

**SCOTTSDALE CITY COUNCIL
REGULAR MEETING MINUTES
THURSDAY, JULY 1, 2021**



**CITY HALL KIVA
3939 N. DRINKWATER BOULEVARD
SCOTTSDALE, AZ 85251**

CALL TO ORDER

Mayor David D. Ortega called to order a Regular Meeting of the Scottsdale City Council at 5:27 P.M. on Thursday, July 1, 2021.

ROLL CALL

Present: Mayor David D. Ortega; Vice Mayor Betty Janik; and Councilmembers Tammy Caputi, Tom Durham, Kathy Littlefield, Linda Milhaven, and Solange Whitehead

Also Present: City Manager Jim Thompson, City Attorney Sherry Scott, City Treasurer Sonia Andrews, City Auditor Sharron Walker, and City Clerk Ben Lane

PLEDGE OF ALLEGIANCE – Vice Mayor Janik

MAYOR'S REPORT

Mayor Ortega read a proclamation in honor of the Phoenix Suns heading to the National Basketball Association (NBA) Finals for the first time since 1993 and the third time in their history. He proclaimed the month of July 2021 as Phoenix Suns Month.

Mayor Ortega, along with the Scottsdale Fire Department, called upon citizens to limit their use of consumer fireworks due to severe dry conditions. Instead, he encouraged everyone to attend a professional fireworks show in the Valley. WestWorld will host the Scottsdale 4th of July celebration from 4:00 p.m. to 9:00 p.m. This is a great family-friendly event featuring food, fun, live entertainment, and the largest 4th of July fireworks in Scottsdale's history. For more information and to purchase tickets, visit WestWorld's website at www.westworldaz.com.

PUBLIC COMMENT – None

NOTE: MINUTES OF CITY COUNCIL MEETINGS AND WORK STUDY SESSIONS ARE PREPARED IN ACCORDANCE WITH THE PROVISIONS OF ARIZONA REVISED STATUTES. THESE MINUTES ARE INTENDED TO BE AN ACCURATE REFLECTION OF ACTION TAKEN AND DIRECTION GIVEN BY THE CITY COUNCIL AND ARE NOT VERBATIM TRANSCRIPTS. DIGITAL RECORDINGS AND CLOSED CAPTION TRANSCRIPTS OF SCOTTSDALE CITY COUNCIL MEETINGS ARE AVAILABLE ONLINE AND ARE ON FILE IN THE CITY CLERK'S OFFICE.

MINUTES

Request: Approve the Regular Meeting Minutes of May 18, 2021; Special Meeting Minutes of June 1, 2021; Executive Session Minutes of June 1, 2021; Work Study Session Minutes of June 1, 2021; Regular Meeting Minutes of June 8, 2021; and Special Meeting Minutes of June 8, 2021.

MOTION AND VOTE - MINUTES

Vice Mayor Janik made a motion to approve the Regular Meeting Minutes of May 18, 2021; Special Meeting Minutes of June 1, 2021; Executive Session Minutes of June 1, 2021; Work Study Session Minutes of June 1, 2021; Regular Meeting Minutes of June 8, 2021; and Special Meeting Minutes of June 8, 2021. Councilwoman Whitehead seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Littlefield, Milhaven, and Whitehead voting in the affirmative.

