NOTICE OF POSTING

OF LAND USE ASSUMPTIONS REPORT

Under ARS §9-463.05, a Necessary Public Service is defined as any facility that has a life expectancy of 3 or more years and that are owned and operated by or on behalf of the city. A city desiring to assess a development fee to offset the cost of providing a Necessary Public Service must adopt a Land Use Assumption Report and Infrastructure Improvements Plan (separate posting) before adopting the Development Fee Report establishing any new development fees.

In the City of Scottsdale, the only Necessary Public Services for which development fees are collected are for Water and Wastewater services.

Posted with this NOTICE is the City of Scottsdale's proposed Land Use Assumptions Report.

The Land Use Assumptions Report sets forth projections in land uses, densities intensities and population for the City's Service Area over a period of at least 10 years, and pursuant to the City's General Plan.

The backup documents on which the Land Use Assumptions Report is based are available for review at The Administrative Offices of the Water Resources Division, 9379 E. San Salvador Dr., Scottsdale, Arizona.

Contact Jordan Fasano, Water Resources Finance Manager (480) 312-5466 EnterpriseFinance@ScottsdaleAZ.Gov.

A public hearing for the Land Use Assumptions Report, the Infrastructure Improvements Plan, and a notice of intent to modify development fees was held at the February 11, 2025 City Council meeting. The plans are scheduled for adoption at the City Council meeting on April 8, 2025. 3939 Drinkwater Blvd. Scottsdale, Arizona.

SCOTTSDALE WATER

2025 LUA, IIP AND DEVELOPMENT FEES UPDATE

Land Use Assumptions

PROPOSED / March 2025

carollo

2025 LUA, IIP AND DEVELOPMENT FEES UPDATE

Land Use Assumptions

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Abbreviations

ADU	accessory dwelling units
City	City of Scottsdale
EDU	equivalent demand unit
GIS	Geographic Information System
HB	House Bills
IIP	Infrastructure Improvements Plan
IWRMP	Integrated Water Resources Master Plan Update
LUA	Land Use Assumptions
MAG	Maricopa Association of Governments
mgd	million gallons per day
TAZ	Traffic Analysis Zone

SECTION 1 INTRODUCTION

The City of Scottsdale (City) must comply with the requirements of Arizona Revised Statutes §9-463.05 to continue to collect Water and Wastewater Development Fees. One of those requirements is the preparation and adoption of a Land Use Assumptions (LUA) report which shows:

> "...projections of changes in land uses, densities, intensities and population for a specified service area over a period of at least ten years and pursuant to the General Plan of the municipality."

This LUA report complies with that requirement and covers the study planning period from year 2025 through year 2035. For long-term planning purposes, this LUA report may cover periods beyond this timeframe, but it is recognized that it must be updated every five years with the City's Infrastructure Improvements Plan (IIP). The City's Water and Wastewater IIP identifies the infrastructure needed to accommodate new growth and associated infrastructure capital costs that represent the "proportionate share" of costs needed to accommodate new equivalent demand units (EDU); an EDU is equivalent to the water demand or wastewater flow of one detached single family residential dwelling unit. While 1-inch meters and smaller are counted as 1.0 EDU, the conversion of larger meters is based on a 5/8-inch meter with a safe maximum operating capacity of 20 gallons per minute.

The 2025 LUA Report sets forth the City's current demographic estimates and its projections for future development within the City's service area. These estimates will also be used in the 2025 Water and Wastewater IIP to forecast the amount and cost of infrastructure required by future development. The growth and development assumptions in the LUA report are consistent with the approach taken to develop the City's 2022 Integrated Water Resources Master Plan Update (IWRMP) with updated planning data from the Maricopa Association of Governments (MAG) published in June 2023. The 2023 MAG data projects the location, timing, and magnitude of growth through the year 2060. This data was used to develop water demand and wastewater flow projections for the LUA, which will form the basis of the infrastructure evaluations in the IIP.

The current demographic estimates (year 2023) are used: (1) to calculate current levels of service being provided by the City for water and wastewater services for existing development by the City's existing water and wastewater infrastructure; and (2) as a starting point to project the number of new EDUs that will require water and wastewater services during the 10-year planning period, years 2025 through 2035. New EDUs may be served by either planned new capital projects or the use of excess capacity currently existing in the City's capital facilities (i.e., treatment plants, water distribution and wastewater collection systems) in anticipation of future development.

The estimates and projections of development in this LUA report are for the City's service area as defined by the statute. However, the City has historically served small areas outside the City's boundaries with water and/or wastewater services, which results in some variation between the water and wastewater service areas.

1.1 Water Service Area

The City's water service area largely coincides with the City boundary and is approximately 185 square miles as shown in Figure 1. It encompasses the area within the City limits, with two exceptions:

- EPCOR Water (private water company) serves approximately 1,420 customers in the built out area west of the Arizona Canal between Jackrabbit Road and Indian Bend Road, which is about 1 square mile.
- EPCOR Water serves approximately 200 customers in the built out area near the City boundary with the Town of Fountain Hills.

The City also serves approximately 1,500 customers in the area outside the City limits in Maricopa County north of Dynamite Boulevard, generally between 56th Street and 68th Street.

In addition, the City has agreements with the Tonto Hills Domestic Water Improvement District and Carefree Water Company to treat and deliver their Central Arizona Project allocations to areas outside the City limits; however, these customers are subject to the rates, charges, and development fees of their respective utilities.

The City's water treatment and distribution system is interconnected and is treated as one integrated system within the City's service area. For City engineering planning purposes, the water service area is sub-divided into four regional planning areas: Desert Mountain, Northern, Central, and Southern. The water system is further sub-divided into pressure zones to regulate the water pressure for customers across the City's many elevation ranges. The water system is also flexible in that water supplies from the north may be conveyed to the south and vice versa.

1.2 Wastewater Service Areas

The City's wastewater system is divided into five wastewater flow basins as illustrated in Figure 2. While the sewer collection system is divided into basins, ultimately the entire sewer system is managed and operated as a single service area.

The City has agreements with the Black Mountain Sewer Corporation (Liberty Utilities), the City of Phoenix and the Town of Paradise Valley (EPCOR) to convey flows to the City's wastewater system. There is a small area within the City limits on the east side at approximately Cactus Road, which conveys sewer flows to the Fountain Hills Sanitary District. The location of the Black Mountain Sewer Corporation and the points in the collection system where the City of Phoenix and Paradise Valley flows enter the system are shown in Figure 2.

1.2.1 Unsewered Septic System Areas

Some areas in the City are unsewered and served by septic systems and do not contribute sewer flows to the collection system or water reclamation facilities. Reclaimed water is a valuable resource to the City, and new IIP projects have been proposed to enable the capture/collection of water for reclamation from these unsewered areas that are on septic systems. The IIP projects involve installing new trunk and interceptor sewer collection pipelines in Major and Minor Collector designated transportation corridors, as defined in the Scottsdale Transportation Master Plan (July 2016) in each of the unsewered areas on septic systems included in the IIP.

