

---

This document was created from the closed caption transcript of the February 2, 2021, 2021 City Council Regular Meeting and has not been checked for completeness or accuracy of content.

A copy of the agenda for this meeting, including a summary of the action taken on each agenda item, is available online at:

<https://www.scottsdaleaz.gov/Assets/ScottsdaleAZ/Council/current-agendas-minutes/2021-agendas/04-20-21-regular-and-work-study-agenda.pdf>

An unedited digital video recording of the meeting, which can be used in conjunction with the transcript, is available online at:

<https://www.scottsdaleaz.gov/scottsdale-video-network/council-video-archives/2021-archives>

For ease of reference, included throughout the transcript are bracketed "time stamps" [Time: 00:00:00] that correspond to digital video recording time.

For more information about this transcript, please contact the City Clerk's Office at 480-312-2411.

---

#### **CALL TO ORDER**

[Time: 00:00:01]

Mayor Ortega: Good evening. I call to order the April 20<sup>th</sup>, 2021 city council regular meeting to order. City Clerk Ben Lane, please conduct the roll call.

#### **ROLL CALL**

[Time: 00:00:13]

City Clerk Ben Lane: Thank you, Mayor. Mayor David Ortega.

Mayor Ortega: Present.

City Clerk Ben Lane: Vice Mayor Betty Janik.

Vice Mayor Janik: Present.

City Clerk Ben Lane: Councilmembers Tammy Caputi.

Councilwoman Caputi: Here.

City Clerk Ben Lane: Tom Durham.

Councilmember Durham: Here.

City Clerk Ben Lane: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Ben Lane: Linda Milhaven.

Councilmember Milhaven: Here.

City Clerk Ben Lane: Solange Whitehead.

Councilwoman Whitehead: Here.

City Clerk Ben Lane: City Manager Jim Thompson.

City Manager Jim Thompson: Here.

City Clerk Ben Lane: City Attorney Sherry Scott.

City Attorney Sherry Scott: Here.

City Clerk Ben Lane: Acting City Treasurer Judy Doyle.

Acting City Treasurer Judy Doyle: Here.

City Clerk Ben Lane: City Auditor Sharron Walker.

City Auditor Sharron Walker: Here.

City Clerk Ben Lane: And the Clerk is present. Thank you, Mayor.

Mayor Ortega: We have Scottsdale police officer Tony wells, as well as firefighter Josh porter in attendance if anyone requires their assistance. We will begin with the Pledge of Allegiance.  
Councilwoman Kathy Littlefield.

Councilwoman Littlefield: I pledge allegiance to the flag of the United States of America, and to the Republic for which it stands: One nation under God, indivisible, with liberty and justice for all.

**MAYOR'S REPORT**

[Time: 00:01:31]

Mayor Ortega: Well, I will begin. Tragically, earlier this month, Molly Lillard, a young mother was shot and killed by her husband here in Scottsdale. Let's start with a moment of silence for Molly who was taken from this world far too soon. Rest in peace, Molly.

Arizona has experienced a more than 170% increase in domestic violence homicides since the beginning the pandemic. If you or someone you know is experiencing domestic violence please seek help from the Scottsdale police or contact the Chrysalis shelter at 602-944-4999. Or at noabuse.org.

Well, this Thursday, we celebrate Earth Day. Last week I helped to plant some trees in Zuni Park with Vice Mayor Janik, and Councilwoman Littlefield and Councilwoman Whitehead. And commemoration of our tree USA designations. We have many more events for the public to join in in celebration. So let's look at the scheduled events through the end of the month. Please go to Scottsdaleaz.gov and search sustainable Scottsdale for more details.

### **PRESENTATIONS/INFORMATION/UPDATES**

[Time: 00:03:49]

Mayor Ortega: The first presentation will be the Mayor's committee on employment of people with disabilities scholarship awards. The presenter is Sharon Cini, Diversity and Inclusion Manager.

Diversity and Inclusion Manager Sharon Cini: Good evening, Mayor Ortega and city councilmembers. We are excited to bring you a very special video prepared bit members of the Mayor's committee to honor this year's scholarship recipients. Kelly, please play the video. Thank you.

Video: Initiated more than 35 years ago by Mayor Herbert Drinkwater and supported by every Mayor afterwards the committee's mission is to foster the abilities. This provides opportunities for financial aid, preparing them for successful careers in their chosen field. Their stories not only include themselves as college students, but includes the additional struggles that it takes to overcome learning disabilities, physical or cognitive disabilities. Dozens of scholarships have been provided to eligible students who have demonstrated outstanding initiative in leaving with a disability and to hem them improve their class work in school. With the cost of tuition skyrocketing we have awarded over \$25,000 with considerable generosity by the Gila River Indian community. Thank you for your ongoing support.

We are proud to announce the 2021 scholarship awards for students who have shown enthusiasm, and self-determination for a future they dream of. The seven students have persevered despite the COVID pandemic. They stay motivated to complete school because they envision receiving their degrees at a major university once completing their programs at local community colleges.

Three students were chosen to receive a \$2,000 scholarship. Diana Ortega, currently attends Scottsdale Community College and hopes to become an interior decorating using her

entrepreneurial spirit to some day start her own business. Casey Veatch currently attends Mesa Community College and will use his skills of creativity to become a video game developer. Daniel Likti is a senior at Saguaro High School and plans to attend Scottsdale Community College and is planning on working in the medical field as a future audiologist. Daniel says just because you have a disability you can still live out your dreams. Here's a short video from Daniel.

My name is Daniel Likti, I was diagnosed with Asperger's syndrome when I was 12. I'm currently working on my community scales and I've started SCC in the fall of 2021. I will be getting my associate's in fine arts there. And then I will be transferring to A.S.U. where I will complete my degree in audiology. Thank you for this opportunity. I will not let you down. When I get this scholarship, this will help pay for my S.C.C. bills.

Four students were chosen to receive \$1,000 scholarships. First is Michelle Spencer, currently attending Scottsdale Community College and has a determination not only to be a nurse, but would like to earn her master's degree in nursing someday. She's a mother of two daughters and knows that she has what it takes to reach her goals. She's currently maintaining a 3.5 G.P.A. Next is Brian Swyers, currently attending Scottsdale Community College. We have another great video from our next scholar, Tionne Taylor. Tionne attends Scottsdale Community College, leading her way with an entrepreneurial spirit with hopes to earn a degree in social media.

I'm Tionne Taylor, and I'm grateful to be awarded this scholarship. I acknowledge the people who want to advance in their career thank you.

And the last 1,000 scholarship is Carmen Vidal. Carmen attends Scottsdale Community College and is working on a degree in sociology. She's a mindfulness coach and is now taking the plunge to return to school. She says this financial award came at a crucial time and I'm grateful for receiving this scholarship. On behalf of the Mayor's committee on employment of people with disabilities and the city of Scottsdale, we would like to thank those individuals with disabilities who have given everyone in our community outstanding examples of courage and perseverance. Please wish these scholars continued success in their education and reaching their future career ambitions.

Mayor Ortega: Excellent. Thank you for that report and commitment of our community. And good luck to each of those scholarship recipients.

#### **PUBLIC COMMENT**

[Time: 00:09:39]

Mayor Ortega: Next we have public comment. Public comment occurs at the beginning of the meeting and it allows citizens so call in and ask for a speaking opportunity. The subjects are not on the agenda. And would not be within our jurisdiction. So that's the requirement to make a public comment. At this point, I would open it for public comment and ask staff to feed them through.

Management Associate Shane Stone: Thank you, Mayor Ortega and members of the city

council, this is Shane Stone from the city manager's office. First non-agendized public comment is coming from Mr. Ganz. Mr. Ganz, please press star six on your device and begin your public comment.

[Time: 00:10:28]

Craig Gantz: Thank you. I appreciate that. Mayor Ortega and members of the city council, my name is Craig Ganz and I serve as a member at large of the board of directors for a nonprofit, specifically Scottsdale Aquatic Club or SAC as it's more commonly known. I'm the daughter of a 14-year-old daughter who swims with SAC. While not quite as hold as the rusty spur or the coach house tavern, we are proud of our 55 year history in the city of Scottsdale. We have grown over the years to a club with some 500 swimmers that represent Scottsdale, the country and indeed the world over. The vast majority of our members are Scottsdale families or those who attend Scottsdale unified school district. We provide programs at all four of Scottsdale's pools from north to south.

We have sent numerous swimmers to the Olympic games and not too long ago, the head of USA swimming sent the city of Scottsdale a letter on behalf of the role that we play. Our families couldn't be prouder or prouder ambassadors for Scottsdale. All of this in our superb relationship with the city over the years would seem to be cause for celebration.

Instead, our nonprofit organization is now spending precious time and resources often in the form of volunteer hours to fend off bullying of the city of Scottsdale by a for-profit swim club that's seeking to disrupt all that has been good and right with nonprofit organizations and public facilities in this great city. It's not a Scottsdale-based entity that I'm referring to, but rather a Phoenix-based for-profit named Neptune who sued the city and lost. They have tried to bully Scottsdale to gain greater access to the pools while using SAC as ancillary punching bag. This encroachment into our city lies directly with the fact that Neptune has lost access at the Jewish community center, the village health clubs and other properties over the years. Neptune has been offered access at Scottsdale pools including El Dorado where SAC served the city's residents, but they refuse to your constituents in south Scottsdale or take the offer because they want to displace our Scottsdale-based organization and cherry pick pool time and residents from north Scottsdale. The litigation is wrong on so many levels.

As was a recent Scottsdale progress article, that another SAC parent will be responding to. Again, using SAC as a proverbial punching back. The rates are comparable to what other cities charge. The work SAC does for and with the city's facilities speaks for itself. On behalf of our hundreds of Scottsdale families would want to extend our future and existing relationship with the city, not take a step back at the for-profit greed. We cannot say how good our multiyear relationship with Scottsdale and our staff has been, and we would like nothing more than to say this again 55 years from now. Thank you for listening and your consideration on behalf of our families and the Scottsdale residents.

Management Associate Shane Stone: Our next public comment will be coming from Ms. Warfield. Please hit star six to unmute your device and begin your public comment.

[Time: 00:14:09]

Amanda Warfield: Hello, everyone. Thank you. My name is Amanda Warfield. I'm a small business owner. I own a salon and barbershop in old town Scottsdale. I wanted to jump on here real quick and say thank in regards to the Kinsey project that it went through. As we all know in life, forward motion directly reflects the progress and the growth which is exactly what this project was. So Phoenix is the fifth or sixth largest city in the United States. So what would be the expectation otherwise if not progress? So my staff and I are very grateful. We thank you guys that you listened to us and you really saw this project for what it can bring, not only to businesses but to residents and all year long. This really meant a lot to us.

As we come out of that pandemic, as we make it a point to bill and grow what was shut down and breathe life back into, it I think this was a huge significant step in that direction from the bottom of my heart, and on behalf of me, my staff, and some of my clients who are residents in this area are very excited and I appreciate you so much. We look forward to working together and moving forward on other projects. Thank you.

Management Associate Shane Stone: Mayor Ortega and members of city council, that concludes non-agendized public comment for this meeting. Thank you.

Mayor Ortega: Thank you. Well that, will close the public comment.

## **MINUTES**

[Time: 01:16:02]

Mayor Ortega: Next we have approval of the minutes, specifically the work study session minutes of March 23<sup>rd</sup>, 2021. Are there any revisions and do I have a motion for approval of the minutes?

Vice Mayor Janik: I make a motion to approve the minutes the work study session of March 23<sup>rd</sup>, 2021.

Councilwoman Caputi: Second.

Mayor Ortega: Thank you. We have a motion by Vice Mayor Janik and seconded by Councilwoman Caputi. Please register your votes.

## **CONSENT AGENDA**

[Time: 00:16:45]

Mayor Ortega: Thank you. Next, we have consent agenda items 1 through 15. We did not receive any requests for public comment on the consent agenda items. Do we have a motion to approve the consent agenda items 1 through 15?

