checked with water supply forecasts to protect the system and secure water for all future customers.

Dr. Wilson noted that few users exceed 250,000 gallons daily and usually have detailed water plans. He advocated for a flexible, collaborative approach to address their specific needs.

Councilwoman Pastor questioned how the effectiveness of water plans is measured and what happens if there is a deviation from these plans.

Mr. Hayes described an annual review of water permits, noting that exceeding usage by over 20 percent could lead to reassessment and fines to ensure compliance.

Mr. Stephenson stated that if water use exceeds projections by over 20 percent, they first check if it's a one-off or a new trend, requiring plan updates. Non-compliance leads to increasing fines, making it expensive not to follow rules.

Councilwoman Pastor called for strong enforcement and fines for water misuse, highlighting water's value and the need for conservation. She noted past issues with accountability and suggested more ambitious targets than the current 30 percent reduction for large users.

Mr. Hayes said the 30 percent reduction goal comes from companies like TSMC, showing it's reachable. He mentioned the Council could raise this target, allowing for more ambitious conservation aims.

Dr. Wilson stated that the ordinance's conservation plans go beyond current City rules, requiring entities to increase water savings as standards tighten. He noted this keeps the policy flexible and effective, evolving with new regulations to enhance water conservation.

Councilwoman Pastor asked if companies grandfathered under old rules will follow new conservation standards if they expand, essentially resetting their water usage compliance.

Mr. Hayes said that grandfathered companies must follow the new rules if they expand or use more water, requiring them to re-plan under the new ordinance.

Councilwoman Pastor expressed concern about more water use from future expansions and asked how economic benefits affect meeting the 30 percent reduction goal, seeking clarity on its significance.

Mr. Stephenson explained that the ordinance provides flexibility, allowing the Water Services Director to evaluate and accommodate instances where economic benefits justify a deviation from the strict 30 percent water reduction target. This flexibility, in consultation with key City departments and officials, aims to balance the introduction of economically beneficial projects with water conservation, even if such projects can achieve a 25 percent reduction in water usage rather than the standard 30 percent, provided they are making maximal efforts within their industry to conserve water.

Councilwoman Hodge Washington stated that she agreed with Councilwoman Pastor on water conservation's importance and praised efforts to encourage smart water use among residents. She asked about motivating large water users lacking incentives to meet new conservation standards for better efficiency.

Mr. Hayes explained that the City is engaging with large water users through a designated group, which conducts outreach and dialogue informally to encourage water usage reduction. Despite the lack of a formal mechanism for such discussions, businesses have shown openness to reducing water consumption as it aligns with cost savings and environmental responsibility. He highlighted initiatives like the Blue Bank and rebate programs for turf and toilets, supported by the council, to assist commercial and industrial entities in adopting water-efficient technologies. Mr. Hayes emphasized the focus on sectors like manufacturing and cooling, where significant water savings could be achieved.

Dr. Wilson further delved into the City's strategic approach to implementing new incentive programs like the Blue Bank and grass replacement initiatives. These programs require large water users to undergo an efficiency checkup, essentially forming a conservation plan, as a condition for funding eligibility. This process ensures that potential beneficiaries are aligned with the City's water conservation goals from the outset, fostering a collaborative effort towards more sustainable water usage practices.

Councilwoman Hodge Washington agreed that new incentives work, but staff should also consider rules for significant water users who would not change voluntarily. She said fines should vary based on how much someone breaks the rules to make a difference. She also asked if staff were measuring how well the rules work and suggested setting clear goals to cut water use among significant users to improve the rules.

Mr. Hayes responded that there is no specific goal set for existing large water users under the new ordinance. The focus is primarily on future actions, aiming to manage or reduce potential water usage by establishing a benchmark of a 30 percent reduction for incoming large water users, based on anticipated usage levels as they join or expand within the City.

Councilwoman Hodge Washington suggested that the Council set clear goals for significant water users to ensure they are helping save water in the City. She stated everyone in Phoenix should follow

the same rules for cutting water use and having a clear target would help see if we're making progress in saving water.

Mr. Stephenson assured the Subcommittee that staff would explore establishing specific goals for water conservation and present them to full Council. He detailed the proposed ordinance's penalty structure for water usage violations, emphasizing a progressively severe fine system starting at 200 percent of water charges for initial non-compliance and escalating to 500 percent, 1,000 percent, and then 2,000 percent for subsequent violations. This structure was designed to impose significant financial consequences on significant water users exceeding their allocated usage, deterring non-compliance, and encouraging adherence to water conservation measures.