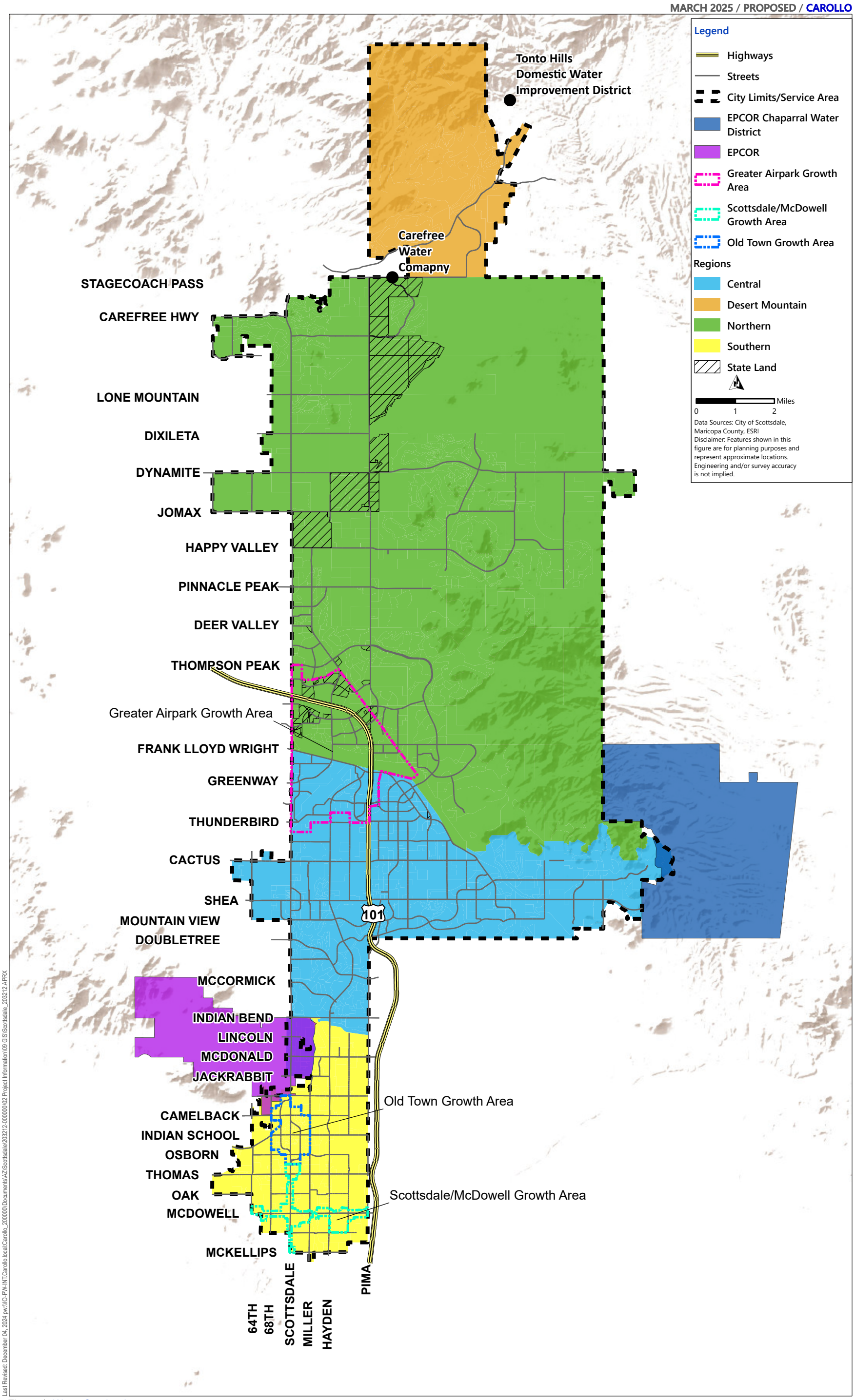

Figure 1 Water Service Area
CITY OF SCOTTSDALE
2025 LUA, IIP AND DEVELOPMENT FEES UPDATE

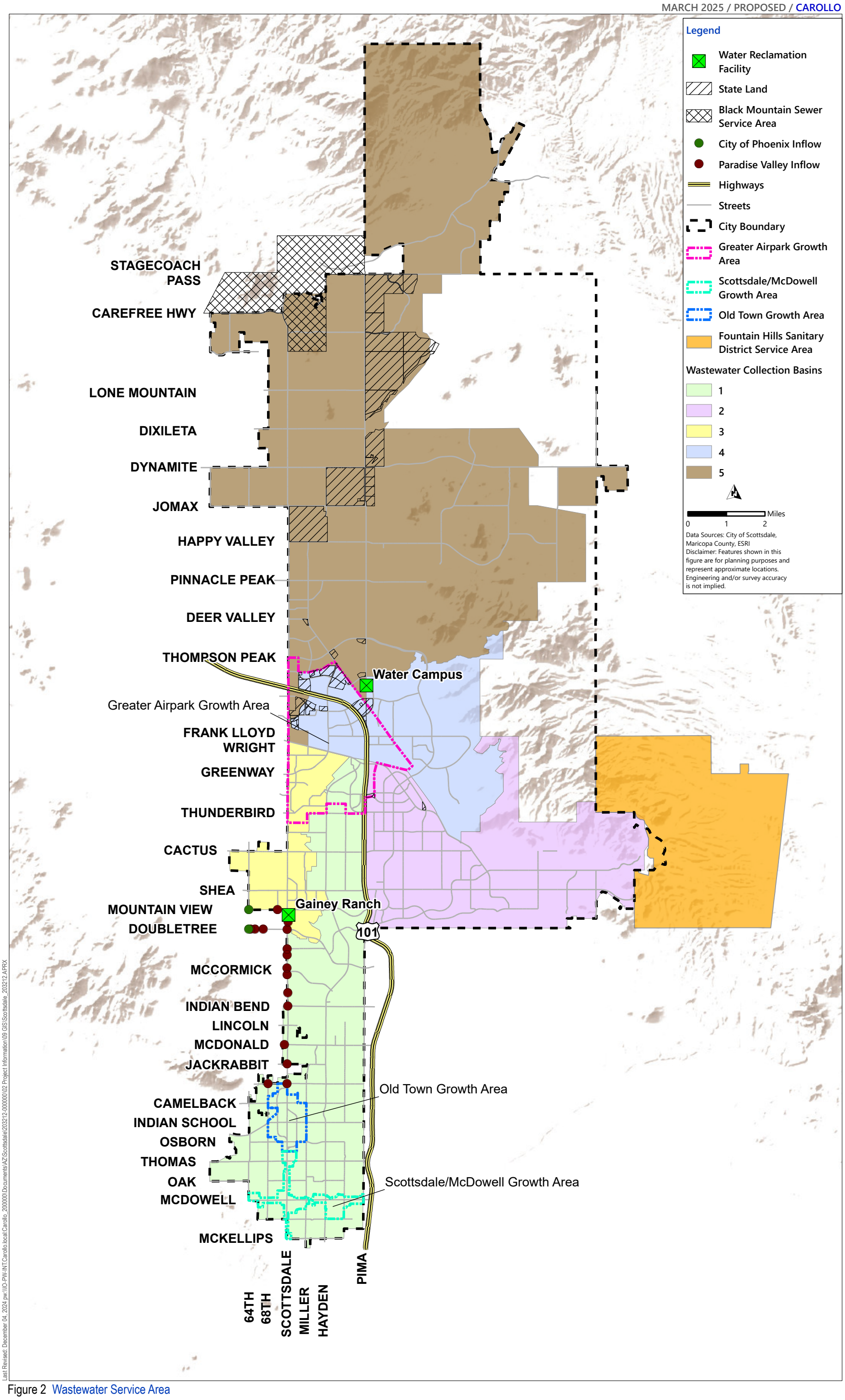

Figure 2 Wastewater Service Area
CITY OF SCOTTSDALE
2025 LUA, IIP AND DEVELOPMENT FEES UPDATE

