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**CALL TO ORDER**

[Time: 00:00:01]

Mayor Ortega: Good evening, everyone. I call the October 19<sup>th</sup>, 2021, city council regular meeting to order. City clerk, Ben Lane, would you please conduct the roll call.

**ROLL CALL**

[Time: 00:00:16]

Clerk Lane: Thank you, mayor.

Mayor Ortega: Present.

Clerk Ben Lane: Vice Mayor Tammy Caputi.

Vice Mayor Caputi: Here.

Clerk Ben Lane: Councilmembers Tom Durham.

Councilmember Durham: Here.

Clerk Ben Lane: Betty Janik.

Councilmember Janik: Here.

Clerk Ben Lane: Kathy Littlefield.

Councilmember Littlefield: Here.

Clerk Ben Lane: Linda Milhaven.

Councilmember Milhaven: Here.

Clerk Ben Lane: Solange Whitehead.

Councilmember Whitehead: Here.

Clerk Ben Lane: City Manager Jim Thompson.

Jim Thompson: Here.

Clerk Ben Lane: City Attorney Sherry Scott.

Sherry Scott: Here.

Clerk Ben Lane: City Treasurer Sonia Andrews.

Sonia Andrews: Here.

Clerk Ben Lane: City Auditor Sharron Walker.

Sharron Walker: Here.

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

[Time: 00:00:45]

Mayor Ortega: Thank you. We have Scottsdale police officers Anthony wells, Dustin Patrick, and Mike Melecka here, as well as firefighter Ryan Forsythe. If anyone needs assistance, please call on them. Let's begin with the Pledge of Allegiance. I will ask Councilmember Milhaven.

Councilmember Milhaven: 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 Ortega: Well, I do want to call attention to a very amazing department, Scottsdale water. Scottsdale water will celebrate their 50<sup>th</sup> anniversary next week. And I don't know what we would do without them, right? I do have a proclamation. It's part of an opening of a new water facility. So I will read that. This proclamation.

Whereas Scottsdale, Arizona, lies in a verdant and fragile Sonoran Desert where water is essential for existence and economic vitality; and whereas Scottsdale water delivers 69.7 million gallons of water daily to hundreds of thousands of residents, businesses, and visitors; and whereas, Scottsdale water maintains eight water facilities, 2100 miles of water mains and 1500 miles of sewer lines and performs 16,000 water quality tests every single year; whereas in 2019, Scottsdale advanced water treatment, became the first in Arizona to be for direct potable reuse; and whereas, The Imagine A Day Without Water Campaign, for reliable, clean water in our lives and to focus upon our responsibility to build infrastructure, to protect this life sustaining resource; whereas, Scottsdale water is a leader in innovation and renowned for using groundbreaking strategies, practices to maintain a diverse water supply portfolio, and for steadfastly promoting conservation.

Therefore, I David D. Ortega, Mayor of Scottsdale, do hereby proclaim October 21<sup>st</sup>, imagine a day without water. I don't want to imagine that, right? And ask and encourage Scottsdale to learn and spread the word so that we can become better stewards of water conservation.

[Time: 00:04:11]

Yesterday, our council colleagues and I broke ground on the civic center renovations. So you noted that the area is fenced off and we're very excited about these renovations. They are going to include an intuitive art walk, and a new desert botanical garden area, three performance stage areas, and new children's garden and many exciting improvements.

As we all know, water conservation is a top priority and these renovations will save 5.8 million gallons of water each year and also capture and collect rain water from our buildings. These renovations are scheduled to be completed in January of 2023. Until then, please visit the city of Scottsdale's web page and search civic center for more information.

We have a web cam on the roof, so you will see progress as that occurs over time. Now, we will go to our informational phase, and I will call upon Experience Scottsdale for an update, the presenter, of course, Rachel Sacco, president and CEO.

Rachel Sacco: Good evening. Mayor Ortega, Vice Mayor and members of the council, I'm Rachel Sacco, president and CEO of Experience Scottsdale. Thank you so much for your time to update you on the first quarter results from July through September. And our efforts to support the tourism industry and certainly our community at large.

I wanted to talk a little bit about where we began. So in July, we all remember that the

beginning of that fiscal year, we saw the rise of the delta variant, just as we were starting to really recover a bit. And though the rising cases impacted meeting planner and travel sentiment, still according to Longwoods Research, nine in ten U.S. travelers were still planning within six months to take a trip and don't we see that happening in Scottsdale now? We have still maintained a lot of our share.

On this chart, you will see that that green line tracks the occupancy rates for Scottsdale area hotels and resorts for the calendar year, and as you can see in recent months, our occupancy rates have neared prepandemic levels. As a matter of fact, this morning we saw you mayor Ortega, thank you for joining the tourism and development commission and we looked at our average daily rates and what we are able to see elevators that Scottsdale is commanding now are actually eclipsing the -- our high watermark year, which was 2019, and we were so far ahead of other regions as well as a lot of our competitors. So we are definitely recovering.

Research trends are even more important than they ever have been for us, so that we can effectively plan where we are place our messaging, and how we can allocate the effectiveness of the messaging and pull back or actually change them with different messages as we need to. Additional research that we started using during the pandemic have been extremely helpful, such as Google analytics and also cell phone geolocation, which we call Data.Fi. This is really important.

We can tell as an example on our website, which areas are most trafficked, old town is an example of one there's very well trafficked, but we can also tell when visitors are coming to old town. It shows up on their Data.Fi and we can also then tell where they are coming from. So then we can double down in those new markets that we have been experiencing, where people are traveling, go back to those areas and actually plant more promotional information, and then track it to see if we are actually working. And that's the way we can be most effective with our funds, and also with the messages we have too. And it's not just Experience Scottsdale that's using that information. We share it with our partners. We share it in our monthly research roundup that you all get. We share it with the city staff so that others and other businesses can also make use of that information and plan accordingly.

On this next slide, you will see we are starting the five-year strategic plan. When I say we, of course the city of Scottsdale is doing that and we are so excited at Experience Scottsdale to be part of the city's steering committee. To partner with the tourism and the events department, to really look at the future of Scottsdale and how tourism can help our community grow with your vision and to lift our community for the benefit of residents through tourism.

[Time: 00:08:54]

So working hand in hand with Karen and the tourism events department, we visited with the city strategic plan consultants to get a sense as we do with all of our clients what Scottsdale is all about. So we are really looking forward to continuing to help the city with that plan, and once it is finished, this spring, with its implementation.

So the next slide, you will see let's talk a little bit about what those consultants saw. One the things that we were able to do was show them, of course, all of Scottsdale, but we really zeroed in on the heart and the soul of what we consider Scottsdale, which is, of course, old town. So as we took the consultants through there, we were able to show them as we do virtually all of our clients. Virtually, every single meeting planner, tour operator, travel agent, and even media, we take at some point on our itinerary to old town.

Here is a good example, the particular article that came out about how that type of exposure to old town results in great, great exposure nationwide. So we had a writer named sandy Barrett who was out here for a press trip and that resulted in this article that came out this summer called "9 Fantastic Experiences in Old Town Scottsdale, Arizona." The article was published on travelawaits.com. It's a website that inspires more than 4.1 million unique visitors to explore new destinations and we hope Scottsdale will be one of those.

Let's talk about meetings a little bit. The meeting sector has been slower to recover than has the travel sector. But it's extremely important for our prosperity and the industry and also for our community. It's very, very important that we have continued to position Scottsdale to this market throughout the entire pandemic, and we have very strong relationships with most of our corporate association and third-party planners.

[Time: 00:10:55]

As a matter of fact, last month, Experience Scottsdale was named -- received an award from -- it's called the award of excellence from corporate and incentive travel magazine. Meeting planners vote by ballot on the destination marketing organization that is best served their corporate meeting and we were the winner of that award.

Corporate meetings are really important to us, because they are about 70% of our bookings in the Scottsdale area. So we were very proud of that. Additionally, just this month, Scottsdale-based company H.P.N. global is one of our meeting sectors key third-party, they experienced Experience Scottsdale Tracy Jackson as one of H.P.N.'s partners of the year. This award was only given to two other destination marketing organizations in the entire country.

And while they are in our backyard, it was really, really important to make sure that they knew we were there for them. We also have a customer advisory board and that is one of the tools that we have to keep apprised the trends and the meetings industry with people that will definitely tell us what the truth is.

So we held a virtual strategy session with this advisory group, this fiscal year and the beginning of our first quarter. There are 15 high caliber customers from all over the country that are in corporate association and various types of meetings areas, and they tell us what the future of the meetings market is, from their point of view, and that information helps us plan the rest of our year.

Well, the next slide, we will talk about international efforts. We are not only continuing through the pandemic, and always, working with international because it's really important, you may remember in 2019, that we hosted 1.7 million international visitors just to Scottsdale. And some of our efforts are also throughout the entire year and for years and decades working with Sky Harbor international airport to try to get more international flights, direct flights. We will talk about that perhaps the next time that I come.