CONSENT AGENDA

1. **Sewer Collection System Rehabilitation Project Construction Phase Services Contract**
Request: Adopt **Resolution No. 12208** authorizing Construction Manager at Risk Contract No. 2021-090-COS with B&F Contracting, Inc., in the amount of \$2,844,639.62, to provide construction phase services for the Sewer Collection System Rehabilitation of 24, 30, & 36-inch Diameter Pipes and Manholes project.
Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, daworth@scottsdaleaz.gov
2. **Citywide Sewer Rehabilitation Job Order Contracts**
Request: Adopt **Resolution No. 12207** authorizing the following one-year contract extensions, in an amount not to exceed \$2,500,000 per contract, for citywide sewer system rehabilitation construction services:
 1. Contract No. 2019-091-COS-A1 with Achen Gardner Construction, LLC.
 2. Contract No. 2019-092-COS-A1 with Insituform Technologies, LLC.**Staff Contact(s):** Dan Worth, Public Works Director, 480-312-5555, daworth@scottsdaleaz.gov
3. **Consent to Assignment Agreements for McDowell Mountain Golf Club**
Request: Adopt **Resolution No. 12214** authorizing the following consent to assignment agreements pertaining to the McDowell Mountain Golf Club to allow the current licensee, White Buffalo Golf, LLC, to assign all of its rights and interests in the documents and the McDowell Mountain Golf Club to McDowell Mountain Arcis, LLC:
 1. Agreement No. 1996-215-COS-E1, Consent to Assignment of Golf Course Concession Agreement.
 2. Agreement No. 1998-106-COS-E1, Consent to Assignment of Water Service Agreement for WestWorld Golf Course.
 3. Agreement No. 2011-072-COS-E1, Consent to Assignment of Sanctuary Golf Course Improvement Agreement.**Staff Contact(s):** Dan Worth, Public Works Director, 480-312-5555, daworth@scottsdaleaz.gov and Brian Biesemeyer, Water Resources Executive Director, 480-312-5683, bbiesemeyer@scottsdaleaz.gov

- 4. Miller Road: Pinnacle Peak Road to Happy Valley Road Preconstruction Phase Services Contract**
Request: Adopt **Resolution No. 12218** authorizing Construction Manager at Risk Contract No. 2021-116-COS with Haydon Building Corp., in the amount of \$179,119, to provide preconstruction phase services for the Miller Road: Pinnacle Peak Road to Happy Valley Road project.
Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, daworth@scottsdaleaz.gov
- 5. Dynamite Boulevard – Pima Road to 136th Street Turn Bays and Bike Lanes Construction Bid**
Request: Adopt **Resolution No. 12220** authorizing Construction Bid Award No. 21PB018 with Southwest Sawcutting and Milling LLC, doing business as SWB Paving, the lowest responsive bidder, in the amount of \$764,412.11, for the construction of the Dynamite Boulevard – Pima Road to 136th Street Turn Bays and Bike Lanes.
Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, dworth@scottsdaleaz.gov
- 6. Paradise and Pacific Railroad Revocable License Agreement**
Request: Adopt **Resolution No. 12167** authorizing:

 1. Agreement No. 2021-060-COS with Paradise and Pacific Railroad to use space in the McCormick-Stillman Railroad Park's Model Railroad Building to operate an "O" scale model train layout.
 2. The Assistant City Manager overseeing Community Services to take such other actions necessary to carry out the intent of this Resolution.

Staff Contact(s): Kira Peters, Community Services Administrator, 480-312-2691, kcpeters@scottsdaleaz.gov
- 7. Scottsdale Live Steamers Revocable License Agreement**
Request: Adopt **Resolution No. 12168** authorizing:

 1. Agreement No. 2021-061-COS with Scottsdale Live Steamers to use space at the McCormick-Stillman Railroad Park to operate a "1:8" scale model train layout that provides rides to the public.
 2. The Assistant City Manager overseeing Community Services to take such other actions necessary to carry out the intent of this Resolution.

Staff Contact(s): Kira Peters, Community Services Administrator, 480-312-2691, kcpeters@scottsdaleaz.gov
- 8. Sun N Sand Model Railroad Club Revocable License Agreement**
Request: Adopt **Resolution No. 12169** authorizing:

 1. Agreement No. 2021-062-COS with Sun N Sand Model Railroad Club to use space in the McCormick-Stillman Railroad Park's Model Railroad Building to operate an "N" scale model train layout.
 2. The Assistant City Manager overseeing Community Services to take such other actions necessary to carry out the intent of this Resolution.

Staff Contact(s): Kira Peters, Community Services Administrator, 480-312-2691, kcpeters@scottsdaleaz.gov