SECTION 2 BASIS OF UPDATE

The 2025 LUA analysis includes review of demographic projections for varying land uses within the City's 2025 IIP. This analysis was built on the planning framework established in the 2022 IWRMP and aligns with the planning criteria and approach with some refinements from more recent data. Key data used in this analysis include:

- MAG Socioeconomic Projections for Population and Employment by Municipal Planning Area, Jurisdiction, and Traffic Analysis Zone (TAZ), published in June 2023. The MAG projections are indicative of demographic, development, and permitting trends that are expected to drive population and employment growth through year 2060.
- Scottsdale General Plan 2035, as amended.
- The City's Zoning classifications.
- Input from the City of Scottsdale for 5- and 10-year growth assumptions in three growth areas, namely: The Greater Airpark, Old Town, and the Scottsdale/McDowell Road Corridor.

The growth trends data was reviewed and compared to both the 2013 LUA, 2017 LUA, and 2021 LUA projections, which is documented in the following sections.

2.1 MAG Socioeconomic and Population Projections

MAG has historically been a source of socioeconomic projections for the 2013 LUA, 2017 LUA, and 2021 LUA reports. For the purposes of this LUA, the 2023 MAG data was used to establish the rate and location of growth within the City. The MAG socioeconomic data was also used to develop the population projections for the IWRMP. The 2023 MAG data for City's population projections are shown in Figure 3. The population projections from similar time periods in the 2013 LUA, 2017 LUA, and 2021 LUA studies are shown for reference.

The 2023 MAG projection trend is generally lower than the 2013, 2017, and 2021 LUA population projections. While there is good alignment with previous projections between 2020 and 2030 in terms of the rate of growth and ultimate population, the 2023 population projections are lower than previous MAG projections.

Compared to the 2021 LUA projections, the 2023 MAG data shows:

- The 2023 MAG year 2025 estimated population of 258,786 is approximately 4 percent lower than the 2021 LUA year 2025 projection of 270,700.
- The 2023 MAG year 2035 estimated population of 281,220 is approximately 4 percent lower than the 2021 LUA year 2035 projection of 291,500.

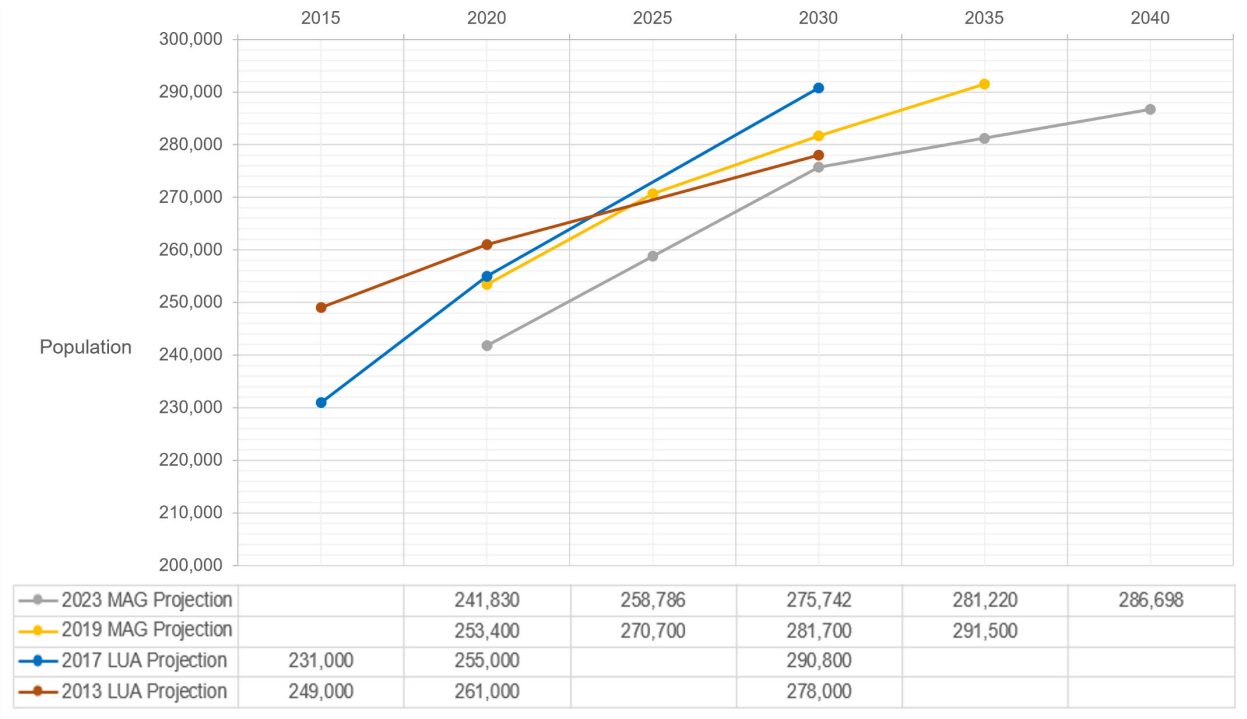

Figure 3 Population Projections

The previous LUA projections subdivided the City's MAG data by TAZ into three sub-regions, Northern, Central and Southern, as shown in Figure 4. These are different than the City's water service areas. These three Scottsdale sub-regions were maintained for the 2025 LUA projections to make direct comparisons between previous LUA projections.

The dwelling unit and employment data (number of employees) along with a linear interpolation of the study period from the MAG projections are summarized in Table 1. The population data of the study period from the MAG projections are summarized in Table 2. Some areas outside the City's boundary, but within the water and wastewater services areas, are included as they receive water service or contribute wastewater flows as noted in the service area descriptions in Sections 1.1 and 1.2 and Figure 1 and Figure 2.

Table 1 2023 MAG Employment and Dwelling Unit Projections

Area	2025 Employment	2035 Employment	2025 Dwelling Units	2035 Dwelling Units	Employment Growth	Dwelling Unit Growth
Scottsdale	209,714	238,483	144,973	153,737	28,769	8,764
Northern	16,334	18,511	23,907	27,400	2,177	3,493
Central	129,107	147,585	67,836	70,502	18,488	2,666
Southern	64,274	72,378	53,230	55,835	8,104	2,605
Outside Scottsdale	503	561	1,623	1,692	58	69
Grand Total	**210,217**	**239,044**	**146,596**	**155,429**	**28,827**	**8,833**

Note:
(1) Data Source: MAG Socioeconomic Projections published June 2023.