As you have likely heard, we are so excited because the restrictions on the international travelers that have been in place since March 2020, are finally going to lift next month in November. We are ready to welcome back our international travelers, and we have kept the north American overseas media and travel professionals constantly engaged throughout the pandemic. As a matter of fact, the week that that announcement was made about the borders opening, Experience Scottsdale was attending the most important international tourism trade show in the country, to connect with travel buyers and for markets all around the globe. Our team was able to meet at this meeting called I.P.W., with 19 members of the media from Canada, U.K., Ireland and Germany, as well as have one-on-one appointments with people who are planning their travel to Scottsdale.

[Time: 00:13:51]

Most of the work that we do in our promotions is really about the off-season, the shoulder seasons that need to be shored up and then we do what we need to do in our high season to keep connecting with our customers.

So fall has always been a great opportunity for us, and while international is important, domestic is still going to be our bread and butter for quite some time. So earlier in the spring, Experience Scottsdale had a campaign that I showed you maybe the last time I was here, where we pulled travelers heart strings with our extraordinary moments and lifelong memories campaign.

Where it showed potential visitors what it's like throughout your whole lifetime that you can come to Scottsdale and have various experiences and great memories. Then we went into the it's that hot campaign this summer and we just resumed this fall campaign, in September, with messaging and content that's focused on inspiring traveling this fall.

This campaign will continue through the end of next month, and then we're going to be introducing visitors from new markets that we have been able to actually identify. While maintaining our brand awareness and our tried and true markets. So you will see this season, we will promote our fall season to Californians, people in Colorado, Florida, Illinois, Michigan, Minnesota, Nevada, New York, Texas, and even Washington state and more.

On this next slide, I will guess it wouldn't be an update from me if you didn't have a little built of

our metrics. And even despite the pandemic, we have been continuing to work towards the goals that you and also the tourism and events department have set out for us in doing our best to reach them and hopefully exceed them.

We have made great strides in capturing leads, media hits, website visits and more. And as you can see here, we are already halfway through our annual goal of generating convention sales leads for Scottsdale area hotels and resorts and as you will see with regards to media hits, or bookings, website visitations, et cetera, we are well on our way to meeting and exceeding those performance goals you have set out for us.

On this next slide, I want to talk a little bit about something that we are calling exceptionally Scottsdale. According to destination next study, one the top trends for leisure travels right now, is authentic meaningful experiences. Think about when you travel. What do you want to do? You want to go to a location that is essentially local. You want to see in the destination that you are traveling to, not something that's built for visitors but something that the locals do.

And that's exactly what we have been doing the last eight months. We have partnered at Experience Scottsdale with your tourism and events department and you at the city, to have an exceptionally development program, where we are working with an outside consultant and 12 Scottsdale-based businesses and attractions many of whom are in the old town area, but some are as far reaching as Taliesin West.

We will have new experiences for visitors to have a great time so that they will come back. These businesses have learned how to take their business, many of which are just small businesses, and really elevate it from good to great, and then that will give us something that we can promote all year round. So we are thrilled to have that happening.

In the upcoming programs, looking ahead, the next time that I see you, I will be able to share the results of some of the things that we will be working on. As an example, our annual holiday campaign, which launches next week.

The holidays are a neat time for us, back when we began this campaign over eight years ago there was no business in Scottsdale during the holidays and people would fly way over to go to the Caribbean or Hawaii or other places.

[Time: 00:17:50]

And now eight years after this campaign was launched, we have been able to gauge that the occupancy at Scottsdale area hotels and resorts has increased 23%, which means that all of the businesses as well have new customers that are coming and because there's new people here, our promotions and our projects that are so much more robust for the holiday season, such as Scottsdazzle or you see Christmas at the Princess or other things that our businesses are putting on because we are a holiday destination.

I will also provide a quick update on the diversity, equity and inclusion efforts as I have been telling you in our communications, we are doing a lot to educate and train our staff and we will be debuting a brand new TV commercial which we are shooting now with a diverse cast. So we will be having a TV commercial that our hope is will show people around the country and the world that everyone is welcomed in Scottsdale, Arizona. So I will just close with a big thank you.

I'm so looking forward to seeing you at our annual meeting in a few weeks. I have been told that every single councilmember has RSVPed yes and we are thrilled to share with you the results of what we have been doing, and also what we will be doing in the future. Thank you so much for your support and for our team, and I'm happy to answer any questions that you might have.

Mayor Ortega: Well, thank you very much. We have so much texture and content here in Scottsdale. Many of us went to the saddle up event last Saturday, and at our spirit of the Museum of the West, and it was wonderful, outdoors with lighting and then the outstanding collection of Edward Curtis which will be world renowned. Thank you very much and we will move on to our next item.

#### **PUBLIC COMMENT**

[Time: 00:19:45]

Mayor Ortega: Well, at this point, I will open public comment. Public comment is an opportunity for Scottsdale citizens to comment on non-agendized items that are within the council's jurisdiction.

No official council action can be taken on these items, and the speakers are limited to three minutes to address the council. We have two possibilities. One is by remote, and the other one is in person. As I understand, it there are no remote requests. There is one in-person. I call forward David Roberts. Please state your name and you have three minutes, sir. Welcome.

David Roberts: Thank you. I'm David Roberts. I reside at 7966 east south wind drive up in north Scottsdale. Mr. Mayor and councilmembers, I first want to lead off with thanking you for your service to Scottsdale and to our citizens. Thank you for all the good things that you do and the time that you have devoted to the betterment of this community. Because as you know, one single screwup wipes away a lot of good works. And tonight, I'm here to call you out. Mr. Mayor, and the entire city council, for your poor performance on a very basic city service.

Scottsdale homeowners have become painfully aware of the council and the mayor's failure to have brush and bulk trash removed from our neighborhoods. Those of us who have followed along on the city website are fully aware of the factors and the excuses that the city is using to escape providing a service that we are all paying for. Severe monsoon, and labor shortages.

Well, I have lived at my current address for 20 years and I know this is not the first year that we have had a severe monsoon, and I know that throughout the valley, over the years, there's been



labor shortages. It is, however, the first time we have experienced these factors with this leadership. Mr. Mayor, you have been in this position since January of this year. This is a reflection of your leadership. The citizens are grading your performance as unsatisfactory. My community, which is located in zone three, was scheduled to have brush and bulk pickup on September 20<sup>th</sup>.

That means according to the rules, residents in that zone could put bulk trash and brush on the streets by September 11<sup>th</sup>. That means that that's been out there now for 38 days and counting! Creating a haven for pack rats, mosquitoes and other varmints to thrive. This is a horrible city service. It's a black eye to Scottsdale's reputation.

[Time: 00:23:14]

Mr. Mayor and councilmembers, I hope that your communities are suffering through the same kind of poor service that -- that you are making the rest of us go through. I did notice that my water bill came on time. And I expect that my property tax bill will come on time. I guess no shortage of labor in the billing department, and probably not in the payroll department either, I would gather.

The city deserves leaders that can deliver basic city services, reliably and without excuses. Mr. Mayor, you and the city council are failing the citizens of Scottsdale. You need to solve this trash collection problem without delay, or further excuses.

And I might add, that all of you owe an apology to the city employees that have had to deal with the thousands of irate citizens calling in and complaining about the mess that's been created by your poor leadership. Thank you.

Mayor Ortega: That is the only public comment that we have. And accordingly, I would close public comment. The next portion of our program is a -- has to do with our minutes. So I would request a motion to approve the regular meeting minutes of September 21<sup>st</sup>, 2021, work study session minutes of September 21<sup>st</sup>, 2021. Do I have a motion and a second?

Councilmember Janik: I move to approve the regular meeting minutes of September 21, 2021, and work study session minutes of September 21, 2021.

Councilmember Whitehead: I will second that motion.

Mayor Ortega: Motion and a second. Any discussion? Revisions? Please register your vote. Thank you. Unanimous.

**CONSENT AGENDA**

[Time: 00:25:17]

Mayor Ortega: Next we have the consent agenda items. They are posted as items 1 through 22. And for the record, we will take public comment if there is any on these consent items. And also note that item number 11, which is the consent agenda item for right-of-way acquisition for Camelback Road sidewalk improvement project has been requested to move to November 9<sup>th</sup> regular meeting agenda.

At this point, though, I would just call forward any comment on any of the consent agenda items. I see none remote and I see none in person. Therefore, I will close public comment on consent agenda items.

And I'm open to a motion excluding item -- excuse me, we could -- we could request a motion to continue item 11 first, and then -- to November 9<sup>th</sup> if I could have that motion.

Councilmember Whitehead: Sure, mayor, I will make that motion to continue item 11 until November 9<sup>th</sup>.

Councilmember Littlefield: I will second that.

Mayor Ortega: Thank you. We have a motion and a second at the request of staff to continue number 11 to November 11<sup>th</sup>, please register your vote. Thank you. Unanimous.

So we are returning to the consent agenda items, which are 1 through 22a, excluding, of course, item 11, and once again we already had our opportunity for any public comment. Does the council have any question or comment before we request a motion? Good. Seeing none, then I would accept a motion.

Councilmember Whitehead: I will make a motion, mayor to accept concept items 1 through 22a with the exception of item 11.

Councilmember Janik: I second that.