- 9. Scottsdale Model Railroad Historical Society Revocable License Agreement**
Request: Adopt Resolution No. 12170 authorizing:
1. Agreement No. 2021-063-COS with Scottsdale Model Railroad Historical Society, Inc. to use space in the McCormick-Stillman Railroad Park's Model Railroad Building to operate an "HO" scale model train layout.
 2. The Assistant City Manager overseeing Community Services to take such other actions necessary to carry out the intent of this Resolution.
- Staff Contact(s):** Kira Peters, Community Services Administrator, 480-312-2691, kcpeters@scottsdaleaz.gov
- 10. Z Guys Model Railroad Club Revocable License Agreement**
Request: Adopt Resolution No. 12171 authorizing:
1. Agreement No. 2021-064-COS with Z Guys Model Railroad Club to use space in the McCormick-Stillman Railroad Park's Model Railroad Building to operate a "Z" scale model train layout.
 2. The Assistant City Manager overseeing Community Services to take such other actions necessary to carry out the intent of this Resolution.
- Staff Contact(s):** Kira Peters, Community Services Administrator, 480-312-2691, kcpeters@scottsdaleaz.gov
- 11. Library Assistance Program**
Request: Adopt Resolution No. 12192 authorizing the Community Services Administrator, or designee, to accept new library materials valued at up to \$531,947 from the Maricopa County Library District for the Library Assistance Program for Fiscal Year 2021/22, as stipulated in Intergovernmental Agreement No. 2018-051-COS.
- Staff Contact(s):** Kira Peters, Community Services Administrator, 480-312-2691, kcpeters@scottsdaleaz.gov
- 12. Community Action Program Intergovernmental Agreement**
Request: Adopt Resolution No. 12205 authorizing:
1. Agreement No. 2016-092-COS-A7, the seventh amendment to the agreement with the Maricopa County Human Services Department, extending the agreement for another year and providing additional funds for the City's Community Action Program.
 2. Authorizing the City Manager, or designee, to execute any other documents and take such other actions as necessary to carry out the intent of this Resolution.
- Staff Contact(s):** Greg Bestgen, Human Services Department Director, 480-312-0104, gbestgen@scottsdaleaz.gov
- 13. United States Department of Housing and Urban Development Emergency Housing Vouchers**
Request: Adopt Resolution No. 12212 authorizing:
1. The award acceptance of the U.S. Department of Housing and Urban Development Emergency Housing Vouchers and funding and \$498,036 in funding.
 2. Memorandum of Understanding No. 2021-091-COS with the Maricopa Regional Continuum of Care.
 3. The Community Assistance Manager to take certain actions furthering this Resolution
 4. A budget transfer in the amount of \$498,036 from the adopted Fiscal Year 2021/22 Future Grants Budget and/or Grant Contingency Budget to a newly created cost center to record the related grant activity.
- Staff Contact(s):** Greg Bestgen, Human Services Department Director, 480-312-0104, gbestgen@scottsdaleaz.gov

14. Scottsdale Museum of the West Management Services and Financial Participation Agreements

Requests:

1. Adopt **Resolution No. 12201** terminating Museum Management Agreement No. 2013-025-COS and authorizing Museum Management Agreement No. 2021-088-COS for management services with the Scottsdale Museum of the West, Inc.
2. Adopt **Resolution No. 12202** authorizing Financial Participation Agreement No. 2021-089-COS in the amount of \$650,000 for Fiscal Year 2021/22 to be allocated for activities consistent with Museum Management Agreement No. 2021-088-COS.

Staff Contact(s): Karen Churchard, Tourism and Events Director, 480-312-2890, kchurchard@scottsdaleaz.gov

15. Organizational Strategic Plan

Request: Accept the Organizational Strategic Plan for 2021-2022.

Staff Contact(s): Brent Stockwell, Assistant City Manager, 480-312-7288, bstockwell@scottsdaleaz.gov

Mayor Ortega opened public comment.

French Thompson, Scottsdale business owner, expressed concern about closing streets in Old Town once a month.

Mayor Ortega closed public comment.

(Item 15 was moved to the Regular Agenda; see Page 6)

16. Fiscal Year (FY) 2020/21 Operating Budget Adjustments

Request: Adopt **Resolution No. 12140** authorizing FY 2020/21 operating budget adjustments.

Staff Contact(s): Judy Doyle, Budget Director, 480-312-2603, jdoyle@scottsdaleaz.gov

17. 2021 Water and Wastewater Land Use Assumptions and Water and Wastewater Infrastructure Improvement Plans

Requests:

1. Adopt **Resolution No. 12204** approving the 2021 Water and Wastewater Land Use Assumptions and Water and Wastewater Infrastructure Improvement Plans related to proposed changes to development fees.
2. Adopt notice of intention to modify Water and Wastewater Development fees, effective January 1, 2022, and establishing August 24, 2021, as the date of the public hearing.