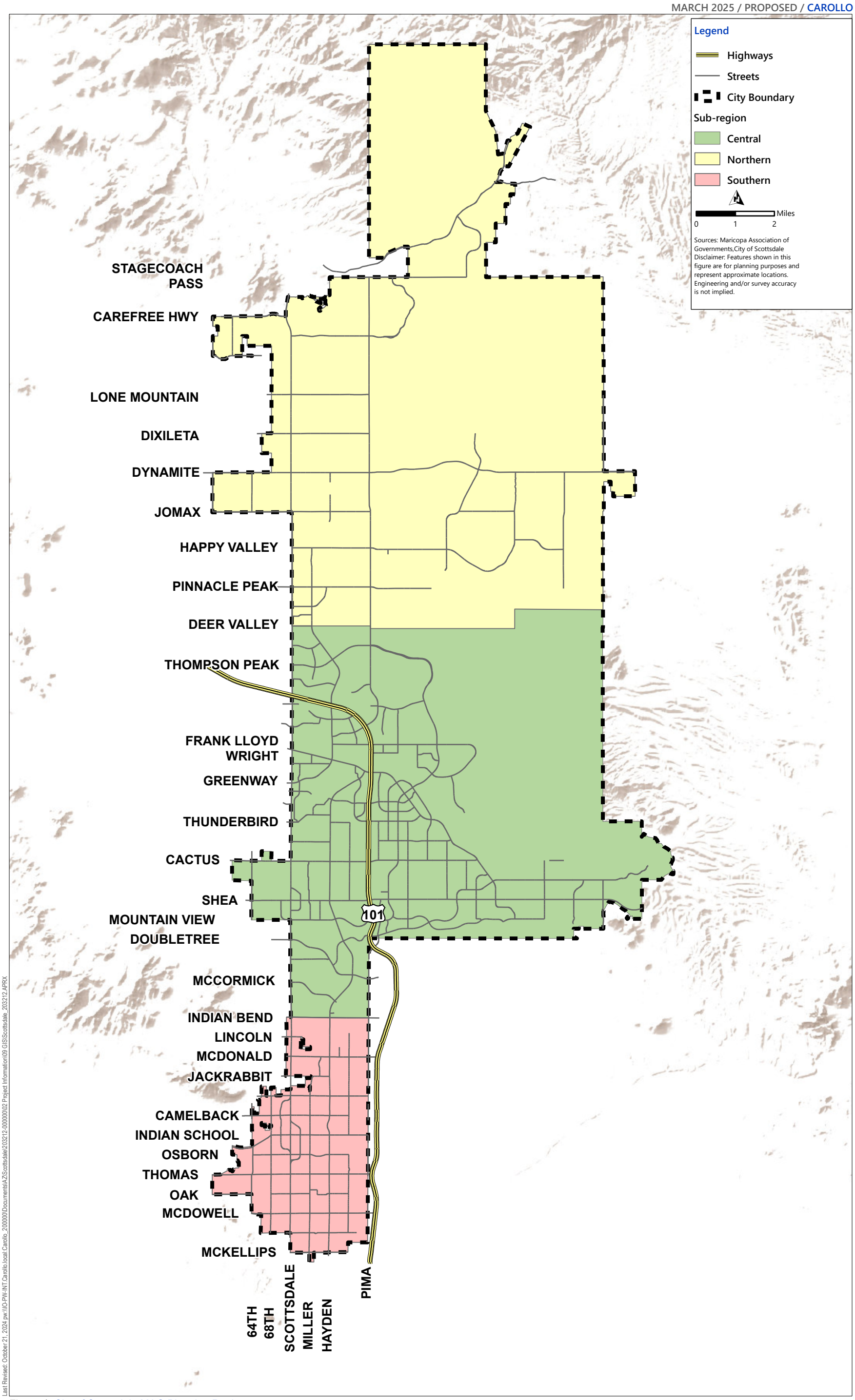

Figure 4 City of Scottsdale MAG Planning Regions

Table 2 2023 MAG Population Projections

Area	2025 Population	2035 Population	Population Growth
Scottsdale	258,786	281,220	22,434
Northern	44,051	52,982	8,931
Central	125,202	132,233	7,031
Southern	89,534	96,006	6,473
Outside Scottsdale	4,097	4,287	190
Grand Total	**262,883**	**285,507**	**22,624**

Notes:
(1) Data Source: MAG Socioeconomic Projections published June 2023.

2.2 Scottsdale General Plan

The City's General Plan 2035 was ratified on November 2, 2021; Although several minor General Plan amendments have been adopted since it was ratified, the Land Use Map is current as of July 2024. The conceptual land use map is depicted in Figure 5.

The following definitions apply to housing within the General Plan:

- Rural neighborhoods = 1 unit per acre (or more) of land.
- Suburban neighborhoods = 1 to 8 units per acre.
- Urban neighborhoods = 8 or more units per acre

For mixed use neighborhoods, the General Plan does not define the mixture; however, the free market has trended to the following ratios in terms of the MAG planning regions of the City. In the 2022 IWRMP an analysis of mixed-use neighborhoods was performed and identified the following:

- North: 60 percent residential, 30 percent resort/tourism, and 10 percent commercial.
- Central: 75 percent residential, 15 percent office, 8 percent retail, and 2 percent hotel.
- South: 70 percent residential, 15 percent office, 10 percent retail, and 5 percent hotel.

2.3 Scottsdale Zoning Classifications

The City's zoning Geographic Information System (GIS) data was used as the basis for preparing the growth, water demand, and wastewater flow projections for the 2022 IWRMP. The City's zoning information is a more precise way of describing the type of development throughout the City in areas that are developed. The full range of City zoning classifications provided by the City for the 2022 IWRMP was consolidated into 28 classifications as shown in Figure 6.

The MAG growth rates in the population projections were used to estimate the timing of development in residential zones. The MAG growth rates in the employments projections were used to estimate the timing of development in non-residential zones.