Mayor Ortega: Thank you. We have a motion and a second and that will be all the complete text on each item as posted. We have a motion and a second. No discussion. Please register your vote.

Councilmember Milhaven: Excuse me, mayor, I need to pull item 15 for potential conflict. I apologize. I forgot.

Mayor Ortega: No problem. We will just amend the item, number 15, so if you could accept that as an amended motion on your consent motion. We have a motion for items 1 through 22a, but

we are excluding 11, and we are excluding 15. Do you accept that as –

Councilmember Littlefield: Yes.

Mayor Ortega: Okay. So at this point, we are excluding, of course, 11, which was voted on separately, and excluding number 15, please register your vote.

Councilmember Milhaven: And I will leave the dais so you can vote on 15.

Mayor Ortega: Thank you very much. And much appreciated on that clarification. So from time to time, if there may be an appearance of conflict or a possible conflict itself, then a member will recuse and that's what our situation is today. For clarification, I would like to look at consent item 15.

Councilmember Whitehead: Mayor, I will make a motion to approve consent item 15.

Councilmember Durham: Second.

Mayor Ortega: Okay. Again for the record, I would clarify that the motion is to adopt resolution number 12291 approving contract number 2021-159-COS, a general depository agreement with HUD, and between the city of Scottsdale, Scottsdale housing agency, and Wells Fargo Bank, National Association. So that is the motion, and the second. Please register your vote. Thank you. Unanimous, with the one recusal. Okay.

### **ITEM 23 – DIGIOVANNI RESIDENCE (73-HP-2021) APPEAL**

[Time: 00:30:16]

Mayor Ortega: Moving on, we will get to the regular agenda. And just to clarify that the regular agenda items will be heard and, of course, the public is open to comment on any of the items. For clarification, item number 24 was pulled by the applicant. So that is -- permits no further discussion on item number 24. At this point, we will go with item 23 and ask the presenter, Ben Moriarty. And then the homeowner is after that.

Ben Moriarty: I will westbound presenting the DiGiovanni residence, this is an appeal to the historic preservation commission's decision. Case number 73-HP-2021. The site is located in Villa Monterey, unit 7, which is north of east Chaparral road, and east of north Miller road.

Closer bird's eye view of the property, will show it's on the north side of the east Bonita drive. The site is zoned multiple family historic property, or r-5hp and you will note that the subdivision just north of this site is not within the Villa Monterey historic district. The request before the historic preservation commission was for a certificate of appropriateness. And that was for replacement windows, replacement doors, exterior paint color change, removal.

Decorative iron work, change in roof tiles and replacement of landscaping with artificial turf. The historic preservation commission issued an approval of the certificate of appropriateness for the windows, doors and paint color change, but stipulated that the iron work be restored, the roof tiles be replaced with a similar tile to what was previous, and the removal of the artificial turf.

This is a site graphic of the property, the area that the roof tiles are replaced are colored in gray and the turf area is in that green color. This is an image of the property from 2017, when it was part of the historic district inventory. And this is an image after the work was completed. And surveying the historic district, Villa Monterey has 12 properties that have artificial turf in the front yard.

The historic preservation commission has heard three properties and denied those three properties this year of artificial turf. Those under red. And that would include this property. Next slide, please. That concludes staff's presentation, and the homeowners are here for their presentation. Thank you.

Mayor Ortega: Thank you, had Joe DiGiovanni is coming forward.

Joe DiGiovanni: Thank you, Mr. Mayor, Vice Mayor and councilmembers. I first want to -- I thank you guys for taking the time to listen to what I have to say. Thank you to Ben for your presentation.

[Time: 00:34:18]

I just want to make -- you know the first point I want to make really clear is that I'm not happy with the way this went down. The process wasn't followed the way it was supposed to be followed. I hired a contractor, a professional contractor who I trusted to follow the process the right way. I wasn't going to be here for the changes to supervise them. I wasn't in the house at the time.

So I trusted that he was going to go through the process with the city and whatever the homeowners association, whatever was required to be done and it wasn't done the right way, and unfortunately the changes have already been made.

And unfortunately, he's not here to answer why he did it, he passed away in March when this came to roost and I'm trying to put the pieces back together in a reasonable way. I'm not asking for any favors. I'm not asking for anything to be done outside the guidelines. Our community has interim guidelines. We don't have official guidelines that we are supposed to follow with regards to the historic preservation. So we do the best we can to follow the guidelines.

I know reading through those guidelines that we did follow the guidelines. Every change that we made is within the guidelines that we made. I want to make that one point clear that I didn't do this out of order intentionally. I respect authority. I respect the process and I expected it to be followed by my contractor. But, again, I want to resolve this in a reasonable, cost effective way.

I have got -- I just want to address each of the three issues according to the guidelines. In regards to the roof tiles, after reading through the guidelines numerous times there's one place in the guidelines that specify and specifically address replacement of roof tiles. It's on page 3, guideline 6.1, and it states replacement of roof materials should use tile or shingles that are similar in size and texture to those traditionally used in the development.

There's been 35 plus pictures taken of houses similar in the neighborhood with the similar size, shape, color, texture the tiles that I did use. So I did use -- I did follow that guideline. The reason it was not approved was not per the guidelines, they didn't specify a guideline for not approving it. They just felt the personal opinion was that it would have looked better if I used the exact same tiles I had before.

And I changed the color palate of the house and it would not have looked better. It would have been an eye sore. It would have been -- it just would have clashed with the color that I used putting red tiles back up there. Again, I did follow the guidelines with respect to the roof tiles. And with regards to the artificial turf.

According to the guidelines that are -- the interim guidelines that we are supposed to follow, there's nowhere -- they don't even have -- we're not required to even get a permit to replace any of our landscape in front. It's not even approvable item for the historic preservation to -- it's not within their jurisdiction and that's evidenced by page 12.

[Time: 00:37:35]

Guidelines that says where landscape follows under these items it says does not require a building permit to construct or install so they will not be reviewed as part of the H.P. formal process -- approval process.

The following guidance is provided to encourage the preservation of those elements of historic district items that have no formal predictions and help the homeowners plan improvement that conforms with the neighborhood.

It's not an item that needs approval from the historic preservation. I don't think that's something that they could tell me what to do and what not to do. And regardless of that, we're in a 55 and older community, and some of us are planning for retirement. A lot of them are retired and on a fixed income. We are trying to dot moment economical thing -- do the most economical thing.

The expense of maintaining a lawn and doing reseeding twice a year and the water bill that goes up and you guys talked about it at the beginning, we are conserving water. You are offering rebates for people to tear their lawns out and put in artificial turf. This was only not approved because the first comment out of one the commissioner's mouth, I'm not a fan of the artificial turf.

That's his personal opinion that he's imposing on me and my neighborhood. And I got approval, all three of these items went before my homeowner's association. The president lives across the street from me. And the vice president lives exactly across the street from me. They all approved the items to the way they interpreted the guidelines and felt they fit the guidelines. I believe the city planner felt it fit the guidelines. They are going after personal opinion, not applying guidelines for the reasons why they are denying it. It's not right and reasonable that I have to absorb the expense to tear that stuff out and replace it.

Not to mention artificial turf is not even recyclable. And then finally on the iron work, it was dilapidated, resulted, and to replace it with the exact same iron work, I would have to get I accustom iron work and it was five times more than the spindles that I put in there. There are numerous pictures where other homes have the same spindles in there. It was not an economical decision for me to make. And so I felt that that was also correct. And then in conclusion, I'm just -- again, I want to reiterate, I'm not asking for any exceptions or favors or to be treated any different.

I want the guidelines to be followed. The interim guidelines that we have. All the changes, I went to the homeowners association which has done a fantastic job of maintaining the integrity. For 50 years. They have done a fantastic job. I don't think we need somebody else's personal opinion to be interjected in it and I would ask you guys to just reasonably look at it the same way. I hope that you can and thanks again for your time and if there's any questions, I can answer.

[Time: 00:41:08]

Mayor Ortega: Well, I do appreciate if you stand by and I see Councilwoman Janik has a comment.

Councilmember Janik: Thank you. Thank you. I drove by your home today, and you did a very nice job. It really looks nice. But I think you have to realize that we have the historic preservation committee, they are all volunteers. We appreciate what they do, and once again, we're at odds with the changes you have made. I do not think it's realistic to take that roof off. It looks very nice, and it doesn't make sense.

And I also think your artificial turf looks good and as we drove around, I noticed at other properties have artificial turf and I also noticed that there's other properties with different types of roof tiles.

I guess maybe it's an accommodation, I might recommend that you put in some type of iron work in the front, where you have your two pillars. I would hope it doesn't have to be custom. I don't believe that it would need to exactly match what is there, but I guess just out of respect for the historic preservation commission and their guidelines, I think that we maybe could recognize that one point as something that perhaps you could fulfill.

Joe DiGiovanni: I would be in agreement. I would be in agreement with that.

Councilmember Janik: Okay. Thank you.

Mayor Ortega: Councilmember Durham?

Councilmember Durham: Yes, my questions are for Mr. Moriarity. I'm -- I do have some concerns about the artificial turf. I was reading in historic preservation commission report that it looks like that in 2019, there was a text amendment that would allow the use of artificial turf throughout the city and, in fact, it looks like there might have been a rebate program for installing artificial turf is that true?