Councilwoman Littlefield: Mayor so move.

Mayor Ortega: We have a motion from Councilwoman Littlefield.

Vice Mayor Janik: Second.

Mayor Ortega: And seconded by Councilwoman Whitehead. Any discussion? All in favor, please register your vote. Thank you.

#### **ITEM 16 – ANTI-DISCRIMINATION ORDINANCE**

[Time: 00:17:32]

Mayor Ortega: We will move on to item 16, antidiscrimination ordinance. Our presenter is Sharon Cini, diversity and inclusion manager.

Diversity and Inclusion Manager Sharon Cini: Good evening, Mayor Ortega and city councilmembers. I'm Sharon Cini and I'm the director of diversity and inclusion. We are pleased to bring forward an antidiscrimination ordinance for the city of Scottsdale. I will go over the key points of ordinance and after our team is prepared to answer any questions you may have. Let's begin the presentation. First slide, please.

Tonight's agenda involves a motion to adopt ordinance number 4497. The Scottsdale antidiscrimination ordinance. There are two options for your consideration tonight, and I will talk about both in my presentation. These options are based upon previous direction from your March 23<sup>rd</sup>, work study session. Since then both the veterans advisory commission and the human relations commission have provided new recommendations for your consideration which I will discuss shortly. Next slide.

The Scottsdale antidiscrimination ordinance represents a public commitment to the concept of fairness and equity in our community as well as action for compliance. The ordinance proposed will require local businesses and employers to comply with the law, provide a mechanism for responding to complaints and subject violators to civil prosecution. Next slide.

Here are the sections of the ordinance in two separate areas. First the ordinance will be applicable to our city government and will cover employees, volunteers, contractors, vendors, consultants, elected and appointed officials. The other section involves the protections that will be extended to the Scottsdale community, including businesses who serve the public, employers and public health. Next slide.

Now to the question of veterans or U.S. military service as a protected class. Similar ordinances in some of our peer cities including Mesa and Tempe, include veteran status as a protected class. At the April 7<sup>th</sup> meeting, the veterans advisory commission voted to rescind the prior recommendation regarding the antidiscrimination ordinance. It no longer recommends that veterans and others related to veteran be a protected class under the ordinance. A key point in rescinding the previous recommendation was that we are not aware of any cases of

discrimination against veterans or those in uniform. The veterans group had discussed this matter did not think it was necessary at this time. Next slide.

Referencing the rescinded version. The H.R.C. voted unanimously to recommend that the city council adopt the proposed antidiscrimination ordinance which includes race, color, religion, sex, national origin, age, sexual orientation, gender identity, or disability as protected classes. This would be option a before you tonight. The key change from the HRC's previous recommendation was to remove the military veteran status by those protected by the draft ordinance. Next slide. Next slide. Previous slide.

With those recommendations in mind, the staff has proposed two proposed ordinances. Option a prohibits discrimination based on actual or perceived, race, color, religion, sex, national origin, age, sexual orientation gender identify, or disability. And option b includes the United States military as a protected class. It is important to note that first amendment and other state and federal rights protections or privileges are not impacted by this ordinance.

Next are several points of clarity and modifications we made. The relevant Internal Revenue Code sections has been modified regarding bone fide protection clubs. It's referenced as 501(c)(7), instead of 501(c)(3). It was determined to be technically unnecessary even though this type of provision is common elsewhere in the city code. The housing exception was clarified as it relates to roommates from a private home. The exception covers situations involving the section of a person to be occupied by the person in the home. Next slide.

If ordinance number 4497 is adopted today. The staff will reach out to the business community and reach out to city employees, volunteers appointed officials and contractors, vendors and consultants to educate and inform them about the ordinance prior to the effective date. Next slide. That concludes the staff presentation. We are here to answer any questions you may have or provide any clarifications. Thank you.

Mayor Ortega: Thank you very much. At this point, I will say there are 14 requests to speak on this item and I believe we will go into those requests and public comment right now. I'm aware that former city Councilmember Virginia Korte would like to speak as one of the 14. At this point, I will turn it over to staff for bringing them forward. Thank you.

Management Associate Shane Stone: That is Shane. And first comment is coming from Councilwoman Korte. Please press star six on your device to begin your public comment.

[Time: 00:24:53]

Virginia Korte: Good evening Mayor and councilmembers, this is Virginia Korte, I live at 8022 east Gail road in Scottsdale. Tonight's decision to pass an antidiscrimination ordinance, an ordinance, all about equal treatment for all people, is a culmination of years of work and passion by many. And I really admire the council's courage to discredit the myths surrounding an N.D.O. This is not about restricting religion freedoms and it's not a solution looking for a problem. And this is not an undue burden on businesses. In spite of a former political leader believing that discrimination does not exist in Scottsdale, we must know that Arizona ranks the fifth highest for



reporting hate crimes against the LGBTQ people and Scottsdale is part of that.

This is good for business and good for the business of Scottsdale. Doing show will everyone who lives and works and plays here. It will promote goodwill and raise positive brand awareness. This ordinance is about equal treatment for our people and it's in complete alignment with our Scottsdale values. I look forward to a positive outcome tonight in creating a safe community for everyone. Thank you.

Management Associate Shane Stone: And our next public comment will be coming from Mr. O'Connor to be followed by Rabbi Kravitz. Mr. O'Connor, please press star six to begin your public comment.

[Time: 00:26:53]

Jim O'Connor: Thank you. This is Jim O'Connor, resident of Scottsdale and recently elected member of our state's Arizona Corporation Commission. I have been a 21-year resident of Scottsdale residing at 2959 East Topeka Drive, Scottsdale, 85255. Mr. Mayor and respected members of the council, as an elected public servant myself, there's certain things in public office that we are charged by a city charter or a state constitution in my case to do. And there's certain limitations on what we are permitted to do.

I would urge strongly that the seven of you please consider the following. This particular ordinance is turning the world of Scottsdale residents inside out, outside down. With respect to those that leave those things need to be protected, this is nothing against anyone there. However, I posit that the city council is not charged and does not have the authority -- I know that may be difficult to hear as an elected official, do not have the authority to make a thing like this mandated on the voters of Scottsdale. What I would respectfully recommend is that this be brought to the voting members our great city, and let the public vote. If the public votes 50% plus one to bring this in, then so be it. And if they fail to do that, then so be that as well. Thank you for listening and God bless you all in your decision making. Good evening.

Management Associate Shane Stone: And our next public comment will be coming from Rabbi Kravitz and that will be followed by Mr. Williams. Rabbi Kravitz, please press star six on your device to begin your public comment.

[Time: 00:29:22]

Rabbi Kravitz: Mayor and council, I'm Rabbi Kravitz, I reside at 9606 East Gold Pan. And I offer my strong support that would protect everything in Scottsdale from discrimination, including the LGBTQ people. Ensuring a Scottsdale that celebrates, respects and protects everybody is both the morally right thing to do and it's good for business. Protects people from discrimination is about treating others as we want to be treated. A Biblical ordinance that many have adopted ages ago.

Today Scottsdale ordinance is about equal treatment. The principles of nondiscrimination are rooted in American values, fairness, equality and opportunity. We say with liberty and justice

for all, not some. All hard-working people, including those who are LGBTQ want to do their jobs and provide for their families. None should have to live in fear that she could be legally fired, evicted from their homes or kicked out of a business just for being who they are.

As it exists today, people in the city of Scottsdale can be fired from their job, can be denied housing and can be refused services from being gay or transgender. That's not only morally wrong but it's bad for Arizona's economy. We should not be putting up barriers 94% of Fortune 500 companies already have antidiscrimination policies that include sexual orientation and gender identity. It's finally time for Scottsdale to have our own antidiscrimination ordinance. I want to live in a community that remains competitive, attracts the best talent and has a strong economy and is vibrant.

As our governor often says, Arizona is open. Scottsdale must also be open for business and lodging and employment, open to everyone. This antidiscrimination ordinance will make it so. Thank you, Mayor and councilmembers for studying this issue carefully. I look for your positive vote for inclusion, harmony and nondiscrimination for all of us in Scottsdale. Thank you for your consideration. Good evening.

Management Associate Shane Stone: And our next public comment will be coming from Mr. Williams, to be followed by Ms. Wiite. Mr. Williams, please press star six on your device and begin your public comment.

[Time: 00:32:10]

Andrew Ponder Williams: Hi, friends. Thank you so much for the opportunity to speak with you. My name is Andrew ponder Williams and I'm a resident of north Scottsdale. I'm also a minister in united church of Christ and I work with students at Arizona State University as a campus minister. I'm also an LGBTQ American.

My husband and I have lived in Scottsdale now for three years, and I just want to share with you that this is our favorite place by far. We feel like we are meaningful members of this community. We sense respect and appreciation and meaningful relationship with our neighbors. The work that you are doing is transformational and important and our community progressing and becoming more inclusive as I believe Christ would want us to be inclusive as a minister, but it's also who we are. This is -- for my husband and I, the nature of the work that you are doing visits who Scottsdale is. And will only help Scottsdale grow in its tolerance and be a role model for our state and region and where we engage one another.

I can speak as a minister, especially one who is openly LGBTQ, because a lot of people reach out to me with religious trauma and other past experiences that this kind of ordinance is so important because when people are coming out and they are living in their full self, their true selves, any kind of experience in this there's open discrimination and they don't have access to support or healing or connection leads to really severe times of emotional fear and struggle. And it holds people back from their full potential that I believe God has dreams of for each of them. So this work that you are doing will help us to continue to be an incredible community. Aspiring to be inclusive in all the ways we can but it will help us to live in our full potential and

contribute to our community. Thank you for all you do and for your time.

Management Associate Shane Stone: And the next public comment is to be from Ms. Wiite. Ms. Wiite, please press star six on your phone and begin your public comment.

[Time: 00:35:00]

Lauren Wiite: Good evening Mayor and city council. I'm speaking tonight in support of the antidiscrimination ordinance. I work in Scottsdale. I work in Axis. I work in the lucrative technology industry. If attracting high-level talent wasn't hard before the pandemic, we're competing with Silicon Valley salaries, after all, the globalization of remote teams has made it even more challenging. Even in tech with a mostly remote workforce, it matters where your headquarters are and the related local policies. Ensuring that our employees have rights and protections in and outside of our office walls it critical to our growth and the growth of Scottsdale. I thank you so much for your consideration tonight.

Management Associate Shane Stone: And our next public comment will be following from Ms. Morrison, to be followed by Ms. Jandacek. Ms. Morrison, please press star six to begin your public comment. Ms. Morrison, we can't hear you. It looks like you are muted. Please press star six.

[Time: 00:36:30]

Chelsea Morrison: Are you able to hear me?

Management Associate Shane Stone: We can hear you now.

Chelsea Morrison: Hi, Mayor Ortega and members there tonight. I don't know live in your city. My husband and I actually live in Phoenix. But when there is not a pandemic going on, we spend a lot of time in our city. We spend time at the grossly stores, shopping, our friends live there. Some of our medical care is in your city and we also happen to have a child who falls into the LGBTQIA umbrella.

Y'all being able to pass something like this lets all Arizonans know that come into their area know that they are safe and protected. And there was a person who said this was shaking the town upside down. No one is trying to change anything. What we are trying to do is let everybody know that they are safe and that they are respected. And I want to spend someone, knowing that a town that my family is not even worth the respect of saying hey you are protected. We want you to feel safe here, know it, and come in. I want you to just not consider this for your residents. This affects all the people that live in Arizona. I'm so proud of y'all for doing this. Let's let all of our families know that we are safe and respected. Thank y'all so much for your time tonight.

Management Associate Shane Stone: And our next comment is coming from Ms. Jandacek. Please press star six on your device to begin your public comment.