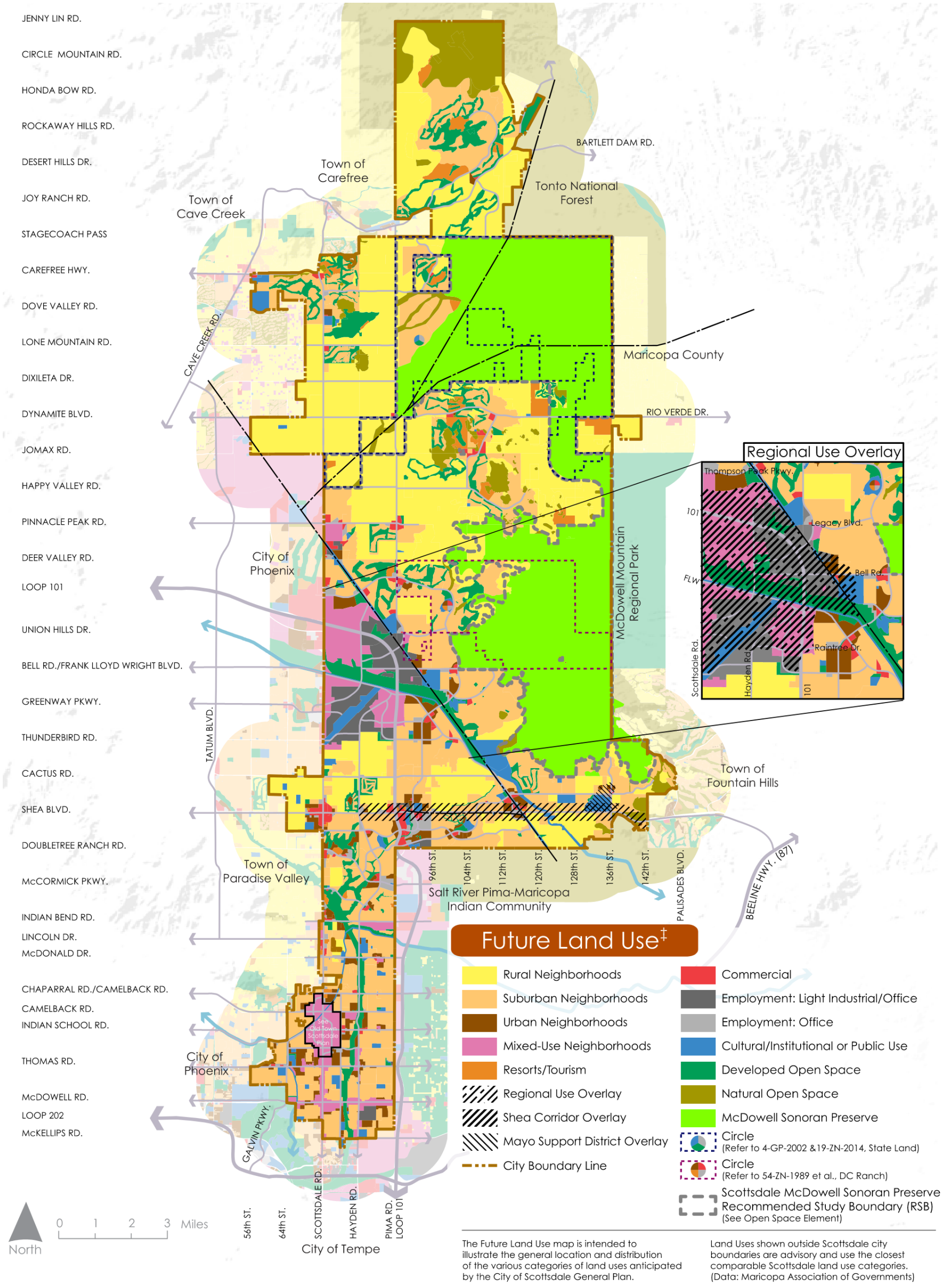

Figure 5 City of Scottsdale 2035 General Plan Conceptual Land Use Map

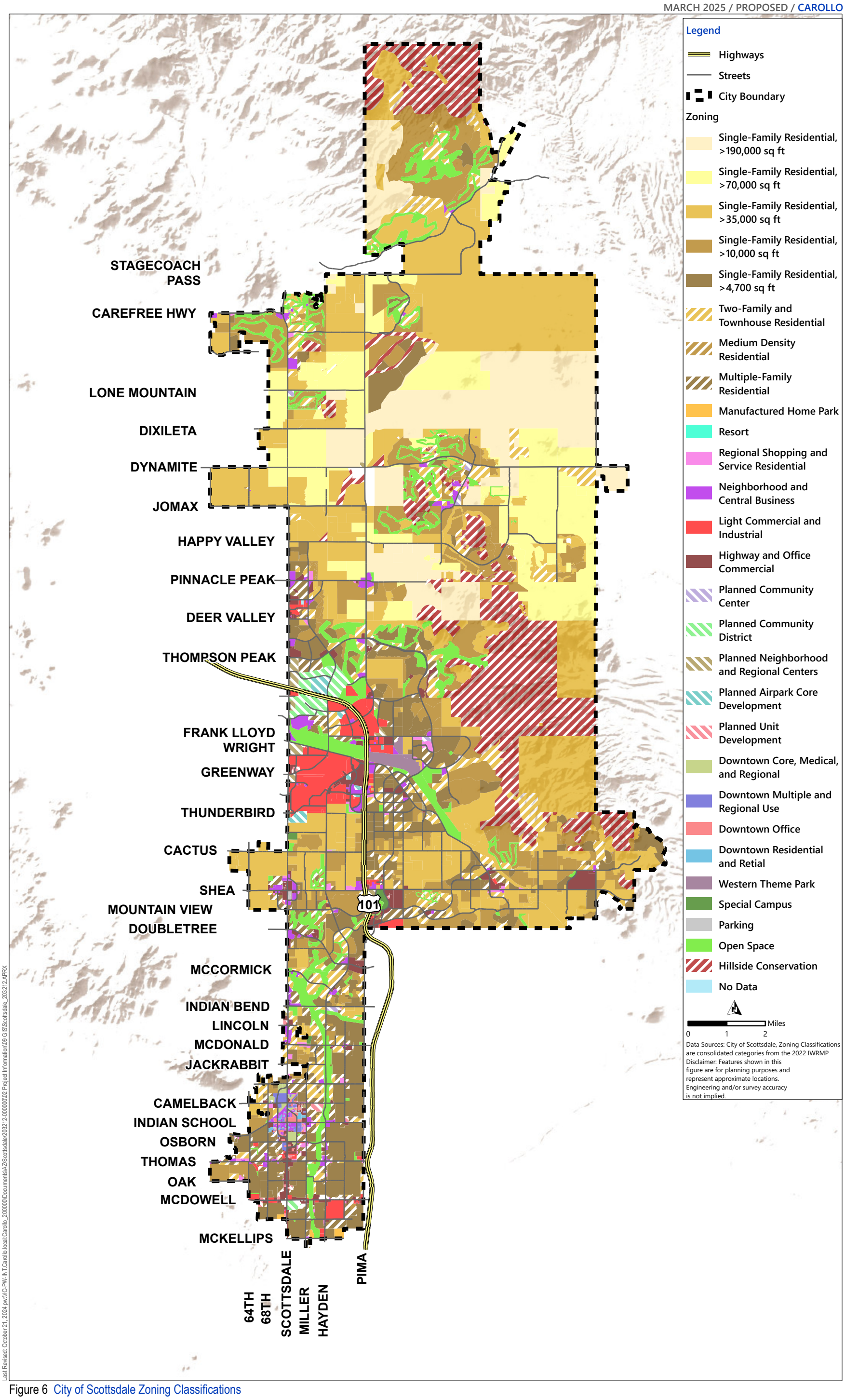

Figure 6 City of Scottsdale Zoning Classifications

2.4 State Lands

The City's Planning and Development Services Division provided input on near- and long-term development strategies for the State Lands. This information was used to make some adjustments to the timing of development in these areas.