Ben Moriarty: Mayor and Councilmember Durham, that's correct. In 2019, the text amendment is more focused on commercial properties, but would allow for artificial turf in that front area of commercial properties to be seen from the right-of-way. And our water resources department does have a rebate program and they have some policies and guidelines around artificial turf. You are correct.

Councilmember Durham: This is not a commercial property, though. It was expanded to houses in 2019?

Ben Moriarty: Mayor and councilmember, no, I was just trying to give some reference to some of the other trends in artificial turf in the city.

[Time: 00:44:01]

Councilmember Durham: Well, also in the report that's part of our materials, it -- it mentions that the approved text amendment identified artificial turf as -- as contributing to the heat island effect, that we discussed here a couple of weeks ago.

And it's -- and it just seems a little concerning when we acknowledged just a few weeks ago that we have a heat island issue, that we are further encouraging the artificial turf that we have the heat island ground cover that you could use.

It may have nothing to do with the issue before us tonight, but I'm just concerned that that we are allowing and encouraging and even encouraging and providing rebates for the use of that. I realize that it conserves water and other surfaces such as more desert surface might conserve close to the same amount of water.

So I wanted to agendize a review of the text amendment and the use of and the use and the encouragement of artificial turf to put that on a future agenda to review the use of artificial turf at a future meeting. So is that appropriate to --

Mayor Ortega: Not at this time. But you can certainly follow up on that in a moment now.

Councilmember Durham: Okay.

Mayor Ortega: Anything else?

Councilmember Durham: One more thing. It seems that there has been an uneven application of the turf issue in that historic preservation commission has turned down a couple of requests this year but there are numerous properties that have allowed turf, 11 or so, I think you mentioned.

And do you have some explanation of what the historic preservation commission's logic is for sometimes approving it and sometimes not approving it?

Ben Moriarty: Sure. Mayor and councilmember, I will put these guidelines on the Elmo. On that bottom policy, after what Joe had shared with the policy about most landscaping doesn't require a permit this is the policy that the historic preservation commission said that the artificial turf didn't align with, but in regards to the other 12 properties in Villa Monterey, doing some research, back when it was designated an historic district, eight of those properties had artificial turf existing when it became an historic district.

Four of those properties as Joe had mentioned or alluded to, there's not a permit required to change out landscaping and that may have changed out in the course between 2017 and today, and they wouldn't have been required to come to the city for a permit.

[Time: 00:47:50]

Councilmember Durham: That's all I have Mr. Mayor.

Mayor Ortega: Councilwoman Littlefield and then Councilwoman Whitehead.

Councilmember Littlefield: Thank you, Mr. Mayor. I had a couple of questions on this. As I read through, they said that the HOA had approved these changes, as they reviewed them; is that correct?

Ben Moriarty: Mayor and councilwoman, Joe had received HOA approval for the doors, windows and paint prior to the work and he reached out to the HOA for the landscape, the roof tiles and the iron post work and the HOA conceded that they were in favor of those changes, but also mentioned that it was out of order. It -- of order. It should have come before the work was performed.

Councilmember Littlefield: Okay. And the city staff, did they review this before this came to us and did they approve this?



Ben Moriarty: Mayor and councilwoman, this case was submitted after the work was performed. One item that would require a permit is the replacement of windows. The other items could fall under the category of a maintenance-type issue that may not have required a permit.

But since it's an historic district, any change, we like to keep record of, whether no effect, or if there's a significant change it goes to the historic preservation commission.

Councilmember Littlefield: Has this gone to the historic preservation commission?

Ben Moriarty: Yes, this is an appeal to the historic preservation commission. I was thinking of the state, not the city one. Thank you.

Mayor Ortega: Councilwoman Whitehead.

Councilmember Whitehead: Thank you, mayor. Yes, this does seem like a few mistakes happened, but I would have to say all is well that ends well. I think that we now the person is to proceed in an historic neighborhood, but a person who is the first time in this neighborhood, may not know.

It sounds like this neighbor this resident tried to take all the steps. He hired a professional and he was not in town. And at the end of the day, the HOA did approve the work and it's nice. I don't see any harm. I want to say about the historic preservation commission. They have identified buildings that were historic that we didn't know, first -- like the first city hall. So amount of work that they do as volunteers and their success is incredible, but this one is a tough one. So bumping it up to council I think is a great idea.

[Time: 00:50:55]

I'm perfectly comfortable with it and I would be willing to make a motion. It sounds to me that Mr. DiGiovanni, I hope I'm saying that right, and Councilwoman Janik agreed on some metal lattice work, decorative iron elements.

Perhaps I will make a motion that we reserve the commission of the historic preservation commission and Mr. DiGiovanni work with his HOA to install some decorative iron, if that satisfies everybody, I will take a second.

Councilmember Littlefield: I will second it.

City Attorney Scott: Mayor, if I may clarify the motion. So the motion as I understand it Councilwoman is to approve the application and 73-HP-2021, with a stipulation that the applicant have some decorative iron work approved through the HOA board.

Councilmember Whitehead: Yes, that is correct. Thank you.

City Attorney Scott: If I can just get an agreement from the second.

Councilmember Littlefield: Yes.

Mayor Ortega: And I see the owner nodding that that's his understanding as well. City clerk, would you like to clarify further.

City Clerk Lane: We do have one member of the public who wishes to speak on the item as well.

Mayor Ortega: Right. And we may have other councilmembers who want to speak. Okay. Let's go to public comment. There were two committed by neighbor individuals. And sometimes we check box whether they wish to speak, however we do have an in-person -- we have two written comments, and one from Diane Frank wishing to speak in person. Please come forward. Thank you.

[Time: 00:53:22]

Diane Frank: Is this right or pull down?

Mayor Ortega: Good. We hear you.

Diane Frank: It has to really come down for me! Thank you, Mr. mayor, and members of the city council. It's a pleasure to be here. I'm Diane Frank.

I live directly across the street from the DiGiovanni residence and I have to say, I love it. I have been in Villa Monterey for nearly 20 years and before that, I sold Villa Monterey for 30 years that I have a Realtor, with Coldwell Banker and John Hall, and I'm speaking both as a neighbor and as a retired Realtor.

First of all, in my experience, in Villa Monterey, over the years, there hasn't been any specific what you call traditional look. People have moved in. They have removed the wrought iron. They have painted their houses many different colors. They have added walls. They have put patios in front of their homes as well as behind their homes. And so there is not a true tradition any more.

What my comments are concerned with, one of the situations for the DiGiovannis well, they have painted their paint a different color and so I have with the support of the historic preservation commission.

So right there, it shows you how inconsistent they are being about the decisions they are making. They are using a lot of personal feelings and opinions in coming to their decisions rather than fact-based consistency. The historic preservation commission, has made a very friendly community. It has divided us.

We are starting to argue amongst ourselves now all because of the historic preservation and not over the DiGiovanni's house, but over whether or not it is of any value to us as homeowners to be a part of it.

I will tell you at least 12 to 15 people in my subdivision, which is theirs, which is unit 7, we are preparing to apply to withdraw from historic preservation, and I, myself, am a part of that. There are other -- all the other subdivisions have members who want out of historic preservation, mainly because they have been so arbitrary. We were supposed to work together to form the guidelines.

They are making their decisions based on interim guidelines that have not even been finally approved. I have more but I guess I have run out of time. I totally support everything that they have done with their house and I have to look at it every day. Thank you very much.

Mayor Ortega: Thank you very much. With that, I will close the public comment. We have a motion and we have some discussion, Councilmember Milhaven.

Councilmember Milhaven: Thank you. I just wanted to make a comment and actually, it follows very nicely from the comments we just heard, which was right ten years ago the Villa Monterey community came forward and said city council, will give you us historic designation and interim guidelines and there's been no effort to update the guidelines and it seems they are intentionally vague.

[Time: 00:57:50]

And so if the HOA -- so it's the community asked the city to allow them to police themselves. So if the community is agreeable to these changes, I think as a city -- because we are supposed to be following the guidelines you gave us.

I don't know why we would interpret them any differently than to say, gee, you seem to be okay with it being vague for the last ten years and for it to be open for interpretation which means what Mr. DiGiovanni would have been in order, if he had come forward sooner rather than later and I would agree on the side of the HOA. I would leave it to the community and the HOA to decide if you want to leave these as vague guidelines. I think there should be lots of flexibility and room for interpretation, but I encourage you guys to maybe consider how you want to do this going forward, because this is the second case we had in a really short time frame in Villa Monterey and what I heard it sounds like from Mr. Moriarty, there were other property owners that were not allowed to do things that other property owners did.

I think it's best to decide how to monitor yourself as historic preservation or take yourselves out of it. I will wish you all the best of luck.

Mayor Ortega: I see a note from the city attorney and then Vice Mayor Caputi.

Vice Mayor Caputi: My apologies. I forgot to turn my speaker button off.

Mayor Ortega: Thank you, vice mayor Caputi.