[Time: 00:38:35]

Carmen Jandacek: Mayor and members of the city council. Thank you for allowing to speak. My name is Carmen Jandacek. Scottsdale has a long history of being a definition, of living, and tourist destination. It does not want to be categorized as a city that is comfortable with some of its residents and visitors not being treated equally. The majority of Arizonans believe there's quality in places of employment, housing and public accommodations for all in our state and that's not the case. You can still be denied housing and you can still be refused service just for being a member of the LGBTQ community.

In not adopting this ordinance -- by not adopting this ordinance, we would indicate that we are okay with that. This would leave us from the sights of businesses that look to recollect where the employees can have this protection. It's an indicator to the world how much of a destination we want to be. Only for some or for all?

It takes courage by members of our community such as each of you to bring this city forward. It continues to be an economic engine for Arizona. There are thousands of LGBTQ residents such as myself that call Scottsdale home. We want to be proud of our city. We want to thrive in a city where we don't have to worry about being treated differently for who we love. We need equal protections nothing more. Nothing less. Just equal.

Equal treatment is not partisan. Equal treatment is not about creating cities that allows all the citizenry the same ability to live in a nondiscriminatory way. No resident should have to fear a question of whether or not they will be served when they walk through the doors of a business. Nobody should be turned away simply because of who they are. We can't be held back. We can't be an outlier in a highly competitive world. We can't be discriminatory which is what we are today. I have confidence that you will not allow this discrimination to have residency in our city. Thank you.

Management Associate Shane Stone: And our next public comment will be Ms. Archer to be followed up by Mr. Czyz. Ms. Archer press star six on your device to begin your public comment.

[Time: 00:41:10]

Kari Archer: Good evening, Mayor Ortega. My name is Kari Archer, and I'm the general manager of the Scottsdale Marriott. I'm one of 150 business signers of an open letter in favor of the equal treatment policies for the LGBTQ people. The Marriott business council and I support the equal treatment that would be created in Scottsdale with the passage of the anti-discrimination ordinance up for council vote. I support this ordinance because I support a Scottsdale that is open for business to everyone. That is welcoming to everyone. And is inclusive of everyone.

I want to read a few lines of why we support the antidiscrimination ordinance. When it comes to attracting and top talent, we need all available tools in the toolbox. In Arizona, we are fortunate to have a lot of those tools, a great business environment, affordability and beautiful

climate and more. The critical equal piece is equal treatment for all residents. In very practical terms, in denying legal protection for those in the LGBTQ community, we risk losing talent and business to nearby states, Nevada, California, Colorado, and New Mexico. That offer the guarantee of equal protection under the law. Our lack of equal treatment is not only wrong but has a negative impact on economic sustainability and growth. It puts us at risk of reputational damage from discriminatory managers like SB-1062 that threaten the loss of large national events, such as the Super Bowl. Arizona can no longer afford to have unnecessary barriers in place that puts us at a distinct disadvantage.

Simply put, protecting people from discrimination is about treating others as we want to be treated. The principles of nondiscrimination are rooted in core American values of fairness, equality and opportunity. If we want to live in a place that remains competitive and attracts the very best talent and has a strong economy and a vibrant place to live, then we must also be open for business for everyone. I respectfully hope you will vote on the ordinance to create a more equitable and sustainable Scottsdale. Thank you for your time.

Management Associate Shane Stone: Mr. Czyz, please press star six on your device and begin your public comment.

[Time: 00:43:50]

Thomas Czyz: Can you hear me?

Management Associate Shane Stone: Yes we can hear you thank you.

Thomas Czyz: Okay. Thank you. Thank you Mayor Ortega and councilmembers this evening. My wife and are Scottsdale residents raising three wonderful daughters in the nation's most livable city and a city that we adore and that's supposed to be welcoming to all. Not just livable for cis gender straight residents but also for all LGBTQ friends and family that are part of our community and beyond the community as our Phoenix resident has said in her comments. I'm also a business owner in Scottsdale and I have been a business owner in the state of Arizona for over 20 years.

We have friends, families, clients, patients -- I'm a doctor by trade. And all of them deserve equal protection under the law, no matter who they love, who they chair for, no matter where they work. All of those protections must be emboldened. The LGBTQ community has been excluded from many of these nondiscrimination protections. It's important to repair that exclusion. It's the right thing to do and we appreciate this nondiscrimination ordinance.

I have members of my own family who live in Scottsdale and are a part of the LGBTQ community. And they deserve the same protections against discrimination as everyone else. When friends and family learn that LGBTQ is excluded from the nondiscrimination law. They are horrified by the right to discriminate against our family members and friends. This still exists as a loophole that some people do not want to close and this gap will repair the loophole in order for other to discrimination against someone else based on gender identity or sexual orientation. I want my children to grow up knowing here that they can't be fired for being gay or

transgender or refused service for simply being who they are and who they want to love. Why want them to live in fear or retaliation in their community. Excluding people and all people from the nondiscrimination causes significant fear and pain and harm. It causes LGBTQ people to live in the fear of losing housing, jobs and care for the right to walk down the street without being harmed or harassed simply for being a part of the community they love. Scottsdale is a safe and wonderful place to live and should be for all LGBTQ member of our community.

Our new company is based on equality and inclusion. It's hard as we grow our business to potentially live in a city that goes against the principles and the founding principles of our company. In order to grow our workforce, knowing our workforce is safe and a place to live and will not be discriminated against. Again, I hope you vote in favor of the antidiscrimination ordinance. I love living in Scottsdale.

Management Associate Shane Stone: Ms. Butler Christianson, please press star six on your device and begin your public comment.

[Time: 00:47:46]

Mindy Butler-Christensen: Good evening Mayor and members of the city council. Thank you so much for your service to our community. My name is Mindy Butler Christianson. I'm an attorney I have been a resident of Scottsdale now for nine years. I own a home here, and I actively vote in local elections. Most relevant to this conversation, I'm mother of three children. All of them have been raised here in Scottsdale. All of them have attended public schools and SUSD and one of them is a beautiful brilliant young woman who will identifies as a lesbian.

She's studying at a state university and getting straight as in their honors program. Rest assured Mayor and councilmembers, my daughter is exactly the kind of person and student that this city and SUSD schools would be proud to call their own. I as her mother am certainly proud to call her my own. Within the confines of my home, I worked tirelessly to foster my daughter's self-worth and I have taught her the importance of studying and contributing to her community. I have taught her to be a good person and to stand up for those who do not have a voice. After she came out as gay, in the beginning of high school, I tried to protect her from institutions and individuals that would threaten her rights or threaten her peace of mind. I have created an affirming atmosphere wherever I have had influence in her life. However, I cannot protect her from discrimination in the workplace. I cannot protect her from a homophobic landlord. I cannot protect her from business owners who would reject her for simply being who she is.

Only you as my elected leaders can do that. This may feel like a burden, but it is a burden that voters like me have trusted you to carry out. For the last several years I have done what I can to protect my child within the four walls of my home and now I implore you to do everything you can to protect her within the boundaries of our larger home, which is the city of Scottsdale. You have been asked to protect her dignity and other beloved LGBTQ people in our city. Please let's send a proper signal to our youth, our neighbors and the rest of the world, that we are welcoming, affirming community that respects the identity and the sexual orientation of all people. Thank you so much for your time. I appreciate it. Good evening.

Management Associate Shane Stone: Our next public comment will be coming from Mr. Davis to be followed by Ms. Harrod. Mr. Davis, please press star six.

[Time: 00:50:57]

Jarryd Davis: Good evening Mayor Ortega. I'm Jarryd Davis, and I'm speaking on behalf of Zillow group and on behalf of 170 employees located at 4343 north Scottsdale Road. I appreciate the opportunity to speak today, to voice the support for the antidiscrimination ordinance, ordinance number 4497. Zillow group is the largest online real estate marketplace and we lead a significant employee base, based out of our Scottsdale office located inside the Galleria Corporate Center in downtown.

Zillow believes that everyone deserves a safe place to call home, fair employment opportunities and live authentically, all three from discrimination. Nationally, we are an early supporter of the equality act in Congress and worked with state and local governments to add protections against discrimination on the basis of gender identity. Arizona Zillow is proud to be part of the Scottsdale business community with roughly 170 full-time Zillow team members living in or around the city. We centered the bulk of the business in the real estate operation out of our Scottsdale office and hope to continue to invest in the regions for decades to come. Articulating our support for the city's to provide inclusive protections for the area's LGBTQ residents is how we embody our corporate values and show up to advocate for all of our employees. Protecting our Zillow employees, their families and customers from discrimination is important to the long-term success of our business and the overall Scottsdale economy. Discrimination is bad for business and failing to pass these protections today could jeopardize the well-being, the safety or the economic longevity of hundreds of Zillow employees, their families and our real estate partners. For this reason and many more, Zillow respectfully urges the city council to adopt ordinance number 4497, the antidiscrimination ordinance and I would like to personally thank you for the opportunity to provide comments on this very important issue this evening. Thank you.

Management Associate Shane Stone: Our next public comment will be coming from Ms. Harrod, to be followed up by Mr. Andruet. Ms. Harrod, please press star six on your device and begin your public comment.

[Time: 00:53:22]

Cathi Herrod: Good evening, I'm Cathi Herrod and I am here on behalf of the Arizona Policy Center. I have frequently been in Scottsdale supporting retail businesses in Scottsdale. I would like to spend my time answering some of the unanswered questions posed by the ordinance.

City officials said you are not changing public restroom designations. You are changing who may be able to use these type of facilities. We continue to be concerned that the key problem is a lack of regard for the privacy of girls and women. The public changing facilities would be open to men, identifying as women, therefore threatening the privacy of young girls and the same would go for water parks and retail establishments. We are concerned about that.

The city has responded saying that there is nothing in the ordinance that would apply to adoption placements but similar ordinances in other jurisdictions have been forced to place children to choose between following government edict on child placement or following their beliefs. By this June, we will have a ruling from the U.S. Supreme Court in the Fulton case. It's unclear how the city can say that nothing in the ordinance would apply to a faith-based adoption agency. It would be with first amend freedom of speech and freedom of association and exercise of religion. They should provide examples of how that inclusion applies and what does it exactly mean.

Does it apply to a faith-based entity like a coffee shop connected to a church. Does it apply to shelters? Does it allow a religious entity to follow the teachings of their organization or does it require them hire people that will do not follow. And what does it do for the wedding venues.

I would respectfully request the city postpone the vote or put the ordinance to go to the people. But at a minimum, clarify with amendments that religious organization may require that all applicants and employees confirm and state that it does not compel any individual or business to create messages that do not violate their moral beliefs. They would like to see some significant changes in the ordinance that would not undo the purpose of which you stated for the ordinance tonight. Thank you very much.

Management Associate Shane Stone: Our next public comment will be coming from Mr. Andruet, to be followed by Commissioner Ertel. Mr. Andruet, please press star six on your device and begin your public comment.

[Time: 00:56:33]

Bastien Andruet: Good evening Mayor Ortega and members. My name is Bastien Andruet, I'm reaching out on behalf of Arizona Multihousing Association. It's located in Phoenix, Arizona. The AMA we just want to voice our support for option A, within the proposed antidiscrimination order this evening. By way of background, the AMA represents owners, operators in over 310,000 rental units across the state of Arizona and was pleased to see that the human relations commission and the veterans advisory commission recommended removing the military veteran status protected class from the ADO.

Should council adopt the ADO this evening, we encourage you to select option A. To be very clear, the AMA does not support non-condone housing discrimination in any form, especially those who have bravely served our country. The AMA and the many members proudly support veterans through various housing employment opportunities and the AMA provides routine educational courses for property owners and managers across the state on federal and state fair housing laws. As was stated by staff during the March 23<sup>rd</sup> work study session and reiterated during the April 7<sup>th</sup> meeting of VAC, extending this, creates a veteran status that's unnecessary at this time, as neither staff, the HRC or the VAC are aware of any discrimination against veterans in uniform in Scottsdale.