2.5 Development Intensity Areas

Scottsdale includes several General Plan-designated growth areas where increased densities and building heights are typically located. These three areas are the Greater Airpark, Old Town, and the Scottsdale/McDowell Road Growth Areas as shown in Figure 7. Based on growth patterns envisioned by Scottsdale General Plan 2035 and as indicated by the MAG data, it is expected that development over the 10-year planning horizon will be focused in these growth areas.

SECTION 3 LAND USE GROWTH SUMMARY

3.1 Planned Growth Through Year 2035

GIS analysis was used to spatially aggregate the acreages in the City's zoning classifications and land use plan using the MAG projections to establish the timing of growth. The 2022 IWRMP GIS land use and zoning data analysis included planning periods for years 2025, 2030 and 2035, which were used for the 2025 LUA. The 2023 MAG TAZ polygons were used to adjust the location and timing of growth of the previous 2022 IWRMP projections to align with the latest MAG assumptions. Table 3 summarizes the acreages that are planned to develop by regional planning area by year 2025 and year 2035.

Table 3 Regional Planning Area Growth Summary

Regional Planning Area	Acres Developed between Year 2025 and 2030	Acres Developed between Year 2030 and 2035	Total Acres Developed Year 2025 through 2035
Desert Mountain	247	70	317
Northern	3,426	1,445	4,871
Central	327	205	532
Southern	157	131	288
Total	**4,157**	**1,851**	**6,008**

The spatial aggregation of projected growth from the 2022 IWRMP was modified using the 2023 MAG data. Figure 8, Figure 9, and Figure 10 show graphical representations of the acreages that are expected to be developed by years 2025, 2030, and 2035, respectively.