Vice Mayor Caputi: I agree with everything that has been said up here tonight, especially what Councilmember Milhaven said tonight. I think the subjectivity. This is the second case we heard. It's always about we weren't really sure the guidelines weren't that clear.

We are in the middle of an interim and so it's always a question of what people like, which seems to defeat the purpose if we are just going to make arbitrary decisions. We ask him to put in some iron work and what to say that the H. O.A. says yes, and someone else in the historic preservation commission says, that's not historic. And it's always subjective. I'm perfectly fine supporting but I do think this is a problem that needs to be solved sooner than later. Thank you.

Mayor Ortega: Thank you. I would just add one comment, of course, the deed restrictions carry to begin with. So you have one layer of government, let's say, and then we have, of course, our city building department, and then the HOA overlay on top of that, but you are always vested with those deed restrictions and occasionally a homeowner will stumble. I do support the motion and the second and with that, let's register your vote. Very good. Unanimous. And good luck with your project.

#### **ITEM 25 – QUARTERLY FINANCE AND CAPITAL IMPROVEMENT PLAN UPDATE**

[Time: 01:01:04]

Mayor Ortega: Next we will move on to item 25, which is -- oh, well, just to clarify, item number 24 that was withdrawn by the applicant. So there's no discussion on that topic. Item number 25, is the quarterly financial and capital improvement plan. Treasurer Sonia Andrews and Ben worth with our public director program.

Sonia Andrews: Thank you, mayor. Good evening mayor, good evening, council. This is the financial update for the first quarter of our current fiscal year, that is for the months of July through September 2021. Next.

The key points for this quarter are that we continue to see very strong revenue growth from our economic recovery that's viewed by the federal stimulus and also strong consumer spending. However, we do see some short-term and long-term impacts and uncertainties which we want to share with you tonight.

Uncertainties from declining consumer confidence, and also impacts from state tax reductions and census counts that I will go over later. Next to the revenue growth. The U.S. economy has definitely improved since last year, and retail sales has been very strong. This chart shows the most recent forecast by economists at the University of Arizona. It is a forecast of retail sales

growth for the Phoenix metropolitan area.

Retail sales is expected to increase significantly by 15.9% this year, consumers are spending on a variety of durable goods from clothes to electronics and the economy continues to recover. And consumer spending translates to tax revenues for us.

However, as mentioned earlier, there are a lot of uncertainties in these forecasts as there are uncertainties about the ongoing spread of COVID variants, growing fears of inflation, worries over employment and other market conditions.

[Time: 01:03:12]

As a result, these concerns -- of these concerns consumers confidence is falling. Next. Over the last three months consumer confidence has declined and continuing to fall. Consumer expectations often provide an early warning signal for the economy and could see a slowdown. Most economists are optimistic about the economy but we will keep a very close eye on our revenues and let you know if we see a downturn.

For first quarter, though, our sales tax revenues are coming in much stronger than expected. Next. This slide shows our local sales tax revenues by category in the general fund. The second column of numbers shows year-to-date actuals, overall our sales tax revenues totaled \$39.7 million, for the first quarter, that is July through September of this year, which is a whopping 29% higher than the prior year, and 23% favorable over budget.

These are historically high increases. We have not seen such large percentage increases. To put it in perspective, in the last 20 years, the biggest annual increase in our sales tax revenues was 13%. The retail category which is the first row here is leading our strong revenue growth. Taxes from retail sales came in at a whopping 34% higher than last year, and 26% favorable over budget.

In most all other categories, sales tax were stronger than expected, also including dining and entertaining and hotel, motel categories, also seeing increase in activities as consumers start to travel and eat out more. The hotel motel category includes our short-term vacation rentals which also saw increased activities. Next.

And aside from local sales tax revenues, general fund also includes state shared revenues and other revenues. So total general fund revenues for the first quarter of this fiscal year, again the second column of numbers was 79 million, which is 19% higher and 17% favorable over budget, again, mainly due to sales tax. This is the primary operating fund for the city and local taxes and state shared revenues are the most significant revenue sources for the general fund.

State shared revenues came in a little higher than budget, but flat compared to the prior year. And we are actually anticipating our state shared revenues will be lower than budget this year, due to -- due to the census count which I will talk more about later and also we anticipate it

decreasing over time, which I will explain on the next slide.

And so this is based on population, except for the year when there is a downward census count and which populates the numbers that the state uses in allocating numbers. The U.S. census bureau released to the 20 census counts which showed that Scottsdale's population increased but did not increase as much as our estimates, which were being used for allocating state shared revenues.

[Time: 01:06:42]

While some other cities increased significantly more than the estimate -- their estimates. So our share of the pie of state shared revenues is smaller. The state has started using the new census numbers to allocate state shared revenue. So we will be receiving less than we budgeted for starting this fiscal year. Also the second bullet point. The state passed senate bill 1828, which will reduce individual income taxes over the next three years.

The state expect to see a \$2 billion reduction in tax revenues, most of it resulting from the individual income tax rate reduction. Cities are allocated a portion of income taxes and these allocations are remitted to city two years in arrears. That means we won't see the impact of these income tax reductions until fiscal year 2025. And this is the original and revised state shared revenues. Next.

So state shared revenues provide over \$90 million to the city. The solid blue line that you see here shows the original five-year forecast of state shared revenues. The dotted blue line shows the impact of the census count. We anticipate 4 to 4.5 million less per year in state shared revenues with the new population numbers.

The orange line is our revised forecast taking into consideration the stronger than expected growth in state revenues as they are also seeing record growth in revenues from the economic recovery, and then we also factor in the senate bill 1828 reduction starting in fiscal year 2025 and that's why you see the orange line start to drop below the original forecast.

We will continue to update and refine these five-year projections and work with our leadership team to develop budget strategies in response to the lower revenue forecast and also keep you apprized as we watch our state shared revenues closely. Next.

On the expenditure side our first quarter results show that overall our general fund expenditures are favorable, compared to budget due to vacancies, timing differences and other savings. General fund expenditures consist mainly of personnel costs. You will notice that the prior year personnel costs of \$34 million is quite a bit lower than the current year amount of \$50.4 million.

And that is because in the prior year, we moved about \$12.4 million of public safety personnel costs to be funded by AZCares money that we received. So overall our general fund

expenditures are coming in as expected. Next.

And this slide shows the general fund expenditures by division, most all divisions have come in with a favorable budget variant as expected.

And the next two slides is the G.O. bond programs. The 2015 G.O. bond program is complete. We issued \$25.5 million in G.O. bonds which will be paid off by 2027. Next.

And the 2019 G.O. bond program is in progress. We have issued \$51.2 million in debt so far. The public works executive director Dan Worth will be presenting details on these projects in just a minute. And this ends my presentation. Are there any questions for me before I turn it over to Dan?

[Time: 01:10:26]

Mayor Ortega: Councilmember Durham.

Councilmember Durham: On the graph of the five-year projections, I wasn't clear whether the revised forecast included the reduce census impact or not.

Sonia Andrews: Mayor, councilmembers, Councilmember Durham, yes, the orange -- the dotted line shows the census impact. So we are anticipating that the census impact will reduce our original forecast revenues by 4 to \$4.5 million per year.

The orange revised forecast does include the census impact offset by the much stronger revenues and offset by the state income tax. So it's a combined effect of all the -- all the above.

Councilmember Durham: All right. Thank you.

Mayor Ortega: I do want to point out, again, when you look at this graph, or the previous page, which mentioned that the standard procedure for census taking would include aerial rooftops, building permits and all of those projections that were used over the last 50 years to calculate the census estimate.

And then when the estimate takers actually got to those houses and knocked on those doors, they in many cases found short-term rentals. So there's actually -- or they found no one at all at home. And it's estimate that the short-term rentals are 5,000 residences.

And when you multiply that by two people, we are short 16,000, 17,000 people and that becomes real money as federal and state revenue share impacts our revenue stream. Now, I'm pointing that out, we'll need to delve deeper into that as to the severe impact when -- however when an STR is occupied, of course, we have to provide water, sewer, police and fire to those locations.

And I think it's more than a conundrum but a serious expense of how to provide the essential services. At this point then, I make that observation as we gather more information and whether or not there will eventually be a cap in number of STRs in a community. Councilmember Milhaven and then we'll go to Mr. Worth.

Councilmember Milhaven: Yes, and I would like to make a further reflection on the census estimates. While, you know, you are right that the STRs are taking households out of the count, these estimates are done annually. It's not like we got them all in the last year.

The other thing I would reflect on is our population growth compared to the population growth across the state and in other cities and so we look at state shared revenues if our growth is not as rigorous as other states.

I think this is an important consideration as the folks talk about the pace of growth, I think the argument could be made that we have slowed our growth and we are seeing that in the changes in the estimates. So thank you just on my reflections.

[Time: 01:14:21]

Mayor Ortega: Great. And I think that's all open, you know to discussion, as far as -- as we look deeper into the -- into the impact and it has been a problem. We hired someone to identify those short-term rentals because we were not self-identifying at the state level.

So those numbers, we actually have budgeted this year personnel to check on that, and verify where we are and where they are costing us money. Councilwoman Whitehead and then Vice Mayor Caputi.