It would create a solution in search of a problem. That's why we believe creating this new class would open the door to a litany of frivolous lawsuits and given give the illusion that such



discrimination exists in the city. We respectfully request that you drop that without the veteran status class. Should you have any further questions, I remain at your disposal. Thank you very much.

Management Associate Shane Stone: And the next public comment is coming from Mr. Ertel. Please press star six on your device and win your public comment.

[Time: 00:58:37]

George Ertel: I'm George Ertel and I live at 11725 North 129<sup>th</sup> Way in Scottsdale. As I was listening to the other commenters, I'm reminded the story that Betsy Bayless would tell. Betsy Bayless was secretary of state for Arizona for a number of years. Prior to that she worked for a bank. She worked in the bullpen of a bank. And there was a time when she was sitting there and somebody came in and said, there's nobody here and the point that this American was making is there are no men there. The person was discounting the fact that there were only women there.

Well, as I read it, the antidiscrimination ordinance as proposed needs to be more inclusive. Only some of the identities would be protected. Now one of you sent me a list of complaints about discriminatory comments. Mentioned on that list is ethnicity. Yet ethnicity is not among the protected identities. Oh, we are just mirroring federal rules. Well, if you were reflecting federal rules, then why not include criminal history among the protected identities, the same way that HUD does and the answer I got oh, that's way too controversial. Well, this entire proposal is controversial. Controversy should not be an excuse for not doing the right thing. I'm told that identity is driven by employment and political affiliation need not be covered because it can be changed. I don't know what is more disrespectful, to avoid being discriminated, change your politics. But an identity driven by employment, it can be protected.

It appears the discrimination complaint administrator will be appointed and act outside of public scrutiny. The complainant gets 90 days to file. The administrator gets 45 days to act. But the respondent only gets 20 days from the date the administrator says the charge is put in the mail. And so-called mediation is offered by someone who has already decided who is at fault. It sounds like a stacked deck, doesn't it?

There's also the matter of free speech. And I would say freedom of living. But as one of the previous speakers said. We better see some examples here. Sections may be used to harass people for exercising their free speech and religious beliefs. If it is not passed tonight, it will look like the city does not support the LGBTQ. But if it does pass, it will look like only the council only supports the LGBTQ protections and not all the residents of Scottsdale, as it should --

Mayor Ortega: Thank you. We have given you an extra minute there.

Management Associate Shane Stone: And that concludes public comment on this item. Thank you.

Mayor Ortega: Thank you. At this point, I would like to go around. If there are some questions

before we come to a motion. Let me begin with Vice Mayor Janik and then Councilwoman Milhaven.

[Time: 01:02:49]

Vice Mayor Janik: Thank you, Mayor. If the veterans decide at a later date to add themselves to this ordinance, is it difficult to achieve had a?

Diversity and Inclusion Director Sharon Cini: Mayor Ortega: Mr. Stockwell will answer that question.

[Off microphone comments]

Mayor Ortega: You might check your mic. I'm not sure if it's on.

Assistant City Manager Brent Stockwell: How about that? I turned it off, rather than turning it on. Mayor Ortega and Vice Mayor Janik. Could you restate the question?

Vice Mayor Janik: The question is, if at a later date the veterans decide they want to be included in this ordinance, is it difficult to go back and add that? Or what is the process to do that?

Assistant City Manager Brent Stockwell: That specific question came up at the Veterans Advisory Committee and it's the same process of amending any ordinance. If the council would include veteran status or other statuses at a future date, could you do that very easily, through the normal processes you have to amend an ordinance. Thank you.

Vice Mayor Janik: Okay. Thank you. And I do have a comment to make. I think one of the values of our country is equal treatment for all under the law. I feel very pleased that Scottsdale is working and has been working on this ordinance and I'm very, very happy to support it. Thank you.

Mayor Ortega: Councilmember Milhaven and then Caputi.

[Time: 01:04:39]

Councilmember Milhaven: I'm so thrilled to be here tonight for this historic moment. It's been a long time in coming, but I express my thanks to all of the people who never gave up hope, and who continued to work hard to move this ordinance forward and I want to express my gratitude to my new colleagues who based on the conversations at the work study are going to be supporting ordinance tonight.

You know, lots of times people try to make this about religious beliefs and I want to share mine. I'm a Christian. I believe in a loving and merciful God who loves and protects all of his children and I think this ordinance is entirely in line with my religious beliefs. And lets the world know that Scottsdale is a safe place that respects all people and that we are open for business and welcoming to all.

With great gratitude to the community and everyone who worked hard with this, it is with great pride that I would like to make a motion to adopt ordinance number 4497, option a, prohibiting discrimination based on actual or perceived race, color, religion, sex, national origin, age, sexual orientation, gender identity or disability. Thank you.

Councilwoman Whitehead: I will second that.

Mayor Ortega: Would you like to speak to your second? And then we will go to –

[Time: 01:06:10]

Councilwoman Whitehead: Sure, thank you, Mayor. I will not try to be more eloquent than all the speakers I heard tonight. I'm enthusiastically supporting option A and the antidiscrimination ordinance and I want to thank a few people. I want to thank staff because we received many emails. We received an overwhelming amount of emails in support and also people who had concerns and staff did an excellent job under assistant city manager Brent Stockwell, responding to those concerns. Change is always scary. So congratulations to staff.

I definitely want to thank former councilwoman Virginia Korte, our LGBTQ liaison, Stan Slater and I want to thank all the speakers tonight and the business community. Wow, I just -- of course, it's obvious in retrospect, but wow, we hear from Scottsdale business community and in support. So thank you.

Mayor Ortega: Councilwoman Caputi.

[Time: 01:07:20]

Councilwoman Caputi: Thank you, Mayor. Yes, I also strongly support adopting, 4497 option a. As well I want to thank everyone who is a part of this many years long effort in making it happen. I as well want to give special recognition to councilwoman Virginia Korte, and our city staff and the committees who crafted this excellent piece of policy.

This is the right thing to do and the right time to do it. Supported by all of our major employers, our educational institutions and the majority of our residents who we have been flooded with letters of support from over last few weeks. It's good for business. It's good for tourism, and it's good for our Scottsdale brand.

I ran for this office to be a positive forward thinking member of the city council, and I'm grateful to be in the position to help make this antidiscrimination ordinance happen. We are sending a message to the world that Scottsdale is open to everyone. Scottsdale is a golden rule city. We put our words into deed and in our values. I'm proud to be serving on this city council today. Thank you.

Mayor Ortega: Councilman Durham.

Councilmember Durham: Thank you, Mayor.

We have had a number of comments from people tonight that this ordinance bridges constitutional rights including first amendment rights of speech and religion and it does not at all. I would not vote for it if it did. And the reason is if there's a conflict between the first amendment and this ordinance, the first amendment wins. The first amendment. And we have freedom of election act.

Some people have written emails to say that under this, a baker could be forced to bake a cake something that violates his or her conscience. And the Supreme Court has said otherwise and nothing that the city does can change that result. The Arizona Supreme Court has also ruled that calligraphers cannot create invitations to a same-sex weddings. And our ordinance, Section 15-17d protects the rights of religious organization to hire members of its own religion and that was a criticism that at least one caller made tonight and the ordinance allowed that practice to continue. So if there is conflict, between the religious beliefs and the Scottsdale ordinance, the first amendment will win. And so there is no conflict here.

We all have to live to work together and there's rough edges and we need to approach those edges with common sense and courtesy and on the issue of men and women's showers, I think and hope that the people of Scottsdale will exercise common sense and courtesy in the same way. I received one very insightful email from a female constituent and she said that in her experience, women have had much more to fear from heterosexual men than they do have transsexual women. And my experience in talking to women over my life, tells me that that is true. And nothing in this ordinance is going to change that.

Other jurisdictions have passed similar ordinances and as far as I can see, have not had the type of problems that many people in are worried about. If we have those problems, we will deal with them. I don't think Scottsdale will be any different in those regards and I will be voting for this ordinance. Thank you, Mayor.

Mayor Ortega: Councilwoman Littlefield.

Councilwoman Littlefield: I would like to echo what everyone has said, especially councilman Durham. It's true. We are not violating anyone's rights here and I would like to thank Sharon for all of your help and for all of your hard work in putting it together. You did a fantastic job. Thank you.

[Time: 01:12:33]

Mayor Ortega: Well, 20 years ago when I served as city councilman, we established the human relations commission. And the office of diversity. Today we are considering a comprehensive antidiscrimination ordinance, option a which is an inclusive code of conduct and three levels.

First is within the city municipal organization. The second level is within expectations of all residents customers and businesses in direct contact with the city of Scottsdale. To be fair, and for equal treatment. Finally, within expectations citywide, in our neighborhoods and in our business environments, and holistically as a city, we are a destination workplace and as a local, regional and international destination of choice.

Discrimination of any sort is an injury to our community as a whole. All businesses are required to register with the city, except for churches, religious groups, nonprofits and private nonprofit organization. This ordinance does not abridge their first amendment rights or privileges. So often when it comes to injustice, the Supreme Court has upheld human rights where Congress has failed to act.

As your city government, we are accountable and responsive to your community concerns and we respect and listen to everyone. As a municipal corporation, we are vested with responsibilities and liabilities and so we are acting today. Just as the corporate world has instituted many antidiscrimination policies, we must set an example internally and externally.

Scottsdale has a great representation as a hospitable oasis in the desert. Our code of conduct now matches our openness and western hospitality. We are raising awareness, guarding individualism, providing safe work and living spaces. With the sincere effort we improve Arizona one city at a time.

With that, we will call for a vote and please register your vote. Thank you.

**ITEM 17 – MONTHLY FINANCIAL UPDATE AND QUARTERLY CAPITAL IMPROVEMENT PLAN UPDATE**

[Time: 01:15:57]

Mayor Ortega: Our next -- item number 17 is the monthly financial update and quarterly capital improvement plan. This is not an agenda -- an action item. Judy Doyle is our acting treasurer and David Lipinski is the city engineer and just mentioning we have no comment on this presentation. Proceed.

Acting City Treasurer Judy Doyle: Thank you. Good evening, Mayor and councilmembers. Tonight, I will present the monthly financial update. As mentioned our city engineer, Dave Lipinski will give you an update on the capital improvement plan or CIP. Next slide, please.

So looking at the fiscal year-to-date general fund sources, we are in total \$26.7 million or 12% favorable when it compared to budget. And down just \$3.3 million when compared to last fiscal year's results through March. I know I'm starting to sound like a broken record, as most of tonight's presentation will sound very much like the last few months. As I mentioned as we continue to move through the fiscal year, a lot of explanations remain the same for prior months. But, again for the benefit of those who have not had the opportunity to see prior financial updates, I will touch on those categories that are driving the significant variances. As we have been seeing each month, the majority of the overall increase is in the taxes local category at 16.9 million favorable or 17%. Virtually all of which I will cover in more detail on the next slide.

Property tax is favorable by 7% or 1.5 million, due to the timing and budget spread. State shared revenue, 5.5 million. And, again, it's consistent with what we are seeing in our local sales tax. Charges for services are showing a favorable variance of 17% or 1.5 million which is still

primarily due to hosting a much larger equestrian national show at WestWorld than originally planned and reimbursements from the state and Maricopa County for costs related to the assistance that our fire department provided in response to fires around Arizona. Also contributing to the favorable variance is the TPC payment for the fourth quarter of last fiscal year that was received this fiscal year. Licensed permits and fees is reporting \$1 million favorable variance primarily due to recreation fees. This favorable variance continues to be related to the occupancy, and our recreational facilities during the pandemic being better than expected. And forfeitures is lower than expected due to lower photo radar revenue, less people were out on the roads and others delaying payment related to fines. Additionally, there's less jail dormitory revenue as a result of fewer offenders being housed in the jail due to COVID concerns. And then finally, the favorable variance and transfers in is due to a reimbursement to the general fund for a debt service payment that's funded by the CIP stormwater fees. The favorable variance is also the result of higher enterprise franchise fees due to more revenue collected in the water reclamation fund than anticipated which consequently affects the transfers into the general fund. The increase is the result of greater water deliveries compared to the four-year running average, due to the lack of rain and excessive temperatures Scottsdale has faced this fiscal year. Next slide, please.