Staff Contact(s): Brian Biesemeyer, Water Resources Executive Director, 480-312-5683, bbiesemeyer@scottsdaleaz.gov

18. Fiscal Year 2021/22 Water and Sewer Rates and Fees

Request: Adopt **Ordinance No. 4510** amending Scottsdale Revised Code, Chapter 49, Water, Sewer and Sewage Disposal sewer/water reclamation rates and miscellaneous rates and charges, effective July 1, 2021; correcting provisions of Ordinance No. 4498 (Resolution No. 12157) concerning Scottsdale Revised Code Sections 49-50(g) and 49-141(i)(3).

Staff Contact(s): Brian Biesemeyer, Water Resources Executive Director, 480-312-5683, bbiesemeyer@scottsdaleaz.gov

18A. Scottsdale Stadium Wireless License Agreement

Request: Adopt **Resolution No. 12125** authorizing Wireless Communications Antenna Site Revocable License Agreement No. 2021-042-COS with Cellco Partnership, doing business as Verizon Wireless, permitting the continued operation of a wireless site at Scottsdale Stadium.

Location: 7408 E. Osborn Road

Staff Contact(s): Dan Worth, Public Works Executive Director, 480-312-5555, daworth@scottsdaleaz.gov

18B. Investment Grade Energy Audit Contract

Request: Investment Grade Energy Audit Contract No. 2021-086-COS and Resolution No. 12198 is being withdrawn at the request of staff.

Staff Contact(s): Dan Worth, Public Works Director, 480-312-5555, daworth@scottsdaleaz.gov

(Withdrawn at the request of staff)

MOTION AND VOTE – CONSENT AGENDA

Councilwoman Littlefield made a motion to approve Consent Agenda Items 1 through 18A, except for Item 15, which was moved to the Regular agenda and Item 18B, which was withdrawn at the request of staff. Vice Mayor Janik seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Littlefield, Milhaven, and Whitehead voting in the affirmative.

REGULAR AGENDA

15. Organizational Strategic Plan

Request: Accept the Organizational Strategic Plan for 2021-2022.

Staff Contact(s): Brent Stockwell, Assistant City Manager, 480-312-7288, bstockwell@scottsdaleaz.gov

Assistant Brent Stockwell gave a presentation on the Organizational Plan for 2021-2022.

MOTION AND VOTE NO. 1 – ITEM 15

Vice Mayor Janik made a motion to change the language under Value Scottsdale's Unique Lifestyle and Character, bullet point 5, to "Consider pilot to temporarily turn some Old Town streets into more walkable areas to encourage more foot traffic and business activities including focused activities and events." Councilwoman Whitehead seconded the motion, which carried 5/2, with Vice Mayor Janik and Councilmembers Caputi, Durham, Milhaven, and Whitehead voting in the affirmative and Mayor Ortega and Councilwoman Littlefield dissenting.

MOTION AND VOTE NO. 2 – ITEM 15

Mayor Ortega made a motion to approve Item 15 as amended. Councilwoman Whitehead seconded the motion, which carried 6/1, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Milhaven, and Whitehead voting in the affirmative and Councilwoman Littlefield dissenting.

19. District at 9400 Shea Non-Major General Plan Amendment and Rezoning (6-GP-2019 and 16-ZN-2019)

Request: At the request of the applicant, continue to the August 24, 2021 City Council meeting.

Staff Contact(s): Randy Grant, Planning and Economic Development Executive Director, 480-312-2664, rgrant@scottsdaleaz.gov

MOTION AND VOTE – ITEM 19

Councilwoman Whitehead made a motion to continue Item 19. Councilwoman Caputi seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Littlefield, Milhaven, and Whitehead voting in the affirmative.

20. Short-Term Rental Working Group Recommendations

Request: Presentation, discussion, and possible direction to staff regarding the recommendations from the Short-Term Rental Working Group.

Presenter(s): Brent Stockwell, Assistant City Manager

Staff Contact(s): Jim Thompson, City Manager, 480-312-2800, jthompson@scottsdaleaz.gov

Vice Mayor Janik and Councilmember Milhaven gave a PowerPoint presentation (attached) on the Short-Term Rental Working Group recommendations.

Mayor Ortega opened public comment.

Melissa Kovacs, Short-Term Rental Working Group member and Scottsdale resident, spoke in support of the recommendations.