Councilmember Whitehead: Thank you, mayor. I have a question and I think we did discuss this, but not only short-term rentals but do we also lose population when we have residences that are snowbirds?

City Manager Thompson: Mayor, members of council, Councilmember Whitehead, yes. It depends on their principal place of residency and so if they are seasonal visitors and they are registered to vote in another state and they register e their vehicles and file their taxes, there they won't be counted here. But that has been traditionally the case, you know, for many, many years. But we have seen a trend.

One the other data within the census was the age has grown older in Scottsdale and so there's other indicators as we further analyze it and we get the additional information from the U.S. census, we will come back and share a more detailed analysis, but for now, I think it was important that the state is already adjusted on the large number that they received without the additional data to back up the information from the census because we have not received it all yet to really analyze short-term rentals but we do know and the state has shared with us that we are somewhere between 4 and 4.5 million this year based on the state shared revenue and



our decline is a total percentage of the population within the state of Arizona.

Because that's based on -- if I can just take a moment. When we shop online, that that tax goes to the state. And they distribute it based on the population within the state. So a city of our same size would -- even though the sale occurred in Scottsdale and maybe Scottsdale residents sell or buy more, that revenue would be evenly divided between those two cities. And so we tend to be a contributing community to the state and many of the those areas, inclusive of highway user revenue funds and many of our other revenues that are distributed based on state shared revenue formula, which is based on population.

So the 4.5 is inclusive of all of those, but we'll see? Drop and probably in some other areas such as HURF and some of the other allocations that come out, based on population. So I know that's a long answer. The short is, yes. They are not counted if, in fact, they are registered to vote and live in another state but live here part of the year.

[Time: 01:18:00]

Councilmember Whitehead: Okay. I wanted to make sure that that was the case. And then did you say that the state relooks at the numbers annually? Or is that -- so we have the ten-year census, but somebody I thought up here said that the state looks at the population numbers annually?

City Manager Thompson: Mayor and members of the council, and Councilmember Whitehead, yes. Every year, the numbers are adjusted base on what we submit to M.A.G., and to the state as to our growth. So if we add ten new homes and the average is two people per home, then they will say you have 20 more people.

Councilmember Whitehead: Okay.

City Manager Thompson: And that's how it's adjusted on an annual basis, but what happened here with the census, it's basically they come up and try to adjust those to the actual, because sometimes it could have been 1.8 people, it could have been 2.6 people. And so in every community. There's a lot of oddities.

You also have an under/over and this impacts a lot of communities and it impacts Scottsdale. So even though you may have 100 residents and you are supposed to have two per home, they could say that 20% are vacant, and so we see that with a lot of units and a lot of communities where they try to do the analysis, and they make the determination they are vacant because maybe they are short-term rentals.

Maybe they are seasonal residents and then they declare them to be vacant and they apply that 20% across the entire community and all of your homes. And so there's some oddities like this. As we dig deeper, when we get all the data, we'll come back and share that in great detail.

Councilmember Whitehead: Okay. Thank you so much.

Mayor Ortega: Thank you. Vice mayor Caputi and then Councilwoman Janik.

Vice Mayor Caputi: Thank you, mayor. I know this is not a conversation about short-term rentals and I'm certainly no fan of short-term rentals. My own reflection on the comment that was made is that there is a percentage of our community that is short-term rentals but there's a person that actually owns that residence and they are paying taxes to cover services and then you have got people living in those residences so they are also contributing to our economy, spending in our city, here usually for special events and different things.

It's not like it's a net loss to the city to have certain percentage of short-term renters. Again, we are still getting tax revenue in various ways and shapes. Thank you.

Mayor Ortega: Okay. Councilwoman Janik. Councilmember Milhaven.

Councilmember Janik: I just have a quick question. It seems that in the past couple of years we overestimated our population so that we probably got more funding from the state than we could have with a more accurate count. So we have to give money back because of the discrepancies.

[Time: 01:21:08]

City Manager Thompson: Mayor, members of council, councilmember Janik, no, we do not. That's the simple answer and I won't go further this time, even though I kind of want to, but I will withhold.

Mayor Ortega: Thank you, Councilwoman Milhaven.

Councilmember Milhaven: I want to ask a clarifying question. Folks have talked about a decline in population. It is not that we lost population. We lost people, it was a matter of the Census Bureau estimated we would have a certain level of growth, when we didn't realize that amount of growth, they revised their estimate. So we didn't agree as quickly as anticipated, not that we lost people; is that right?

City Manager Thompson: Mayor, members of council, Councilmember Milhaven, that is correct.

Councilmember Milhaven: Thank you. So –

City Manager Thompson: You're welcome.

Councilmember Milhaven: I'm getting emails they say the population declined. I want to make sure that that's not the case. Thank you.

Mayor Ortega: Thank you. Dan Worth on the capital improvement update.

Dan Worth: Good evening, mayor and council, I will give a brief overview of the capital program. I will talk about some details of the bond 2019 projects. I will talk about a handful of projects that are sourced from other funding sources.

Before I get into the specific projects one money slide this is straight out of the C.I.P. budget book for the fiscal year that recently began. And it showed the different sources that go into our capital projects. Just a couple of things I want to point out.

The biggest slices, look at that orange slice in the upper right, it says charges for service/other, what that largely is, is I.G.A.s, with other governmental entities. That is money we get from M.A.G. From the Maricopa County flood control district, from the Salt River Pima Maricopa County Indian project for a couple of major projects along our common border.

So it's over a quarter of our capital budget and that's money where we spend a portion of our funds generated in Scottsdale and leverage that by getting other people's money. That's one of the primary criteria we look at when we develop our C.I.P. The next biggest slice is the one on the left, the light blue, that is enterprise funds that is largely water and wastewater and also some aviation, and, again, that is not funded through taxes. That is funded through users.

That is projects that are built to support our water and wastewater programs that are funded entirely by development contributions and by the ratepayers. And then the third biggest slice is the lower right, that's bond proceeds. I will talk a lot about the bond projects, the voter approved \$319 million worth of bond projects in 2019.

[Time: 01:24:11]

That's all -- not even all of that green segment, there are other bond-funded projects in that segment, in particular, M.P.C. funded debt that we pay for with the -- the stream of revenue from the stormwater fee that we assess. But the point that I want to make with the bond funding is that it's less than a quarter.

We are still very busy, the bond funding is just added some funding in areas that we normally can't do, because of the general fund limitation. So the bond projects I'm going to go through each question one at a time and give you some highlights. The first question is parks recreation and senior services. These are all the projects that we have funding for in the current fiscal year. Eight of them.

We have spread out the funding for projects in all three questions for various reasons but these are the ones that are in the budget book for execution this year. The project that is highlighted in yellow there, the multiuse sports field, I will show you some details on that. Other projects of note on this slide, number 42, adding a dog park to Thompson peak park.

This is based on your feedback and director as we developed the budget, we moved the design project forward, I think it moved forward three years to put it into the current year. We are preparing to do a solicitation to get a design consultant on board to that get one that together. The other one I want to highlight is number 55, the whisper rock park, another park in north Scottsdale.

We are starting public outreach to develop and solidify the scope for that particular project. The bell road WestWorld sports fields, if you will recall, we have three major locations. The D.C. Ranch community park, 91<sup>st</sup> street where we are building or have built the reservoir that will be used to irrigate the fields shown in green, the bell road sports complex, there is 40 acres of city land west of 94<sup>th</sup> street west of bell road and then the third piece of the puzzle is down near Thompson peak parkway.

The portion we built first was the six fields at the bell road sports complex, that's what you see in the picture. We seeded the fields back in July. They are growing in. We are -- we have benefited from a pretty good monsoon season this year. Those fields will be ready to park cars on them for the major events in January and they will go into use for the sports leagues in the spring. The WestWorld sports complex is the second piece. They are under design.

You have awarded the first GMP, to be able to procure some materials long lead items for the irrigation in that area, and a couple of issues that I just wanted to briefly mention, number one, escalating construction costs and that's a recurring theme, you will see that on several projects. We may need to supplement the bond money to be able to complete the scope on those bell road sports fields when we nail down the number, we will likely be back to you to discuss that and get approval.

[Time: 01:27:36]

That's one issue and another issue that's confronting us on those fields is there are several dry washes that cross the fields. A year ago, a dry wash was not considered a regulated water of the U.S. by the federal government. This year they are. Things have changed. So we have to go through the process to -- to do a delineation, meet the requirements to apply for a corps of engineer requirements to apply for permits and do the work that we want to do and that will add some time to the process. And we are working through that.

The other thing I want to point out, all of the individual project slides will show you some numbers in the lower left on this one, it gives you the inception to date budget and inception to date balance and inception to date is what we have actually spent. We have committed more than that.

And you may feel like you have seen this project before, we have been in front of you 11 times since April of last year to do design of contract awards to two different design consultants to do, guaranteed maximum price construction awards to two different contractors at three different sites, and to do a land purchase from Arizona State lands. So you have helped us obligate so far

somewhere in the neighborhood of \$28 million out of the \$40 million that are in that project. So while the number shows what we have actually spent to this point in time, we are actually well ahead of that and contract awards and obligating the funds.