So looking at the 1% sales tax, we are 15.6 million or 19% favorable to our budget. I will note for just the month of March, we came in over budget, 3.1 million or 26%. March of '21 revenue was 800,000 more than what was collected in March of '20, which was when businesses and other establishments began shutting down due to the pandemic. Some of this month's favorable variance is making up for the timing issues I spoke about over the last two months. The big drivers of the favorable variance are automotive, primarily due to car dealers doing better than expected, again presumably as a result of the promotions and incentives that dealerships have been offering. Construction primarily due to increase in construction activity and speculative sale activity, dining and entertainment. Restaurants are doing better than anticipated with their reduced capacity. Despite the pandemic. Hotel/motel favorable due in part to hotels doing better than anticipated. Even with less people traveling and an increase in bookings with short-term vacation rental properties as well as a new hotel opening. Miscellaneous retail stores primarily due to increased online shopping and then other activity due to an increase in taxable sales from computer software, hardware sales at wholesale manufacturers. As I'm sure you have heard inflation is making some noise. But many do believe that the spike in inflation will be temporary. Locally, employment continues its path of recovery and now stands at 68.4% of jobs recovered statewide. As expected, leisure and hospitality and construction led all sectors and employment gains. Taxable sales also increased, but it will be another month before the effects of stimulus money appear. So as you can see here in Scottsdale, we are seeing another month of trending favorably and we continue to remain optimistic. Next slide, please.

So now turning to the uses side this reflects the favorable variance of 1.1 million, or 1%. As I mentioned previously, the unfavorable variance in the transfer out is related to the transfer of land from the Arizona State land department for WestWorld land access and master plan project. Without that transfers out we are reflecting a favorable \$5.9 million variance or about 3%. Personnel services and contractual services are making up the majority of favorable variance. I will touch on personnel services in more detail on that next slide. The contractual

services favorable variants as I mentioned in previous months is due to the timing of invoices, savings and jail services due to fewer offenders being arrested and sent to the Maricopa County jail in an attempt to mitigate the spread of COVID and fewer photo dispositions and also contributing are lower training costs due to the cancellation of events and conferences due to COVID, and we are also seeing savings and maintenance costs at various locations within the city. There have been scaled down events which have placed less usage at locations such as the Tony Nelssen Equestrian Center. Next slide, please.

The total personnel services variance is showing a \$3 million or 2% favorable variance. Salaries is favorable, 1% or 1.3 million, again primarily due to ranked promotions within public safety with replacement employees coming in at a lower rate than the person who was promoted. And then the retirement is favorable, \$1.2 million, primarily due to public safety retirement expenses being lower than estimated as a result of replacement employees coming in at a lower rate than the person who was promoted or retired. Next slide, please.

Again this last slide summarizes the expenditure variances that I just walked through but a division level. Next slide, please. The change in the general fund balance through March is favorable by 27.8 million. And that concludes my portion of the presentation and I'm happy to answer any questions or I can turn it over to Dave Lipinski to give a CIP quarterly update.

Mayor Ortega: I see no hands raised. So we will continue to Mr. Lipinski.

[Time: 01:24:39]

City Engineer Dave Lipinski: I'm here to deliver the quarter 3 CIP update. The first three slides we will go through are just expenditures through the third quarter and where we are to date, and the green line represents authority of the CIP and the orange color is what we spent to date. This is by program. Next slide. This is the same information, just in a table format. Next slide. And the third slide is by funding source. So this is broken down a little more granularly than the previous slide. Next slide, please. Getting in the projects, we are going to run through the bond 2015 projects and 2019 and highlight two other standalone projects. Next slide.

There are many projects for bond 2015, had the fire station 603 was put into service on December 3<sup>rd</sup>. We are finalizing the last punch list items. And we anticipate this to be completed in the next two weeks and this project will be completed. Next slide, please. Fire station 616 is the last of the bond 2015 projects to be completed. Next slide. All the bunch -- remaining punch list items were generated last Friday. They have been given to the contractor and we are feverishly working to get the fire department moved in, in very short order. Hopefully by the end of the month so they can start fielding calls by the station and it will take us another month or two following the commission to completely close the contractor out but that will complete the bond 2015 program. Next slide.

Starting in bond 2019, question one. Project 10, the tennis court surfaces. This project is also complete. We are finalizing a payment to the contractor and with your approval earlier tonight, we will utilize some of the savings on this project. We will realize about \$200,000 in savings, part of that was due to a grant that was received during the construction of the project and we

will be moving these over to complete the next project. Next slide. Last part of the high energy -- high efficiency lighting projects that need to be completed is the addition of lighting in a couple of the sports fields up at Scottsdale sports complex. Next slide. We do have a budget shortfall on this project. Mostly due to material inflation, from the time it was created until now. The budget moving over from the tennis court project will completely fund this. This does take some time. We have to go through the planning process and eliminate these additional fields at the complex. Next slide, please.

One of the largest projects we have going on right now, the multiuse sports field in the area of Bell Road. Phase one is under construction which includes the irrigation system, of the DC Ranch Community Park and along with the Bell Road sports fields. The design for the WestWorld sports complex has begun as well. Next slide.

As you can see here, construction is well underway on the northern fields. The field -- this picture is actually a couple of weeks old from when I had to get it into the presentation but the field drainage is in. The irrigation is in and they are actually building the field profiles now. Next slide. They are anticipating getting grass stolons planted in late July or early August to start irrigating tease fields and bringing them into service. You will see one other GMP contract for this. It's the final GMP, fifth GMP to deliver this phase. And we had to break it apart because of the speed it's coming forward. We had to bring design far enough to execute the final contract. You should see that next month. Next slide, please.

The remainder of the question of projects that have been funded. The splash pad, we are still on old waiting for revenue to be back up and park attendance to be up. The repair lakes and the Indian bend wash, that contract will be coming forward in late May or early June. That will start to address the design for the irrigation and the lake reconfigurations and then the 17-acre park at Asher Hills and 74<sup>th</sup>, we are looking to begin public outreach into the next two or three months that. Includes question one projects.

Moving into question two. Next slide. The civic center plaza. I won't dwell on this. It's more than three days and it's the graphic has changed a little bit already. Very quickly starting to move forward on this project. The next slide. The design team is meeting regularly. We are running this through city departments. We want to make sure that we are bringing forward a proposal that is maintainable and agreeable to a city staff and departments would have to manage and own it. Before we start bringing it out to the public, we are starting now to develop what that public outreach will look like and hopefully launch that in the next several weeks. Next slide, please. The arena at WestWorld, this project is completed and we will recognize about \$220,000 in savings. And with your approval earlier tonight, we will move that savings over to the rest room expansion in the north hall in WestWorld. Next slide, please.

And this is the remainder of the question two projects that were funded last year. Earlier tonight, we saw first GMP for procurement of materials for the horse barns at WestWorld. This is the reconstruction of ten barns and the GMP was to secure material and the fabrication and you will see GMPs come back for the construction of the barns. The P.A. system and the lighting, we are working on construction contracts for those currently. Those will be moving forward this summer and then again the rest rooms of the north hall with the approval tonight



of the additional funding that will fully fund the construction of this project which will move forward this summer also. The solar systems at the north corporation campus this project is actually on the street currently. It is being combined with the design and the construction of a new parking deck at the north courtyard. The two or integrated to a point. We're delivering that on our design build scenarios so we can build the parking deck on quickly and then the solar will be on the deck and throughout the campus. And then the parking structures in old town we have not moved forward on that project to date. Next slide, please.

Getting into question three. The outdated emergency response equipment is finally complete, the COVID shipping delays have been resolved and fire has taken possession of the pieces of equipment that have been delivered. They will recognize significant savings within this project. Next slide, please. Replacement of the fire truck, we anticipate delivery this summer. I think this' a budget request coming forward, potentially from some savings realized in the prior project. There's a minor modification made to this vehicle before it's -- during fabrication and there will be a small adjustment coming forward to you in the future. Next slide.

The next two slides list the remainder of the question three projects. A lot of these are I.T. projects that are working on negotiating contracts with vendors and they are ongoing. The energy power source was just the second of three years was just completed. The equipment rooms this is a request in this year's CIP for some additional funding as the U.P.S. replacement is a little more than originally budgeted. Next slide, please.

One of the larger projects in question three or 26, 27, and 38, this is the design and the construction of the police and fire training facilities down at Tom Hontz. We are working with both departments to a 30% design to move that forward. And one project I did want to highlight was 35, the title install bullet-proof glass at police departments. The public outreach references infrastructure also. Bulletproof glass is very, very expensive and part of this project is protecting those behind the counters when you walk into the facilities. So part of this project is bulletproof grass but part of it is shrinking the amount of bulletproof glass and harden the walls. We have cleared this that the intent of the project is still met and we will protect the people working at these facilities. And that represents all the bond 2019 projects.

And with that, two standalone CIPs Raintree Drive. It's been long coming but we are actually looking at starting construction in May. The date should be May 3<sup>rd</sup> on a Monday. We won't start on Sunday, I promise. We anticipate that starting this May and by the 16 month construction time frame from 76 up just shy of the Hayden roundabout will be the first phase. And the Thomas groundwater facility. This project is two years coming and right now they are working with Maricopa County with final signoff. And we will enter a 30-day commissioning period to ensure that the plant is functioning properly, that we are getting the water quality required out of the plant before it will be officially brought online. Next slide. These are no more expenditures. Next slide and we can bring back \$1.4 million into the associated fund balance for each of those. And that completes the quarter three CIP summaries if there are any questions.

Mayor Ortega: Thank you I see no hands from council members as far as a question. I did observe one thing that it sort of relates to both the treasurer and these projects that we did see

favorable bond financing on about \$51 million of bond transactions. So that may average upward over time, but that certainly was relative to both treasurer and CIP -- and bond progress.

**ITEM 18 – PROPOSED FISCAL YEAR (FY) 2021/22 OPERATING BUDGET AND CAPITAL IMPROVEMENT PLAN**

[Time: 01:35:26]

Mayor Ortega: Seeing no other questions, I believe we will move on to item number 18. The proposed fiscal year 2021-22 operating budget and capital improvement plan as we review and discuss this, we may be able to give staff some direction. So at this time, I will turn it over to Judy Doyle, acting treasurer and Dave Lipinski.

Acting City Treasurer Judy Doyle: Great. Thank you. Good evening again, Mayor and councilmembers. Tonight we would like to give you a high level summary of the balanced proposed fiscal year '21/22 operating and capital budgets released on April 6<sup>th</sup>. No action is needed. Tonight is to give you council the opportunity to discuss and possibly give direction on any budget-related items or changes that we can incorporate into the tentative budget which is slated for May 18<sup>th</sup>. Next slide, please.

Before we dive into the presentation, I wanted to quickly mention the remaining city council budget review schedule. Tonight, as we know, we are presenting the proposed '21/22 budget. On Tuesday, May 18<sup>th</sup>, we will hold our first public hearing and adopt the tentative budget. The tentative budget is where council will set the legal maximum spending limit for '21/22 and that's where we will adopt the rate and fee changes presented to you in March. On June 8<sup>th</sup>, we will have another public hearing and final budget adoption. For the final budget adoption, you may reduce or reallocate total budget expenditures, but you may not increase total amount of expenditures adopted in the tentative budget. June 8<sup>th</sup> includes a public hearing for the property tax, and then finally on June 22<sup>nd</sup>, a public hearing is held for the final adoption of the tax levies. Next slide, please.