Councilwoman Hodge Washington asked for clarification on the fine structure for water usage violations. She questioned whether the penalties for water charges applied monthly or related to one month's or the entire year's water bill, aiming to ensure an accurate comprehension of the ordinance's penalty system.

Mr. Hayes responded that the ordinance and its corresponding evaluation of water usage, including the imposition of fines for violations, are conducted on an annual basis.

Councilwoman Pastor sought to ensure clarity and understanding of the ordinance's workings amongst all present. She expressed a desire to revisit why current large users had yet to be more directly informed or engaged with the ordinance's requirements, indicating an interest in ensuring these stakeholders are aware of and comply with the City's water conservation goals.

Mr. Hayes explained that previously, there was no established mechanism for directly addressing water conservation requirements with existing large water users. The City's approach involved staff making informal contact with these users to encourage compliance. He acknowledged the need for a more formalized method to engage existing users in compliance efforts, indicating that this is an area the City could further develop.

Councilwoman Pastor asked Mr. Hayes to confirm if they would explore ways to get significant water users to follow the rules before discussing the topic with the full Council.

Mr. Hayes agreed to provide the requested additional information.

Councilwoman O'Brien asked for more details about how much the fines could cost people under the new rules. She wanted to know approximate numbers to understand what the penalties might mean for different water users, like those using 150,000 gallons compared to 500,000 gallons. She said having specific examples would help everyone understand what the fines could mean.

Mr. Hayes agreed to provide the requested additional information.

Chairwoman Stark suggested creating a reward program for big water users, like the ones for regular users. She mentioned successful programs for highways as examples. She thinks we should talk about giving incentives and changing rules for using water wisely, which she sees as important for the future.

Councilwoman O'Brien made a motion to approve Item 9. Councilwoman Hodge Washington seconded the motion which passed unanimously, 4-0.

### **CALL TO THE PUBLIC**

Chairwoman Stark opened the floor to public comment.

Jerry Van Gasse highlighted the urgent need for The Americans with Disabilities Act (ADA)-compliant restrooms at Papago Park due to inadequate facilities and lack of accessibility.

Erik Nissen proposed growing Phoenix's Job Corps to enhance Housing First, stressing the value of wraparound services and offering to help run a new site near Lincoln.

Leslie Shepherd voiced concerns over airport employees' grievances regarding pay and promotions, advocated for restroom facilities for people experiencing homelessness, and urged caution in passing agenda items without assurance of compliance, particularly regarding water usage regulations and affiliations with the World Economic Forum.

Tom Arnold questioned if the Council could reverse decisions after expressing concern over unanswered questions and the importance of satisfactory answers before unanimous approvals.

Councilwoman O'Brien and Councilwoman Pastor asked Mr. Paniagua for confirmation that the matter passed would go to the Council, highlighting the need to use the interim to answer questions and refine the ordinance.

Mr. Paniagua confirmed that the meeting's decision was a recommendation for the full Council and assured time to address Council members' questions before final presentation, stressing the need for thorough information for approval.

Councilwoman Pastor stated that when this item comes to the full Council for action, they could vote no on the ordinance if it failed to meet their expectations or answer their questions.

Mr. Paniagua confirmed Councilwoman Pastor's statement.

Councilwoman Pastor noted the option to amend the motion with previously unaddressed components at the full Council session and issue directives for their inclusion in the final decision.

Councilwoman Pastor highlighted the ability to add unaddressed elements to the motion during the full Council session and direct staff to include them in the final decision.

Mr. Paniagua agreed with Councilwoman Pastor's statement.

Mr. Arnold inquired about the possibility of reversing decisions already made, understanding that there might be provisions within the policy allowing for such actions.

Chairwoman Stark stated that Council could not have direct dialogue with the Public during Public Comment.

Chief Assistant City Attorney Deryck Lavelle clarified that the Council would have the authority to review the ordinance comprehensively and implement any necessary changes during full Council session.

Chairwoman Stark expressed caution on following guidelines for call to the public noting that public meetings often come under scrutiny from the Attorney General.

Roger Lindquist expressed the importance of accurately measuring household water consumption based on the number of occupants rather than household.

James Gordon expressed concern about the ongoing issue of excessive airplane noise in his community in Goodyear and urged for regulatory measures to address safety and noise concerns.

**FUTURE AGENDA ITEMS**

None.

**ADJOURNMENT**

Chairwoman Stark adjourned the meeting at 11:21 a.m.

Respectfully submitted,

Kat Consador  
Management Fellow

DRAFT