Question two. This is community spaces infrastructure. This group of projects and, again, these are all the projects we have funding for this year. This group of projects includes several WestWorld projects two of which are complete, so they don't show up on here, and arena relocation, and an arena lighting project.

Two others are close to complete, the P.A. system improvements and the restroom modifications at the Tony Nelssen center, and the other two projects that is shown in yellow, I will highlight on some of the next slides. Before I get into those, this is up with the completed WestWorld projects. And this is a great picture not just because of the wonderful evening sunset over the mountains, which -- which we all enjoy here but the thing that this really shows is this is why we did the project. Where do you see all the light from the lights? On the ground. And it's in the arena.

We are not illuminating all of WestWorld. We are not illuminating off to the sides, this is very directional and we are illuminating what needs to be illuminated and it's not spilling over into the neighboring residential areas hasn't that's why we are doing the project and we are pleased with the results. One the other big projects and I don't need to talk about this a lot because the mayor already did earlier tonight. We are just started construction, actually we have been out there working for several weeks as we relocated some of the public art pieces to allow us to do construction.

[Time: 01:30:45]

But you have done the first guaranteed maximum price award for this project, and that's what our contractor is out starting to work on now. It will be a lot of the site civil work, a lot of underlying infrastructure. We are still completing the design, as to some of the particulars, the details that happen above ground, and that's going to be a subsequent contract award that we will come to you for.

But, again, we have already obligated somewhere in the neighborhood of \$7 million on this project a little bit higher than the number you see on the chart. And then another fairly large project in question two to repair lakes and irrigation at vista dell Camino park. This is largely a infrastructure project.

This will not facelift the Indian bend wash park, but it will make a lot of improvements from McKellips up to Thomas road. This is a segment of it. This is the Eldorado Park area and a diagram of -- of water supply lines and pump stations. That's the kind of stuff we are doing fixing the underlying infrastructure, and this is a better experience for the people who use it. You awarded a design contract in July -- May, I correct myself. We have the \$11 million, that's what we have now, the current year. It's a total of \$23 million. And this is the public safety and

technology question. I have got a lot of projects here.

I have two slides showing all of these projects. A lot of these are information technology projects. They are smaller dial value projects and the sense of urgency is greater because of the pace at which information technology evolves. So a lot of these are projects that we scheduled and got completed up front. We have already completed, I think -- I will show you at the bottom of the next slide -- I already completed three of these projects in the I.T. area. The projects I want to highlight for you is a group of three projects that we're doing for the police and the fire departments, at their training facility in -- it's actually in Tempe off of Curry Road, next to the Indian Bend Wash. You can see in the aerial, this is their site. The area outlined in red is their vehicle training track.

That is very old, outdated, and we have been looking for funds for years to try to -- to repair that and bring you up to reasonable specs. We have got the bond funding to do that now. In addition to doing that, we also have a building at the north end of the site that's jointly used by police and fire as a training building, training facility.

[Time: 01:33:52]

That's going to get an upgrade and the fire department has a training facility that is basically modular, stuff that's way outdated and used up out of a total \$24 million project, I think about \$18 million is to build a suitable fire department training facility at this location. We have grouped them all together. We have a single design consultant working on them. We have brought a single construction manager at risk in to do the construction on these projects. We are working through the first cost model on the project now and again, that's another one where we are going to be working really hard to combat the escalating prices in the construction business and try to keep this within scope. More to follow as we progress on that.

Just quickly, some other projects that we are working on. This is actually two projects. Pima Road from Pinnacle Peak to Happy Valley is the north-south road and Happy Valley from Pima to Alma School satellite east-west road that you -- is the east-west road that you see highlighted there and we selected a single construction manner at risk and awarded the first C.M.R.A. contract, the design phase services contract earlier tonight to Hayden Construction.

They will be the contractor that builds these projects and we did it with one contractor doing both projects because obviously they share an intersection and that intersection happens to be the most complex part of the whole project. There's also some pretty significant drainage that is going to go laterally across the intersection, it's very complex, and we're submitted to doing it in a way that doesn't cripple the driving public in north Scottsdale either. So that's going to be a challenge.

We have got a good contractor on board to help us sort through. This is another award that you did earlier tonight. It was actually a minor award on this project. We had a couple of very small right-of-way acquisitions, Miller Road, Pinnacle Peak to Happy Valley. You heard a lot about this

one. The projects that I'm lighting for the other funding sources are largely ones you have heard about. This one has some controversy from the neighbors. The diagram shows the blue lines and I can't expect you to read that, but the blue line is a water line relocation.

We have a water line that follows the road alignment. We have to move it because we will put a bridge in with bridge abutments and piers that will conflict with that water line. That's step one, move the water line out of the way. The award you did earlier tonight was an approval for right-of-way acquisition for some very small pieces of right-of-way. We have multiyear funding, next year when we have the funding for the whole project, it's about \$14 million, and about \$10 million of that comes from the county from Maricopa association of governments. In is a project at our north corporation yard facility where we have a lot of our field workforce located to include our fleet.

The bulk ever our fleet operation this is being paid for by fleet funds. They -- this is an internal service fund. It's one the slices of pie that I didn't highlight on the money chart, but we do collect funds from each of the departments that have vehicles and that goes into the fleet fund. That pays for everything that fleet does, and all the repairs and all the parts and the labor and pays for some capital improvements.

The reason we are building this garage, several reasons, one the primary reasons is that it allows us to move our trolleys from where they are located right now on the south courtyard to McKellips. It's where they refuel, and it will save us a significant amount of money every year to them relocated up here.

[Time: 01:37:54]

We are also going to take advantage of this project to provide a platform for the installation of solar panels which is a bond funded project, about a \$4.8 million bond funded project that is going to sit on top of the additional parking deck and that's an oversimplification. It gets a little more complex than that, but we combine the two projects in order to take advantage of that structure for the solar photovoltaics and we are also looking at how we are going to deal with electrification as we look to buy electric vehicles in the future. We are trying to work that analysis into the analysis we are doing for this project is so that we are ready for it.

And then those are projects that are in design. A couple that we have in construction, Raintree Drive through the airpark, we call it Raintree Drive, it actually follows the Thunderbird alignment, the redfield alignment, Acoma, and then Raintree up here where it will connect with a subsequent project that goes from -- and this is Scottsdale Road on the west, Hayden road on the east, the subsequent project is going to go from Hayden road to the freeway, and we're going to have a single efficient, high-speed corridor through the airpark so people can get to Scottsdale Road through the airpark and the freeway.

That's the purpose of this project. It looked like it was under construction for a while because we had utilities doing a relocation and we will have our contractor in there and start doing work

and it will be a long process. It's about an 18 month build to get this thing completed, but it will be a huge improvement in and around the airpark when it's done. This is another project that's ongoing at the other end of the city on McDowell road.

We have been -- it looks like we are moving medians and then putting them right back. It's a little bit more than that. We are narrowing medians. We are putting in bike lanes. The length of McDowell road from 64<sup>th</sup> street to Pima. There's actually a segment from Scottsdale to Miller that already has them. This will extend those bike lanes the whole length of McDowell road. 93% of the funding comes from federal grants. So this is another one of those projects where we are doing -- getting a huge amount of leverage from a small amount of city funds.

And then the -- the last project I wanted to highlight, funds coming from the AZCares act, the COVID related money, when you originally allocated money to different programs, you allocated about \$5 million to making improvements to we had a list of 33 critical buildings that they have the most members of the public and the most numbers of staff in them and we identified safety retrofits and touchless plumbing fixtures and hands-free doors and ultra radiation and high-tech air treatments that are proven technologies to mitigate the effects of viruses, airborne viruses inside these indoor spaces.

[Time: 01:41:11]

Since then, the costs have gone up, believe it or not, it's very hard to buy bipolar ionization and ultraviolet irradiation, and touch-free plumbing fixtures and everything wants to do this and prices have gone up considerably in these areas. We have reallocated some of the funding that we had, not adding funding but just moving some of the other programs to pump this program up to about \$9 million, and you can see the progress that we have made. The progress on the plumbing fixtures is pretty rapid. There's no design involved. The work is fairly simple. The other end of the spectrum is the ultraviolet and the ionization. The picture is some duct work, I believe that's at the Tony Nelssen center and you can see the tubes are pretty obvious, those are ultraviolet irradiation.

This is in the air conditioning duct work and as the air turnover happens, it's getting exposed and it's neutralizing any airborne viruses that might be in the air and pumping clean air back into the space and it's doing this continuously. That's the U.V. And then these strips is mounted to the top is the bipolar ionization, which is a technology that if you really are desperate for an explanation, I can make a go at it, but it's gee whiz stuff.

The hospitals have been using this for years and it does add a pretty significant level of safety to the operations in the buildings where we are installing it to include this building where we will be completed with the U.V. and the ionization installation at the end of this month. So that concludes my presentation. I would be happy to address any questions.

Mayor Ortega: Councilwoman Whitehead.



Councilmember Whitehead: Thanks, Dan. I have a meeting at 2:00 and it pertains to something -- tomorrow -- with the constituent with something you were talking about. I hear so often, people are worried about the trees and Bill and I have talked about this the trees at Eldorado.