Tonight as presentation will be a joint effort between myself and Dave Lipinski, I will give an overview of the budget and the capital improvement plan overview. And with that said, our city manager also wants to touch on a items in the presentation. Like every day, the proposed budget continues the city's efforts towards our mission. To provide simply better service for a world-class community. As you know, here in Scottsdale, we place an emphasis on service. We are a service organization that strives to provide high quality interactions with residents, businesses and visitors next slide, please. We utilize sound budgeting practices when developing our city's budget. On February 2<sup>nd</sup>, you adopted our financial policies for the '21/22 fiscal year which promote sound financial management of public funds and assist in making fiscal strategy and policy decisions. We utilize long-term financial planning for funds that we can evaluate potential opportunities and risks and operate more proactively. As you know, we maintain strong reserves which contributes to maintaining our triple a bond rating and we ensure we have a structurally balanced budget. The state says we can use fund balance as a source when balancing our budget.

Here in Scottsdale, we are more conservative. And we insist on a structurally balanced budget. And what do I mean by that? We ensure the ongoing sources meet or exceed our ongoing uses. We will only use fund balance for one-time uses. Next slide, please.

We will dive in this on future slide, the total proposed budget is \$1.7 billion, which breaks down into \$680 million in operating budgets and \$13 million in grants and special districts and about \$816 million in our CIP, and nearly \$234 million in contingencies and reserves. Next slide, please.

To let's begin with the operating budget overview. The focus will be on the general fund which is the largest operating fund and because its use is unrestricted we find it's the fund of most interest to our city's stakeholders. Next slide, please. This is a high level summary of the proposed '21/22 budget compared to the current year adopted budget and the future years through '25/26, total sources and total uses and the ending balance. The presentation will focus on the change from the current 2021 adopted budget to the '21/22 proposed budget. Next slide, please.

So looking at this comparison, the beginning balance saw a \$13.3 million favorable change. This is because we finished fiscal year '19/20 better than we thought we would and we anticipate adding fund balance based on the current year trends. We are projecting a \$28.9 million favorable change in sources. Next few slides will get into this change in more detail, and then later in the presentation, I will show this slide again before we focus on the changes and the uses and the ending fund balance. Next slide, please.

So our general fund balance are projected at \$335.3 million in '21 '22. Our top three revenue drivers which make up 81% of our general fund sources are sales tax, state shared revenues, and the primary property tax. And I will speak specifically to the sales tax and property tax on the future slides, but speaking of state shared revenues, I wanted to mention that that there is a legislative proposal to cut income tax in Arizona by \$1.5 billion. By creating a 2.5% flat tax bracket phased in over three years. Estimated loss in revenues to all cities and towns is forecasted at \$225 million annually which equates to an estimated loss to Scottsdale of \$10 million annually, when fully phased in. This could mean a \$90 million reduction in our city and state shared revenue over the next ten years.

If passed, we would see this phased in reduction beginning in two years or fiscal year '22/24, and this tax proposal would be the single largest cut to local revenue in Arizona's history. And I know Mayor Ortega you wrote a letter to our legislators expressing great concern regarding the proposed income tax cut being in the state budget. As you indicated in your letter in 2019, the city of Scottsdale residents voted and approved a \$319 million bond package, which includes 58 capital improvement projects to be completed over the next several years. The city is dependent upon the revenue to meet that. This is definitely something that we are keeping an eye on and we will keep you updated as we move through our budget discussions.

We are projecting a \$28.9 million favorable change in sources when compared to the '21/22 adopted budget and this highlights the significant items attributable to that change. Sales tax

and property tax, I will speak specifically about on future slides. State shared revenues we are seeing a net increase of 3.7 million. These amounts are provided to us by the state and our estimates and subject to change and, again in this category, the income tax portion could be impacted significantly in the future. Recreation fees, the 2021 adopted budget for this category was difficult to estimate during budget development, and accurate predict what it will be during the pandemic and we know that occupancy was better than expected. This is conservative and it did not bring us back to the pre-pandemic levels but it does get us in line with more of today's trends.

Transfers in, a \$1.2 million increase, most of which is from the higher bed tax revenues and in accordance with financial policy 21a, which says 12% of bed tax collections will be allocated to the general fund. Building permits, it's primary related to the base fee and changes that Randy grant our planning and executive director shared with you in March when presenting the city's proposed rate and fee changes. And then finally interest earnings. Our city's investment advisor is projecting a \$1.5 million decrease based on macro economic trends, all of which would have been transferred to the CIP per financial policy. Next slide, please.

Our sales tax is projected to increase \$21.6 million when compared to the 2021 adopted budget. I think it's worth first sharing this graphic to get a perspective on Scottsdale sales tax. Of the 8.05% total tax paid, 1.75% is the city's portion. And other terms for every dollar spent, 70 cents is the state's portion, which we do get about 13 cents back through the state shared revenue sharing. 21-cent is for the city of Scottsdale and 9 cents goes to the county. Of the city's 1.75% portion, 1% is the general fund share and is available for any municipal purpose..1% is also in the general fund but it's dedicated to public safety. Point .2 is dedicated solely to transportation. And there's a temporarily .1% dedicated to the life cycle program transportation capital projects which will sunset in 2019. Dave Lipinski will speak more about the arterial life cycle program in the CIP portion of the presentation and the significant match that we do receive on these dollars from MAG or the Maricopa association of governments. And then the temporary sales tax dedicated to the preserve. The tax dedicated to the preserve, .02% will sunset in 2025 and .15% will sunset in 2034. So our city's permanent sales tax rate is effectively 1.3%, and on a future slide, I will show how that compares to other cities. Next slide, please.

This chart details the general fund local sales tax by category. Originally when we adopted the 2021 budget we forecasted \$122.6 million. The 2021 adopted budget is built around a lot of uncertainty as the pandemic was just beginning. As I shared with you tonight, our sales tax year-to-date is 19% better than we thought it would be forecasting \$144.2 million in sales tax for '21/22, which is an increase of nearly 18% or 21.6 million over the '20/21 adopted budget. To put this \$144.2 million in context, we finished 2019 in \$195 million and we plan to finish this current year at \$135 million and we project anywhere from a 2.5 to 3% increase each year. The sales tax forecast for '21/22 assumes getting back to pre-pandemic levels overall but by category we have a couple of categories that we do not expect to fully recover until later in the five-year forecast.

To highlight some categories with significant changes from the adopted budget, miscellaneous retail stores were an increase of almost 26.4% or 6.4 million is projected primarily due to trends over the last 12 months. Mostly due to increased sales from online retailers automotive, we are

anticipating, 4.2 million increase and automotive sales tax. The industry is forecasting a positive outlook. Dining and entertainment, nearly a 30% favorable change or 2.6 million, while this category has done much better than expected through the pandemic, we are expecting a slow recovery. Unfortunately, we are seeing a number of establishments that are struggling to pay their taxes or have gone out of business all together, as a result of the pandemic. Other activity is expected to increase. It includes numerous services. We anticipate continued increases in wholesalers and manufacturers, however, movie theaters which falls into this category are not expected to recover to pre-pandemic levels until 20825. And golf courses are seeing a mixed lag. The wedding and event revenue is down, but the golf course usage is up. We have hotel motel, 2.7 million. This is another category, we are expecting a slow recovery driven primarily by the business traveler. Business travel will be slow to recover as businesses have been able to do more remotely through technology. Next slide.

This shows how we compare to other valley cities. The permanent tax rate of 1.3% is the lowest amongst our neighbors. Next slide, please. Moving on to property tax. This is a graphic we like to illustrate the Scottsdale property taxes. 90 cents of every dollar goes to other entities. 10 cents stays with the city. 5 cents of secondary property tax and 5 cents of primary property tax. Next slide, please. So what's the difference. The primary property tax supports police and fire. We may also include a repayment to the risk management fund for tort liability payments and the primary property tax is limited to a 2% increase annually, plus an allowance for new construction. The secondary property tax is restricted to pay net service on voter approved general obligation bonds. Next slide, please. Great news for property owners. Overall, the property values went up by about 5.1% or almost \$340 million. The new property added to the tax rolls decreased 13.1 million. The new property is the property that was not taxed in the prior tax year. This generally aligns with construction activity. Once construction has been completed, a pe placed into service, the new property is then taxable. Next slide, please.

So the secondary property tax, which the voters said yes, we are willing to pay this to better our community and, again can only be used to repay debt service on general obligation bonds. We plan to levy more than 2021. Because the property values went up, rate is staying flat at 50 cents per \$100 of assessed valuation. This includes the first tranche of 51.2 million in debt we issued for the bond rate program. The primary levy which will be used by the general fund will remain relatively flat, with a slight increase of \$200,000, to 35.1 million, including the 2% statutory adjustment for this fiscal year and the reach back of the 2% statutory adjustment council chose to forgo last year.

I will put this into perspective for you on the next slide. The primary levy also includes \$300,000 which is a decrease of approximately 1.5 million for the liability tort settlements and judgments that council approved during the most recent calendar year. Which is booked to our risk management fund. The primary property tax rate will decrease about 2 cents to achieve our levied amount. So the total levy is \$70.1 million, with a combined rate of approximately \$1 per \$100 of assessed valuation. Next slide, please.

So as promised this is a graphic to put into perspective. 10% of the property tax bill comes to the city and 5% for the secondary portion and 5% for the primary portion. Of the 5% primary portion, the state allows a 2% increase annually. To effectively, 2% of the 5% on say a \$400,000

home, the reach back for the 2% adjustment equates to about \$1.97. And the 2% adjustment for this year equates to about \$2.05. Combined just over 4 odd or about the cost of caramel frappuccino and will be used to support general fund activities such as police and fire, parks and libraries. Next slide, please.

I have a property tax comparison. I don't know 21/22 property rates. This compares to all others adopted property tax rates for 2021. Typically we don't see large swings from year-to-year. So I feel this is still a good depiction among our valley neighbors. Gilbert comes in at the lowest rate of 99 cents per \$100 of assessed valuation. With that said, Gilbert and Mesa do not have a primary property tax. Scottsdale with a primary and secondary property tax rank the second lowest at \$1 and third is Chandler at \$1.12 per \$100 of assessed valuation. Next slide, please.

Now shifting to the uses side. In the next few slides, we will walk you through those changes. Next slide, please. This slide highlights the significant items attributable to that change. First the public safety pension requirement system. We are planning to make a \$40 million payment to PSPRS to address our unfunded liability. Per your direction received at the council retreat in March, 35 million will be applied to police and \$5 million to fire. The reason the slide says \$39 million is because this is the change from the current adopted budget which has \$1 million budgeted for pay down.

AZCares, we are extremely grateful to receive \$26.9 million in AZCares funding so the city could recover from the COVID pandemic. Because the funds were considered a grant and could only be used to cover payroll expenses, related to the city's public health and public safety department spanning over two fiscal years, we moved budget and expenses for police and fire from the general fund to the grant. The amount in 2021, the second year was 12.4 million. By moving those budgets and expenses in '19, '20 and '21 for a total of \$29.6 million it freed up in the general fund which is the funding we transferred to a special revenue fund that council designated for priority such as care for vulnerable citizens, assistant user programs, et cetera. But now that that grant has been exhausted, we need to shift that year two of \$12.4 million budget back to the general fund.

And speaking of AZCares funding, I wanted to mention that Scottsdale is slated to receive \$30 million of American rescue plan act fund spread over two fiscal years. Nothing was assumed in the proposed budget for this as we were waiting for guidance on how this funding could be spent as it appears to be more restrictive than the AZCares funding. Once we have that guidance, we will discuss proposed uses of that funding for you. We were hoping to have that guidance before the tentative budget. I think we will have to create a contingency budget in the tentative budget so we have adequate spending authority once that guidance is available and we will come back to council for use of that funding so you will see that as part of the tentative budget in May.