Mayor Ortega closed public comment.

MOTION AND VOTE – ITEM 20

Vice Mayor Janik made a motion to direct staff to proceed with implementing the recommendations; bring back a draft ordinance for City Council approval as soon as possible; and provide quarterly progress updates to the Council and community. Councilmember Milhaven seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Littlefield, Milhaven, and Whitehead voting in the affirmative.

21. Sewer Line Extension Program Changes

Requests:

1. Adopt **Ordinance No. 4507** amending portions of Scottsdale Revised Code, Chapter 49, Article V, Water and Sewer Extensions and Reimbursement Agreements.
2. Presentation, discussion, and possible direction to staff regarding the rate adoption process for an Aquifer Protection Fee and associated code changes to place a cost cap on residential sewer line extensions.

Presenter(s): Brian Biesemeyer, Water Resources Executive Director

Staff Contact(s): Brian Biesemeyer, Water Resources Executive Director, 480-312-5683, bbiesemeyer@scottsdaleaz.gov

Water Resources Executive Director Brian Biesemeyer gave a PowerPoint presentation (attached) on sewer line extension program changes, including proposed code changes for reimbursement agreements and aquifer protection fees.

MOTION AND VOTE – ITEM 21

Mayor Ortega made a motion to continue Item 21 to allow for more information to be provided after the summer recess. Vice Mayor Janik seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Littlefield, Milhaven, and Whitehead voting in the affirmative.

PUBLIC COMMENT – None

CITIZEN PETITIONS

39. Receipt of Citizen Petitions

Request: Accept and acknowledge receipt of citizen petitions. Any member of the Council may make a motion, to be voted on by the Council, to: (1) Direct the City Manager to agendize the petition for further discussion; (2) direct the City Manager to investigate the matter and prepare a written response to the Council, with a copy to the petitioner; or (3) take no action.

Staff Contact(s): Ben Lane, City Clerk, 480-312-2411, blane@scottsdaleaz.gov

No citizen petitions were received.

MAYOR AND COUNCIL ITEMS

MOTION NO. 1 – MAYOR AND COUNCIL ITEMS

Councilwoman Whitehead made a motion to direct staff to schedule a work study session to review and possibly update the City Council Code of Ethics for the Mayor, Council, and board and commission members. Councilmember Durham seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Littlefield, Milhaven, and Whitehead voting in the affirmative.

MOTION AND VOTE NO. 2 – MAYOR AND COUNCIL ITEMS

Councilwoman Whitehead made a motion to direct staff to include a review of the City's election rules as part of the work study discussion on the Code of Ethics. Councilmember Durham seconded the motion, which carried 4/3, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Durham, and Whitehead voting in the affirmative, and Councilmembers Caputi, Littlefield, and Milhaven dissenting.

MOTION AND VOTE NO. 3 – MAYOR AND COUNCIL ITEMS

Councilwoman Whitehead made a motion to direct staff to agendize an update in September on the heat island mitigation plan co-written with the Arizona State University (ASU) Walton School of Sustainability and the General Plan 2035 tree canopy goal to see if they are working in conjunction and moving forward. Councilmember Milhaven seconded the motion, which carried 7/0, with Mayor

Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Littlefield, Milhaven, and Whitehead voting in the affirmative.

ADJOURNMENT

MOTION AND VOTE – ADJOURNMENT

Councilwoman Caputi made a motion to adjourn the City Council Regular Meeting. Councilwoman Whitehead seconded the motion, which carried 7/0, with Mayor Ortega; Vice Mayor Janik; and Councilmembers Caputi, Durham, Littlefield, Milhaven, and Whitehead voting in the affirmative.

The Regular City Council Meeting adjourned at 7:46 P.M.

SUBMITTED BY:



Ben Lane, City Clerk

Officially approved by the City Council on August 24, 2021

CERTIFICATE

I hereby certify that the foregoing Minutes are a true and correct copy of the Minutes of the Regular Meeting of the City Council of Scottsdale, Arizona held on the 1st day of July 2021.

I further certify that the meeting was duly called and held, and that a quorum was present.

DATED this 24th day of August 2021.