I think when I talked to bill, he was going to try to put some language so that we don't have any communication errors where any -- where any tree of any significant size and perhaps that size can be pretty small, to not give leeway to the contractor to make decisions on trees that that has to get city approval.

That is, I would say the top concern of all the residents in the area that the trees not be taken down. So if there's something -- so I'm literally meeting with a constituent worried about that, 2:00 tomorrow. If I have some kind of language that shows that we're taking extra steps in this contract, not to have trees accidentally taken down.

Dan Worth: We will -- mayor, Councilwoman Whitehead, we will certainly do that. We are at the very beginning stages of the design on this, and part of the design, the consultants kind of develop a detailed landscape plan and we do that on all of our projects and they will call out trees by individual tree, and the contractor will be following that. And we will make that a priority to ensure that we can salvage as many of the trees as reasonably possible. Its.

Councilmember Whitehead: Okay so I think that might be enough sufficient right now. So any extra precautions right there, anything else you want to add, just email me.

[Time: 01:44:46]

Mayor Ortega: Thank you very much, Mr. Worth. This is so exciting, I loved every project and I know we can sit down and go further in it. This all relates to our transportation vision. It's the completion of our parks and all of our intent which we roll out as a community through different commissions and then finally we are to the execution stage. This is not an actionable item.

So I thank you for the presentations but I do have to call for public comment if anyone wishes to comment regarding a financial matter or the -- the capital improvement. So I see none from the public. Therefore, I will close public comment. I see one more request from Councilwoman Whitehead. Is that a leftover?

Councilmember Whitehead: It just -- during mayor council items. Sorry.

Mayor Ortega: Okay. Yeah. Then the other thing that I want to make sure that's very clear, you know, we look for the pinch points in the financial picture and the outlook. And certainly, some of those are our job and our purview. I do want to be very clear that it does seem as though we are as -- as the graph shows our revenues will be impacted state revenue share and federal revenue share.

And to also point out that city of Scottsdale has more short-term rentals than Phoenix. Phoenix is five times our size. City of Scottsdale has more STRs than Tucson which is three times our size. So it -- there is an impact that we are going to be looking for and carrying forward.

**MAYOR AND COUNCIL ITEMS**

[Time: 01:46:40]

Mayor Ortega: At this point, I would ask for a -- if there are any mayor and council items. Oh, excuse me. I -- I have to ask if there's any petitions from the public. And this is just part of our procedure. Then are there any mayor and council items? Vice Mayor Caputi?

Vice Mayor Caputi: Thank you, mayor. So in light of the importance of how we're treating our valued volunteers on our boards and commissions, and simply to make sure that the council is more informed and aligned on this important issue, I would like to move that we direct staff to add an item to the next city council agenda just for council to consider adopting a new city council rule which provides that before the removal of any city board or commission member is placed on a council agenda for consideration, or announced at the meeting, under mayor and council items that all councilmembers must first be polled and at least four councilmembers must agree to hear the item at a future meeting.

Further, I would move to agendize amending the ordinance that if an attendance issue arises with a board or commission member, the board or commission chair shall notify the mayor and the council of the issue.

Councilmember Littlefield: I will second that.

Mayor Ortega: We have a motion and a second. If I could ask for consideration of say substitute. We do have on our agenda a scheduled ethics board and commission review all right set for December 8<sup>th</sup>. I would ask if we look at December 8<sup>th</sup>, where it's already scheduled we are -- normally we look for the next opportunity that works.

So I would ask for that so that it could be concluded with that on that timetable for the 8<sup>th</sup> of December, and everything is in abeyance until that date. Is that agreeable?

[Time: 01:49:01]

Vice Mayor Caputi: Well, I was a little concerned about going down a rabbit hole. Of course, we will have a much larger conversation about ethics and actual policies and procedures. I simply wanted to introduce adopting a rule how we are polled and how we get informed of things that happen. That's all. I don't want to change anything. I just want to have this agendized so that we can vote on how we are alerted. So I would like to have it changed immediately.

Mayor Ortega: It just --

Vice Mayor Caputi: Just a friendly request.

Mayor Ortega: I understand. I'm trying to point out that we already have December 8<sup>th</sup> for, you know, ethic rules, commissions and commissioners. I don't know why we want to take one little piece. My suggestion is that we hold to that calendar if that makes sense.

Vice Mayor Caputi: Again, just a communication.

Mayor Ortega: I would ask as a substitute motion to go with that date of December 8<sup>th</sup> if that makes sense. Okay. I don't hear a second on that. So the motion on the -- on the -- is to look at the next available date that would work, and please register your vote. Do we need to repeat the motion? No, I think we got the motion.

Councilmember Janik: Yes, please. Please repeat what we are doing.

Mayor Ortega: Repeat the motion.

Vice Mayor Caputi: Do you want me to reread the entire motion or --

Mayor Ortega: Council is asking you to read it, please.

Vice Mayor Caputi: I move that we direct staff to add an item to the next city council agenda are to the council to consider adopting a new city council rule which provides that before the removal of any city board or commission member is placed on a council agenda for consideration, were announced at the meeting -- or announced tell meeting under mayor and council items that the councilmembers must first be polled and at least four members must agree to hear the item at a future meeting.

[Time: 01:51:10]

Further, I move to amend the ordinance that if an attendance issue does arise with a board or commission member, the board or commission chair shall notify the mayor and the council the issue.

Mayor Ortega: And it's your understanding is the next meeting will be November versus --

Vice Mayor Caputi: Yes, just to address the way we are all informed of what is going on. Just a heads up.

Mayor Ortega: I believe there was a second on that. So we have a motion and a second. There's no discussion needed. Please register your vote. Sorry. I hit the yes by mistake. It should have been a no there. So the motion carries. 5-2. With that, I would entertain a motion --

Councilmember Whitehead: Mayor.

Mayor Ortega: Mayor and council items.

Councilmember Whitehead: Thank you, mayor. I would like to see on a future agenda in 2021, if that's available, an update from staff on the tree canopy plan and possibly the identification of a single staff person who is the go-to person for that -- to make that happen.

And I'm not getting any objections from City Manager Thompson. So that is my agenda -- or my agenda request.

Councilmember Milhaven: I will second that.

Mayor Ortega: We have a motion and a second. There's no discussion. Please register your vote -- oh, wait. Excuse me, there is discussion -- no. We really can't discuss something that's not on the agenda. So I would please register your vote on the motion. Thank you. Now Mr. Durham.

Councilmember Durham: My previous point was not very clear but I would like to agendize for future discussion our policy regarding the use of artificial turf. We have heard discussion that it's one the most heat intensive covering materials that is out there, and apparently we now have a policy of encouraging it in certain places and even providing rebates although it was very interesting that when it was adopted it was pointed out that it probably needed a sprinkler system in order to keep it from overheating.

So I'm not sure what the point of using it is if we need to add a sprinkler system. But I would like to agendize for future discussion from the staff our policy on the use of artificial turf.

Mayor Ortega: I hear a motion. Do I have a second?

Councilmember Whitehead: Yeah, I would like to do a friendly amendment. It would be good to do both discussions. And I believe that our staff requires that when you replace real grass, you do have to have trees. So it might be applicable to add that to the same agenda item that I'm requesting or separate but the same day. I will second it.

[Time: 01:54:54]

Councilmember Durham: Yes, that's --

Mayor Ortega: Thank you. We have a motion and a second. There's no discussion at this time, just to put it on the agenda. We will clear the board and then we will vote in. Okay. Unanimous. Okay. It didn't appear to clear the board. So let's clear the board and perhaps -- I'm not that fast. Pretty fast. We have 7-0. From Mr. Durham, councilman Durham. Okay. We are still on our -- you know -- and it is proper. I wanted to be sure that -- okay.

Let's continue with Councilwoman Whitehead and then Councilwoman Janik. Is someone pressing too many buttons too quick. Councilwoman Janik, please go ahead.

Councilmember Janik: I would like to agendize a discussion with possible action on looking at the notification zone when we have new development. There seems to be concerns from neighbors that the 750 feet is not sufficient. So I think maybe we need to look at it. And consider other streets and we are not really reaching the neighborhood or the neighborhood that's affected by the development.

Mayor Ortega: I may need a clarification on whether we have something coming up on zoning matters. I'm just saying I'm not sure whether there's something already coming but at this point I do have a motion. To look at that question. And I see a second.

Councilmember Littlefield: Second.

Mayor Ortega: A motion and a second. No discussion. Please register your vote. Is there anyone I haven't heard from? I know you are -- okay. So this would be the last call for public comment for any non-agendized item we do so at the beginning and the end of the meeting. We have two modes of communicating.

#### **ADJOURNMENT**

[Time: 01:57:29]

Mayor Ortega: I would close the second public comment and request a motion to adjourn.

Vice Mayor Caputi: Motion to adjourn.

Mayor Ortega: Thank you vice mayor and --

Councilmember Janik: Second.

Councilmember Durham: Second.

Mayor Ortega: We have a motion and a second to adjourn. All in favor, please register your vote. Thank you. We are adjourned. Good night.