The pay program market and market catch up, the proposed budget includes a citywide pay for performance program in which they receive 3% pay increases based on performance. The budget also includes a 2% market adjustment for all employees and then additionally the proposed budget includes an adjustment for a market catch up for those employees that had

fallen below mark comparisons. The '21/22 proposed budget includes a full year of funding for the mid-year pay adjustments that were given to employees in 2021.

We have ongoing and one-time budget requests including some new positions which the city manager will speak to in a couple of slides. The proposed budget includes restored funding for nonessential vehicles and equipment that were deferred in 2021 in an effort to mitigate the budgetary impacts of COVID. We have also added 3.5 million for requirement. 2.4 million for public safety which is another reason why we are committing to a large pay down for the unfunded liability to level out the annual contribution and stop seeing large increases in contribution rates year after year. And then 1.1 million is for increased contribution rates for employees in the Arizona State requirement system.

And then finally transfers out. 11.3 million. This is primarily relates to cash that we are sending to the CIP, to fund two energy savings projects that will result in long-term savings to the city which they will touch on during the CIP portion of the presentation. And any transfer to the CIP related to the food tax. The to the/21 did not include the food tax as a transfer to the CIP because it was placed in the operating contingency. And so those funds were available for unforeseen expenses related to the pandemic.

Next slide, the proposed budget included general fund expenses at \$311 million. This is just a quick visual to put division and department budgets into perspective. It highlights each division by color, with a box then for each department. The size of the box is in relation to the associated funding. For example, the darker green is police with the uniformed services being the largest box and therefore that department has the most funding. Next slide, please. And now I will turn it over to our city manager who wants to share those things that we're adding to support all the great things we are doing in our community.

[Time: 02:00:26]

City Manager Jim Thompson: Thank you, Judy. Good evening, Mayor and council. A couple of items I wanted to cover on this slide here. I wanted to note in the proposed budget, we have less than, well, .7 million to add and that number of employees at 8.74 for the general fund and 14.7 for overall. The majority of those in the other funds happen to be in the water resource area and so the funds outside of the general fund are normally sanitation and water resources and some others, but those tend to be the two largest and in this case, water resources is water and sewer where we were adding the additional staff outside of that number. A couple of areas that were very important where we are adding staff, more front-line customer support.

One of the areas right now, we are restructuring. We are not adding an individual but we are doing some restructuring. Short-term rentals is a major issue and we are assigning somebody full-time to that and looking at some other areas associated with sustainability and we will be back and it won't be budget impacts. We are looking as we change some of the goals and direction of the organization. We will move those. But these here are specific to improvements that we are trying to make in these areas and on cybersecurity, it has continued, especially during COVID. We had a large number of hits to our security and our network.

We need to continue to improve that and stay one step ahead if we can and we needed to add

some additional staffing in this area. It's very important when you look at the slide that was shown last time, when you look at the breakdown by color and those little graphs where we spend our money. I.T. is -- although it's a decent size, it's not what it may compare to other organizations who are very efficient and effective at what we do. We contract out a portion of that as well. But we are going to grow that area a little bit in the FTE to continue to provide for our security. And then just addressing the increase in workload.

We have seen the bond projects we have built them and we need to maintain them. They are beautiful projects and then the back side we have some operational costs that were included in the bond portion. So, again, that's what you see and for the organization of our size, the number of employees and what we have seen and the changes that have occurred and freezing basically 180 positions this year for most of the year, looking at a number of 14.74 adds over all funds is very minimal. And, again, it is actually the -- the numbers even with these adds on the slide this evening, it's less than the prerecession numbers that we had on staff at the time. You can imagine of the growth since the recession, and 8, ten years and the city is smaller. We are doing an excellent job in creating efficiency. Next slide, please.

Here here's the other areas. Here's the other areas we had significant -- really they are not significant when you look at the overall budget of the 311 for the general fund and the largest one, 1.5 million in change. But these areas where we had some increase. Keep in mind, what transpires, the departments transmit the budget to the budgeting department and they come to me with reviews with all the numbers. The number of requests far exceeds the number you see up here. If you look at where our fund balance has grown immensely over the past few years, it's because a lot of times we have to prioritize the entire organization and we have to try to ensure that we meet all needs.

I

f the pie is not growing, you have to slice it differently if there's demands and where there's demand gifts to come in and that's what we do extremely well and we do not go to, and try to as Judy noted earlier. We are very conservative on our approach to the budget. And so we conservatively, as we noted this year, we conservatively address our revenues but then we also allow our opportunities on the expense side is not no go out and spend too much or to spend our one-time monies on recurring expenses. We never do that. Some don't and some do. And so in this case, even with the cares money we received this year, we put it back into the community to the areas that needed it most, and to stimulate putting it back into the general fund for utilization of our operations. So we are very proud that we are able to get out and do those things.

But let's walk through these real quick. The increase in the contractual needs is 1.5. The largest is to restore the reductions that were made in this year's budget. And that's .3 of that number. The other areas were the increase in contractual amounts in fire and then the municipal security cost and police of .3. So in that area, overall, the majority of it was -- I would say the largest portion of a number of it is to re-instate some of the reductions we made as we open up our example as we open up the rest of our libraries. We will have to add those Monday monies back in. We have to add those back. We are not adding new. We are just getting back to a service level that existed preCOVID as we continued to open up facilities.



Maintenance needs is the next one. Including improving accessibility for disabilities. That was the largest one. We will go out and do further ADA updates. There's some other smaller ones, pole lighting. We will go out and retrofit. We continue to retrofit all of our old lights and the incandescent and we are putting LEDs in and increasing our efficiency, and some of the costs associated with that. So those are the probably very small portion.

And then finally, police holiday over time. What we used to do traditionally in some cases we had a Veterans day but in the other cases we didn't fully fund some of the holiday pay, and when you do, that then you obviously have offsets to that and so what we did is to make sure that we are fully funding all of our costs and each of our cost divisions. That's what we are doing in this case. So we are just putting that to be where it needs to be based on what we have realized on our costs associated with holiday pay. And in particular, and the police -- we fixed fire last year and now we are coming forward with police in this year's budget.

One-time funding upgrades to aging fire truck. Mr. Lipinski mentioned as we go forward and replace some fire trucks. There's a fire truck that we desire to, have and this is the difference between what we had placed in our replacement fund to what the new vehicle cost and as you can imagine they are very expensive trucks and they escalate probably further because of the life expectancy of the truck and the period of time that we hold it is longer than some of the other vehicles. By the time the decade runs we end up in a scenario where the escalation cost is higher and then we need additional funds to require that replacement. The good news is in Scottsdale we set aside -- let's say it's a ten-year vehicle and it's \$100,000, we set aside \$10,000 a year. And so in the tenth year we have the funds and we don't have to go out and tax that individual who is being tax in that one year. Each year that are paying taxes and are paying far share for the usage of those vehicles. This is one of those where we have shortfalls and we address the operating impacts and so noted earlier.

We have the -- basically with maintaining the bond projects and may be cleaning the billings and care of facility and maintenance costs related to the new enterprise resource management, as you can tell in the budget process, we're adding quite a bit to I.T. this year. Our information technology services, and this is one of the areas where we have additional costs to manage those new technologies that we're deploying. And then one-time funding, for special election. So we have a special election coming up this year, hopefully on the general plan. We will continue to learn more if we have that in November. So that was the other add-on was that.

I would step back, with members of the budget and if we can pull up the next slide, and I want to talk a little bit about the general funding. I know that Judy noted that we went out and we had the \$35 million for police pension and five, actually four plus the one we carried in the budget for the \$40 million. If you look here, just over the last couple of years, you look as we went from 86.2 to \$132.2 million in our fund balance and we did that purposefully. If you look back even previous years, the two previous, we were substantially half of that 86 and we continually built it up. What we are trying to do is some of these were growing and estimating. We will be one of the first cities in the state to fully address this over time and we should be very proud of that, that we are taking care of those long-term commitments but long-term issues that have been growing. We will be able to take care of that in the next couple of years. I think this is wonderful news.

We thought about it in advance. And as we walk forward and see two-thirds of our fire department retire out and you will be able to buy that fund balance down and today's dollars versus future year dollars and we will freeze our contribution rates which continue to go up 2 or 3% costing us 3 or \$4 million a year in additional costs and we will be able to freeze those by putting in a large sum up front and there's the time value of money and the aspirations of it, but we should be very proud of the fact that we are able to do that and being able to achieve that and prepared for that. And we are finally going to get an opportunity to do it.

The other scenario we looked at, the amounts in the future years and you see they slightly grow as we buy that down, again, we are just very conservative in what we do. It would be easy as you see most jurisdictions. They will go out and spend their fund balances down almost on a regular basis and maybe just retain 10% which will be 31% in their case which is the fund balance and we have more than that. The reason we do that is so we can address, basically the cyclical areas of the market. So if we had another recession today. We would probably be able to resist that storm.

So we tried to budget towards our valley on the expenditure side, and not our peak. And some may look at the peak and we try to stay in the valley, and we contract out to take us to that valley and up to the peak level when we achieve that. Likewise on the revenue, when the revenue comes in more, it doesn't mean that we go out and spend more or offer more. We tend to be very conservative of that and we put it towards one-time projects that we have. So I appreciate you allowing me walk down through that. And if we pull up the next slide, actually questions for Judy. We would love to entertain those before we have David go into his portion.

Mayor Ortega: Thank you. I see Councilwoman Whitehead.

[Time: 02:12:58]

Councilwoman Whitehead: These are not really questions but these are things I want to see. First of all, city manager Thompson and all for keeping us financially secure with these retirement funds. So thank you for that. So I'm glad that we are increasing budget dollars for employees but it's hard to gauge. So what I always like to know and what I will be looking for is are the employee levels in various departments such as parks and rec, human services, the areas that -- the libraries that were cut, because of COVID so not the budget numbers but the number of employees, are -- I would like an apple and apple, are we having -- do we have budgeted the same number of employees for those areas?

And then I will be looking for the same type of thing but based on services. And I appreciated, I think was it last year. It seems like 100 years ago but we absolutely retained budgeting for services we knew we were probably cutting such as services for our disabled population, because we wanted to make sure to have that in the budget so we could protect -- find a way to provide them some services even if it wasn't the services we provided preCOVID. Those types of services we provide citizens that were cut. I would like to see how that level compares in this budget with 2019 and prior.

I am pleased city manager, Thompson brought up two areas that be beefing up which is great, code enforcement and assisting ability. I know you are doing it administrative and maybe there's struggling around. Both of those areas do need -- both of those areas save us money in the long run. So what we did with short-term rentals is we pretty much said here's a double full-time job and we handed it to the staff. And I will leave this to our colleagues who generously offered to work on the subcommittee. I see us as possibly needing more funding for employees in both of those areas, but I will be glad to hear how you will do it otherwise. I know that during COVID, you had librarians reviewing contracts and trying to amend contracts. I wonder how that worked out.

And then on the food tax that we diverted to the -- let's see we diverted to the contingency fund. We used those and the status. You can give that today if you want, if you have that information, but those are the kinds of question I will have during this process. So thank you.

Mayor Ortega: Thank you. Vice Mayor Janik.

Vice Mayor Janik: I'm going to echo what councilwoman Solange Whitehead said. I'm concerned about having enough code enforcement officers. I think we have pushed some of the responsibility for strcs on to or police department. I don't think that's a good use of personnel. I think we need to beef up code enforcement. It's my understanding that we had did seven enforcement officers prior to the great recession and we are currently at two involved in code enforcement, and I'm open to correction on that. But I think services have slipped because we cut back too much on that aspect of services. Thank you.

[Time: 02:17:06]

Mayor Ortega: I have two items for feedback. First of all, it is very serious this the governor and legislature is thinking of stripping Scottsdale of our sales tax share. All of the sales tax revenue goes directly to the state and there's a two-year delay in when we receive sales tax to begin with. Most of the rural Arizona would be horribly impacted by that. They don't have alternate funding means. So those of us who can speak to our legislators near and far, it's very critical because it does hit us where it hurts as far as our police and fire, and the bonding debt capacity. That's the first thing.