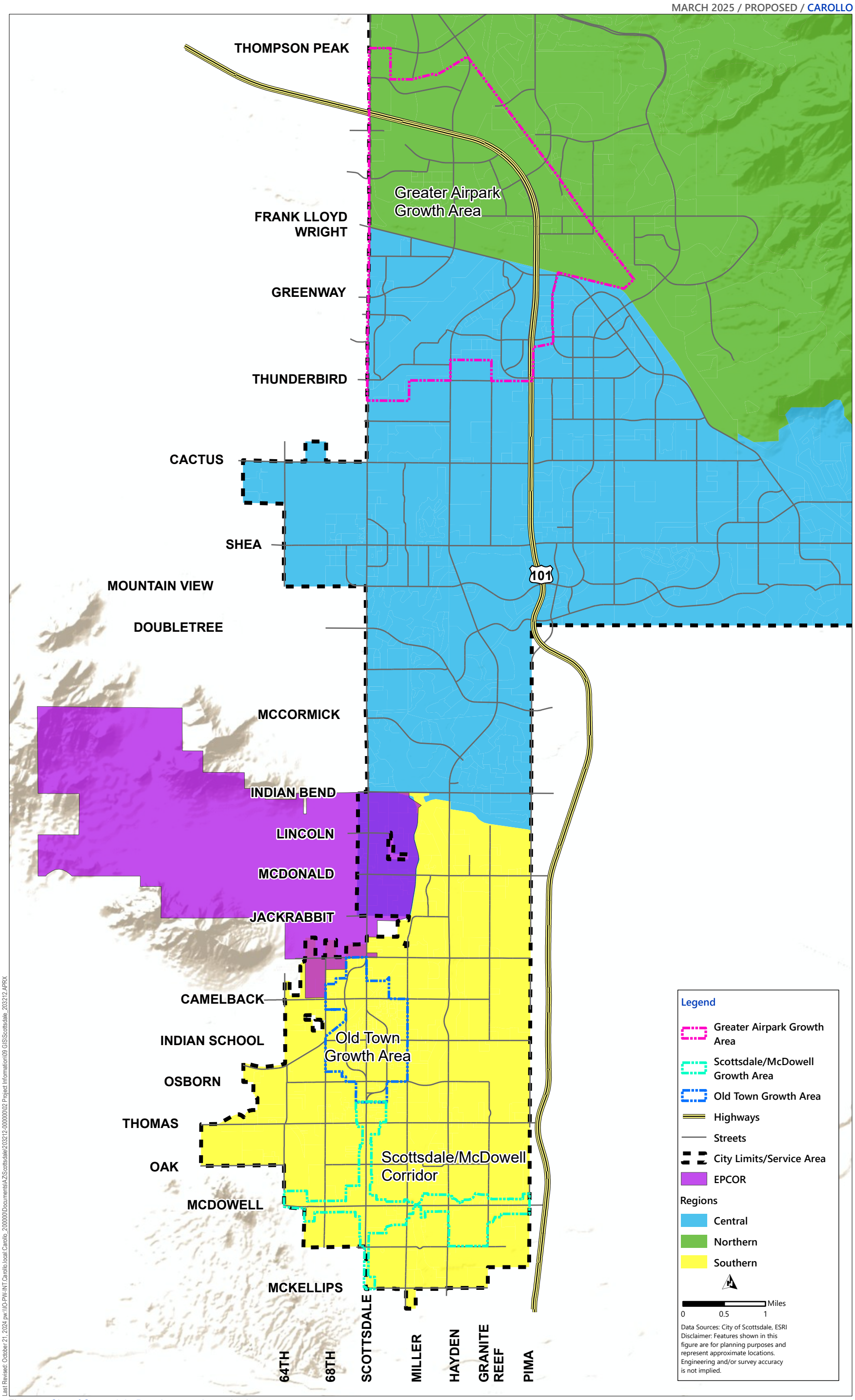

Figure 7 City of Scottsdale Development Intensity Areas

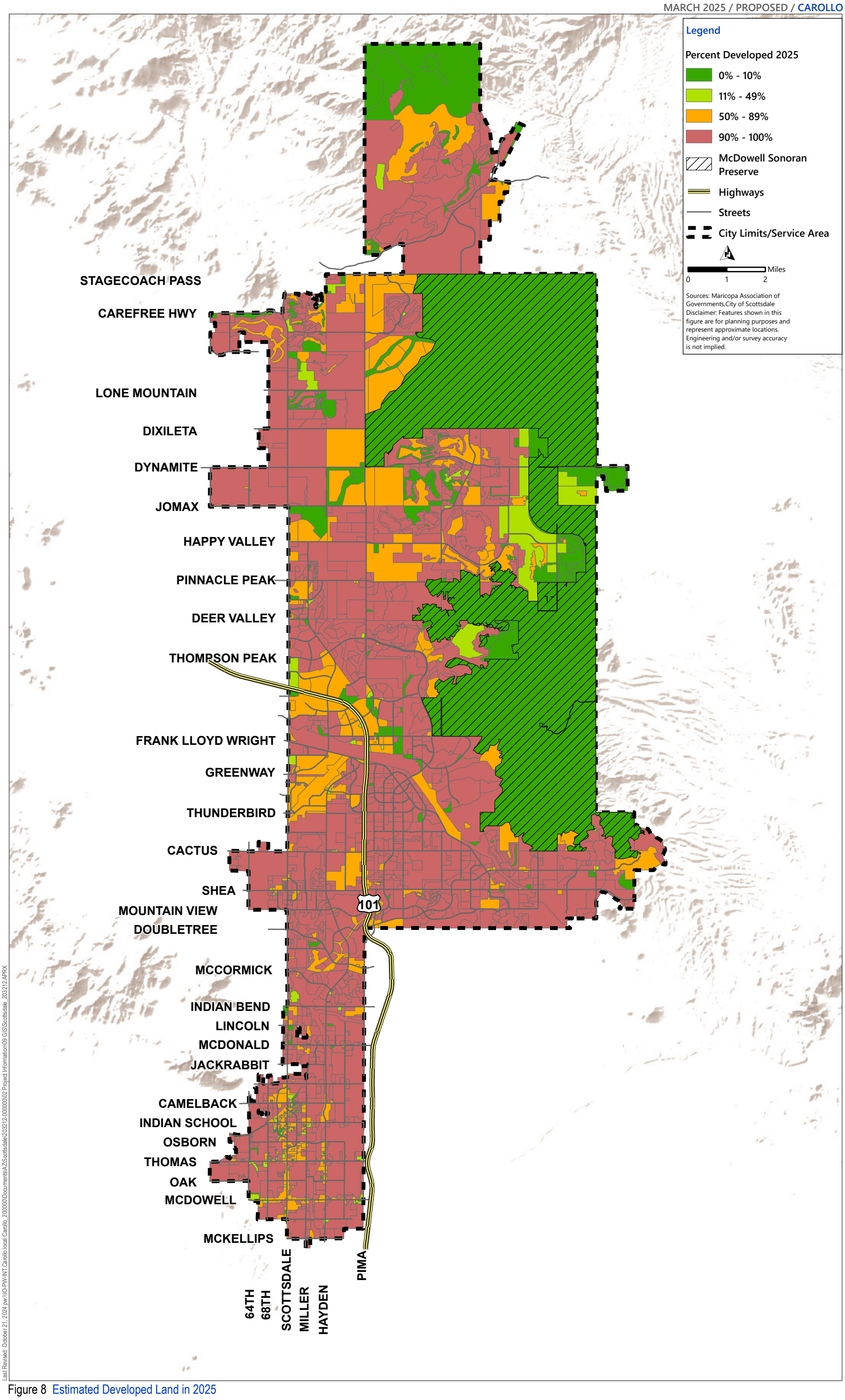

Figure 8 Estimated Developed Land in 2025
CITY OF SCOTTSDALE
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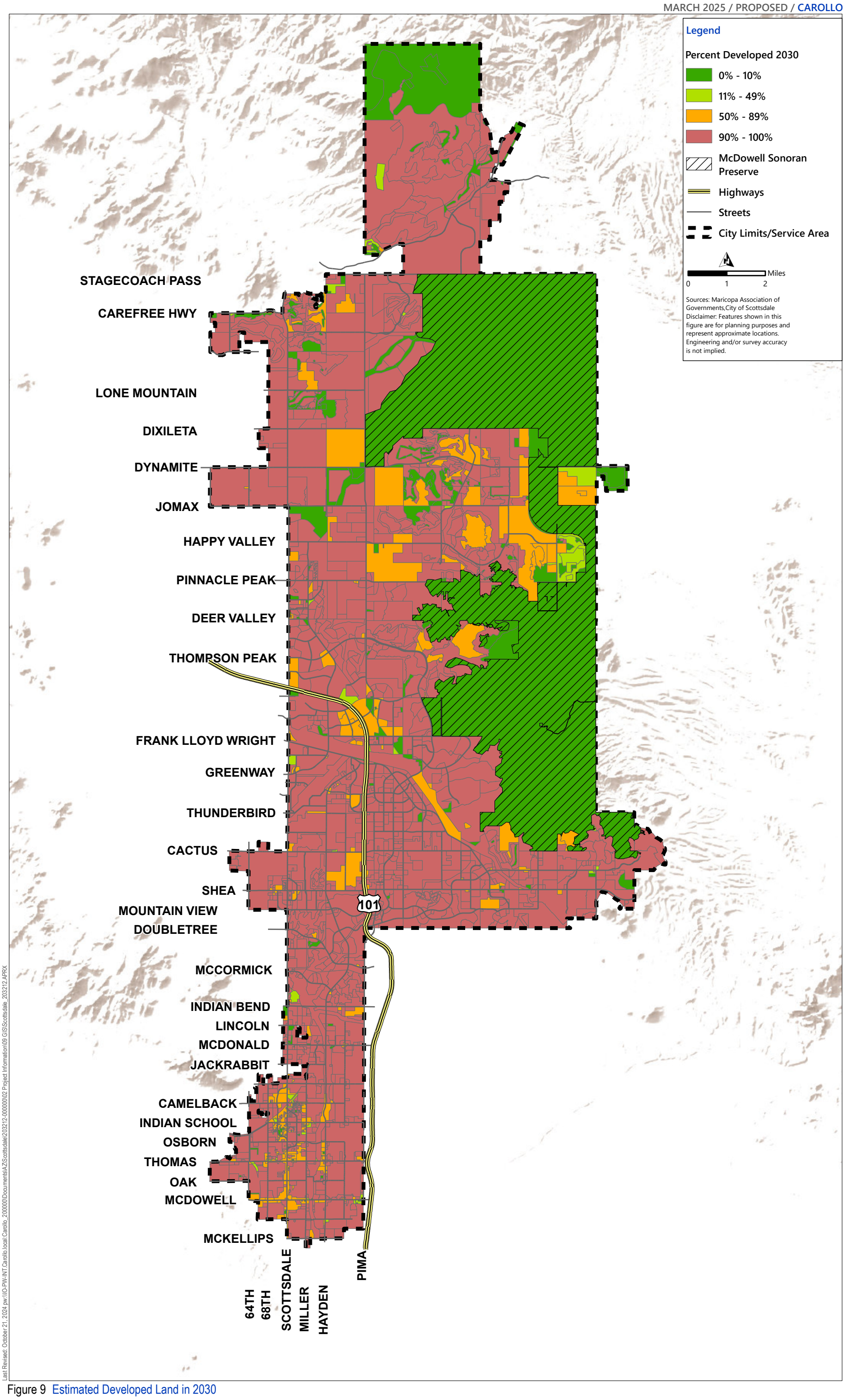

Figure 9 Estimated Developed Land in 2030
CITY OF SCOTTSDALE
2025 LUA, IIP AND DEVELOPMENT FEES UPDATE