The second thing, a year ago -- well, as a civilian, we observed how Mayor Lane and council struggled with the many unknowns of the budget and here we are two-thirds of the way through that budget and the results look pretty good as we emerge from the crisis, but nevertheless, some federal funds through the cares act came through and we expect some other funding to come through. It was kept -- I don't want to say off the books. It was kept separate from our area general sources, but there's no denial that the COVID crisis has displaced a lot of people and caused homelessness and really, I believe, made affordable housing a critical problem.

So what I will ask is if we can have some guidance specifically the next tranche of federal funds have or may have restrictions upon it. And those funds got restored in some ways to direct costs that were allowed by the cares act. We don't really know what the specifics are going to

be on the next rescue plan. I would like some guidance as to whether or not we could add a line item for affordable housing, either between 5 and \$10 million. I realize the budget has been published and it's been out there and it's going to process through. Bunt whether this can work through a permanent solution. So although we think of the federal funds as temporary and top gap which they were and included mortgage rent payments and utility payments, I'm hoping we can get an interpretation and some way to have a more permanent answer or help whether it's transferred through the next federal funding or whether we can add it at the right time. And so I would just look for some guidance from staff on that in the next process of our hearings. That concludes my thought. Councilmember Milhaven.

[Time: 02:20:40]

Councilmember Milhaven: Thank you, Mayor. I just want to comment on your comment about affordable housing. I think that if we're going to look to do that, we need a more robust conversation about what that means, right? Because there's affordable housing which is workforce housing for police officers, nurses, firefighters, sort of the folks who are, you know, taking care of us. And then there's the homeless problem, which is part of what we did with the COVID money. So when we talk about affordable housing, I think sometimes there's confusion between homeless shelters and workforce housing which requires a longer term solution, in fact the Morrison institute just released a report that was pretty comprehensive about what we need to do or what we can and can't do around workforce housing. So before we go ahead and put money in the budget, I would like us to have perhaps a more robust conversation around what that means in our community. Thank you.

Mayor Ortega: Thank you. Councilwoman Littlefield.

Councilwoman Littlefield: I agree with Councilwoman Milhaven on that. I think we need to have a better definition on what we are talking about and the long-term effects of what we are trying to achieve. Thank you.

Mayor Ortega: Well, thank you. Councilwoman Caputi.

Councilwoman Caputi: Thank you, Mayor. I will bring this back down into the weeds if that's all right. I had a couple of questions about the budget. It was a lot of reading and a couple of things just were not that clear to me. So probably for Judy and they are easy. So I think it was page 9, we have got a line that says savings from vacant positions and it looks like it's actually going up, like we're saving more from vacant positions. I was thinking that we got rid of people because of COVID. And I'm kind of anticipating that that would go down -- or up, rather, not go down. Are we -- have we -- through allowing people to leave their positions in COVID, did we realize we could make do without now going forward or am I reading that wrong? Because that would be great! Am I in the wrong booklet?

Acting City Treasurer Judy Doyle: When you said page 9, I immediately went to the proposed budget, but I think perhaps you are referring -- is that what you are referring to and you said page 9? Which is our general fund five-year plan; is that right?

Councilwoman Caputi: No. So I'm completely on the wrong page. I printed it out, because the booklet was so big. So it's possible --

Acting City Treasurer Judy Doyle: I'm sure I can answer.

Councilwoman Caputi: It just looked like we were saving more money from vacant positions in employees which I wasn't really anticipating. Do you know what I'm saying?

Acting City Treasurer Judy Doyle: Yes, I do.

Councilwoman Caputi: And are we now starting to hire again?

Acting City Treasurer Judy Doyle: And I think you are referring to page 9 and the general fund. We have a macro line that talks about savings from vacant positions.

Councilwoman Caputi: Yes, nine, okay. It's a lot of pages.

Acting City Treasurer Judy Doyle: I know. I know. And I'm so impressed that you have read this. Yes. As it relates to the savings from vacant positions in fiscal year 2021, we did hold numerous positions open for a partial year for a full year. So those savings are actually reflected in the division expenditures. We typically on average have about 150 positions vacant just any regular year. So in '21/22, while we restored the funding at the division level, for those positions we held vacant, we anticipate going back to a more normal year of about 150 positions vacant at any given time. So we did increase that savings for that reason. If that makes sense.

[Time: 02:27:17]

Councilwoman Caputi: They are all random and miscellaneous. Page 13, the tourism development fund. That seems really conservative. It didn't seem like we were expecting any increase in tourism. I was wondering how we were basing assumptions and then on that same page, there's a line under expenditures for deaf nation marketing contract and event retention and development that are pretty significant and I just couldn't remember or maybe we didn't know where that couple million dollars of increase there came from.

Acting City Treasurer Judy Doyle: Sure. Mayor and members of council. So the expenditure side of the budget really comes from the anticipated revenues that we do plan to collect within the tourism development fund. We worked with our tax audit group and we also worked with Experience Scottsdale to really determine what we thought were the best forecasts for those bed tax revenues. The destination marketing contract is 50% of what the transient occupancy tax is. So because we were seeing a decrease in those expenditures in 2021, and we're expecting an increase in bed tax revenue, we're just increasing that marketing contract to meet the 50% requirement.

Councilwoman Caputi: Okay. Thank you. Fleet management fund. Under vehicle acquisition, again, I'm just -- I kind of tried to look for numbers that seemed really large. That's a lot of vehicle acquisition.

Acting City Treasurer Judy Doyle: Sure. Sure. Mayor members of council, this increase is primarily driven by the deferred equipment and vehicle purchases that we did in the current '20/21 budget just in response to COVID. We tried to reduce expenses last year and so this is basically making up for last year plus what we would normally do in the given year.

Councilwoman Caputi: And why do vehicle acquisitions show up under revenues as well as expenditures?

Acting City Treasurer Judy Doyle: What we do is we -- the internal service fund which is the fleet management fund, we charge divisions for replacement of vehicles.

Councilwoman Caputi: Okay.

Acting City Treasurer Judy Doyle: So that comes in as a revenue.

Councilwoman Caputi: Okay. The others are too nitpicky. Thank you, Judy.

Acting City Treasurer Judy Doyle: Thank you.

Mayor Ortega: Well, on this subject, I did participate with the MAG homeless reports countywide. We have a grave problem and situation. I will make sure that's forwarded to other council people. I believe that we also have real world experience that we're encountering on street corners, under bridges and so forth, and that cannot be ignored. When an item is put on, I would suggest it will be -- I will be pursuing that in a budget form. It doesn't mean that it's spent. It didn't mean that it's not accounted for. It will be accounted for. I believe that we need to step up, whether it is a dual fund to address homelessness and/or affordable housing, it's part of our general plan which we'll be speaking about later, but we do have real world experience and it's a growing problem that we expect to continue to search. We will now go on to the CIP or the next portion. Thank you, Mr. Lipinski.

[Time: 02:29:48]

City Engineer Dave Lipinski: I will take you through the capital side of the budget development process. Next slide, please, Kelly. The capital budget is really a year-round process. They identify their needs early. They work with my department and others to try to fully define and fund -- fully define those projects and ensure they are budgeted for accordingly. All of those get submitted and prioritized by each division and they are reviewed by the capital management review committee. And this is the executive leadership across the city to see if they agree with the prioritization, if there's other projects that depend on one another, interdependencies and they look at operate side costs and personnel, that sort of stuff. Once it goes through the capital management review committee and it's brought to you. And as Judy said earlier, you are able to see this budget sever times as it goes through the process and then July 1<sup>st</sup>, the funding is available for our use. Then went start the process over again. Next slide.

You are walking through five major funding sources. The other funding sources that's listed on here is all the enterprise funds and they have their dedicated funds for the work they want to

do. Next slide. The general fund requests that came in this year included 41 projects totaling \$84.2 million. Over the five years of proposed CIP, we have \$26.8 million available to fund projects. Next slide.

This year the approach was a little bit different than standard years and our first move was to restore the funding that was removed due to the COVID-19 pandemic. There were nine projects that were later deferred and they are coming back in a request for \$9.7 million. The next four projects are where additional funding is requested and those are moved forward as they are in process or soon to be in process. And there's \$1.9 million requested with those and the third is the new requests to the CIP. To so you can see the total, and this is 7.2. We are requesting a total of \$25.3 million in general fund expenses over the five years. Leaving a \$5.5 million cash balance. And that's the summary on the general fund and where the project requests have fallen out as far as prioritization has fallen for this year. Next slide, please.

Next funding source is the .2% sales tax. This is the sales tax established in 1989. This year they had 26 projects submitted a total of 54.8 merchandise in revenue available or revenue requests, funding requests but a cash balance over the five years of \$34.3 million. Next slide, please.

These followed the same sort of mat with one caveat that there was a project that was paid for out of the .2% sales tax that that was actually transferred to the .1% sales tax as it was an ALCP project and meets the intent of the .1% sales tax, increasing revenues \$2.5 million and the .2%. Again, we went through and restored funding that was removed last year as -- due to COVID-19 and a lot of funding that was removed, our portions of projects that are funded annually, the large portion of the \$17.9 million here is the pavement overlay project. I believe there was \$13.1 million was removed from that last year in reaction to COVID and that's being replaced in the fourth year of the CIP. Funding request for existing projects, there are five existing projects requesting additional funds to be able to complete them. And then the next funding category on the next slide is all the new funding requests that are being brought forward and added and included in the .2% sales tax. It leaves us a total fund balance of \$3.3 million if these are all funded and move forward. Next slide.

The next funding source we will hit is the .1% sales tax. And this approved by voters in 2018 for a period of ten years. The idea of the .1% sales tax is this local match to leverage ALCP funding for the MAG regional program. Over the five years we have a starting cash balance of 98.4 million. Next slide.

And currently in the ALCP in the five years we have accounted for all the funding within the ALCP program as published. So it's funding a two-page total of projects. Next slide. Part of Pima road from Thomas to McDowell, what is represented here is our portion or our payment. The SRP-MIC has received a \$45 million grant and they are leading the construction for the southern portion of the Pima road to which we are now just a funding partner within that project. All together we anticipate almost \$69 million in savings and a total project cost of 317 merchandise. So we are leveraging it pretty strongly across the ALCP projects. Next slide, please.

Next is stormwater, and we have a \$22.7 million starting cash balance. This is based on the

respectfully request of an increase to the stormwater fee, \$1 per month from \$1.95 to \$3.95. Next slide, please. These were projects where additional funding is required and we are showing \$26.3 million, understanding that that is actually more than is available in the fund, however this is forecasted over the five years and we can make adjustments in the future if that balance needs to be reduced. Next slide, please.

The bond 2019 program which you are very familiar with. Next slide, please. Currently these projects are moving forward as directed by city council in February of 2020 out of the city council work study. The only change to this is an acceleration of the design for project 42 at the dog park. Funding for the design has been accelerated for two years currently and we can start July 1<sup>st</sup> and looking at what the park program may look like. Next slide, please.

And here's just a summary of all the other funding sources. These are enterprise funds and funds that have a direct source for their expenses. The total budget of each funding source across the five years is listed, along with a number of new and amended projects brought into the CIP or amended within the CIP itself from last year's adoption. That's my quick summary, high level and I will take any questions that I think I have enough support here in Zoom to answer most anything that you might have.

Mayor Ortega: Such a great presentation. I see no hands up.

City Engineer Dave Lipinski: Yes! Mission accomplishments.

## **ADJOURNMENT**

[Time: 02:37:46]

Mayor Ortega: Therefore we are concluded with the agenda items. And at this point, I would ask are there any Mayor and council items tonight?

Accordingly, I will be adjourning this regular council meeting. We will take a ten-minute stretch and we will reconvene at 8:00 for our work study on the general plan. Thank you.