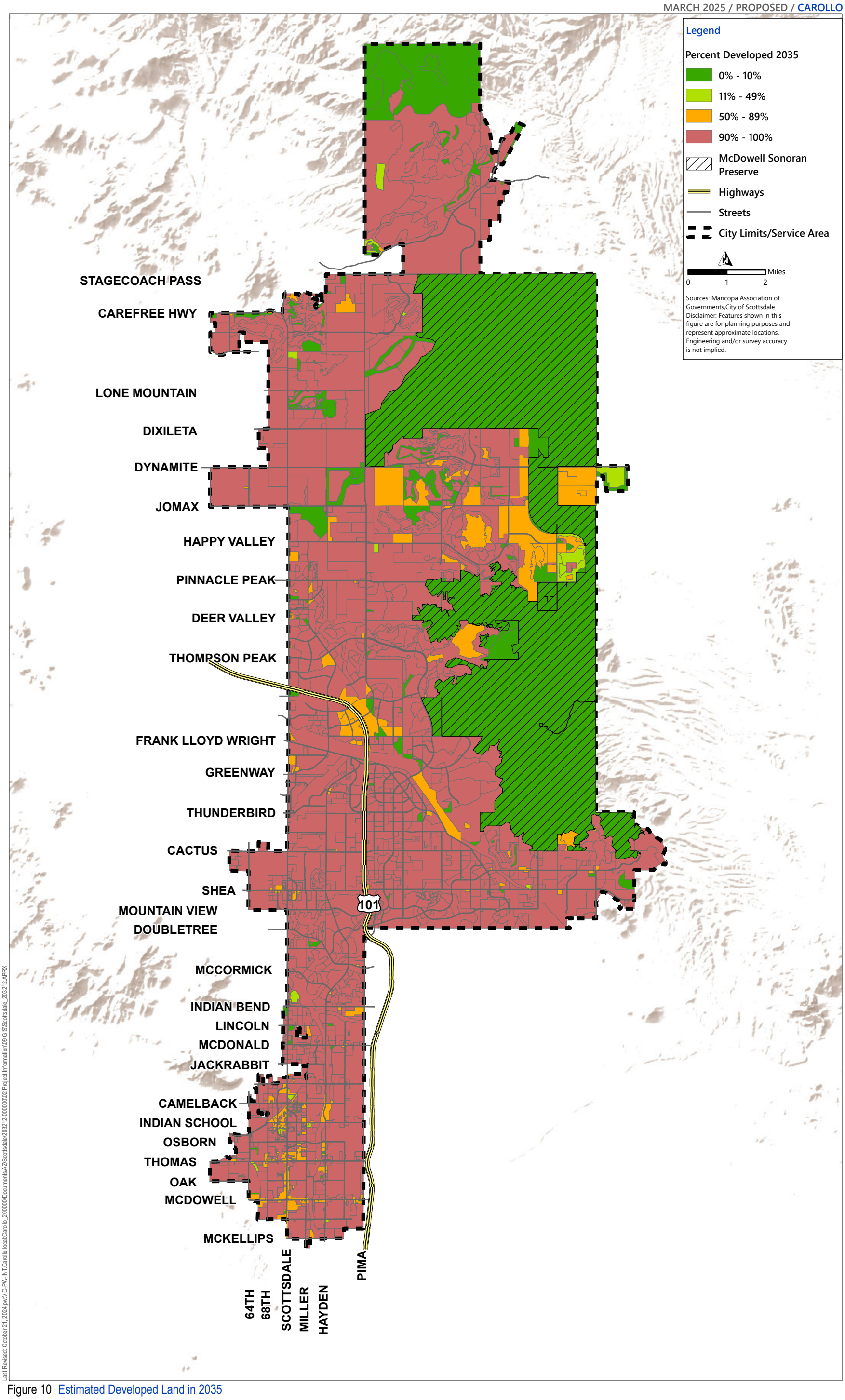

Figure 10 Estimated Developed Land in 2035
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3.2 Additional Factors Impacting Land Use Planning

Arizona Governor approved legislation occurred in 2024 that will potentially impact growth, water use and wastewater flow generation in the City. These include the following House Bills (HB):

- **HB2297** – Mandates that cities with populations of at least 150,000 people to convert up to 10 percent of their commercial, office, or mixed-use buildings into multi-family residential units.
- **HB2720** – Mandates that cities with populations of at least 75,000 people to adopt regulations that authorize construction of accessory dwelling units (ADUs). It also stipulates that ADUs are allowed on all lots or parcels zoned for residential use in a city or town without any limits if a city or town does not adopt development regulations by January 1, 2025.
- **HB2721** – Mandates that cities with populations over 75,000 people permit the development of duplexes, triplexes, fourplexes and townhomes in single-family residential areas within a mile of central business districts. It also allows for 20 percent of new single-family housing developments of 10 acres or more to include these "middle housing" types. Cities and towns must adopt new zoning code provisions to implement this law by January 1, 2026 or these housing types will be permitted without restriction.

This legislation will likely increase water demands and wastewater flows as a result of growth that was not previously contemplated by the City's General Plan Land Use designation definitions or within the MAG data projections. While the potential for increased water demands and wastewater flows are acknowledged, no factors or adjustments to the MAG data were performed in the 2025 LUA to account for this because there is not sufficient data available at this time to do so. It is anticipated that the City's next LUA may have data available to incorporate these factors into the growth assumptions.

SECTION 4 WATER DEMAND AND WASTEWATER FLOW SUMMARY

Water demands and wastewater flows were developed in the 2022 IWRMP using the City's water customer billing data, water production records, and wastewater flow monitoring data. Average annual water demand and average annual wastewater flow projections were prepared for the areas expected to develop in each planning period by adjusting the 2022 IWRMP projections using the MAG data. For the 2025 LUA, water billing data from 2023 and 2024 was used to estimate water demands and wastewater flows for year 2024 to form a basis for the year 2025 through 2035 MAG projections.

4.1 Water Demand Projections

A summary of the water demand projections by Regional Planning Area for years 2025, 2030, and 2035 is provided in Table 4. The "Outside Scottsdale" demand includes assumed deliveries to customers and water companies outside the City as described in Section 1.1. Over the 10-year planning period between years 2025 and 2035, the City's average annual water demand is expected to increase by 6.3 million gallons per day (mgd).

Table 4 Average Annual Water Demand Projection Summary

Regional Planning Area	Year 2025 (mgd)	Year 2030 (mgd)	Year 2035 (mgd)
Desert Mountain	2.4	2.5	2.6
Northern	23.1	24.8	26.6
Central	27.9	28.2	28.6
Southern	16.8	17.7	18.7
Outside Scottsdale	1.1	1.1	1.1
Total	**71.3**	**74.3**	**77.6**

4.2 Wastewater Flow Projections

A summary of the wastewater flow projections by wastewater flow basin is provided in Table 5. Over the 10-year planning period between year 2025 and year 2035, the City's average annual wastewater flows are expected to increase by 2.2 mgd.

Table 5 Average Annual Wastewater Flow Projection Summary

Flow Basin	Year 2025 (mgd)	Year 2030 (mgd)	Year 2035 (mgd)
Basin 1	10.2	10.6	11.1
Basin 2	3.9	4.0	4.1
Basin 3	1.5	1.7	1.8
Basin 4	2.1	2.4	2.7
Basin 5	4.7	4.8	4.9
Total	**22.4**	**23.5**	**24.6**