Ben Lane, City Clerk

Short-term Rental Working Group Recommendations

July 1, 2021
City Council Meeting

1

Short-Term Rental Working Group Purpose

- Identify opportunities for the city to improve monitoring and enforcement of regulations to ensure that Scottsdale is doing everything it can to manage the impacts from short-term rentals

2

Thank You Working Group Members and Staff

Working Group Members:

Ronen Aviram (Experience Scottsdale), Kathe Barnes, Scott Bowers, Bobby Brush (SAAR), Rebecca Grossman (SAAR), Karl Isenburg, Joe Iturri (Experience Scottsdale), Betty Janik (City Council), Ian Jeffrey, Melissa Kovacs, Dave Mason, Linda Milhaven (City Council).

Staff Support:

Eric Allen, Code Enforcement; Kelli Kuester, Brad Lundahl, Brent Stockwell, Shane Stone, City Manager's Office; Whitney Pitt, City Treasurer's Office; Luis Santaella, City Attorney's Office; Rich Slavin, Police; Rachel Smetana, Mayor's Office

3

Short-Term Rental Working Group Meetings

- Comprised of six residents, two realtors (one short-term rental operator), two hoteliers, and two councilmembers
- Met six times during April, May, and June
- More than 90 written public comments received

4

Current Conditions

- Short-term rentals impacting neighborhoods.

Complaints include:

- Not listed on short-term rental map
- Noise
- Too many occupants
- Trash
- Parking
- Vulgar or offensive language and behavior
- Damage to neighboring properties

5

What We Can't Do

- Cities cannot prohibit short-term rentals
- Cannot pass short-term rental specific ordinances that differ from long-term rental ordinances, unless in very limited circumstances (see next slide)
- Cannot violate due process or private property rights in enforcing occupancy restrictions (for example, entering a residence without a warrant or requiring disclosure of the identify of the residents).

6

What We Can Do

- Pass regulation to protect public's health and safety, if we can demonstrate the regulation is for the primary purpose of protecting the public's health and safety
- Adopt and enforce residential use and zoning ordinances, such as nuisance or noise ordinances, only if applied in same manner to single-family and long-term rental properties
- Limit and prohibit use for housing sex offenders, sober living, selling illegal drugs, liquor or pornography

7

Short-Term Rental Working Group

Recommendations are designed to increase the likelihood that:

- impacts can be prevented and minimized
- *enforcement is timely when violations occur*
- residents are informed about how to handle problems
- ordinances reflect the authority granted under state law

8

Recommendation 1. Improve enforcement against properties who regularly violate the ordinances

- Improve information sharing between police, code enforcement and business regulation groups to identify and address problem properties more promptly – *Ongoing*
- Provide police with access to Code Enforcement Tracking System – *Done*
- Train district crime prevention officers as community liaisons – *Ongoing*
- Create Short-Term Rental and Nuisance Party Response Team of six officers, one sergeant and a code inspector – *Staff developing and will return to City Council for budget approval*
- Report quarterly to City Council on complaint trends and progress – *Staff*

9

Recommendation 2. Work with the short-term rental industry to increase properties providing emergency contacts and improve voluntary compliance and ensure input from the industry is received prior to implementing any recommendations

- Work with booking platforms to communicate Scottsdale requirements (e.g. to register and provide emergency contacts) – *Ongoing*
- Notify booking platforms of repeat offenders and have them removed from the platform – *Ongoing*
- Share complaints with booking platforms – *Staff to start sharing complaints*

10

Recommendation 3. Use technology to identify and increase emergency contacts and compliance from short-term rentals

- Choose software vendor to aid in identifying, monitoring and enforcing of Scottsdale's requirements across booking platforms – *Staff to handle, will return to City Council for additional budget approval and contract approval, if needed*

11

Recommendation 4. Ensure Scottsdale is collecting all allowable revenue from short-term rentals and analyze whether fines could be increased

- Ensure all short-term rental properties have tax license numbers. Currently two staff members are identifying properties and tax license numbers. Process will be improved with software vendor. – *Ongoing*
- Increase fines to the maximum amount, for example, create a sliding scale of fines \$750, 1,500, 2,000 and 2,500 (the maximum allowed under state law) for owners and \$250, 500, 1,000 and 2,000 for occupants based on the number of prior violations – *Requires ordinance change and City Council approval*
- Change fines to civil citations to be adjudicated at City Court – *Requires ordinance change and City Council approval*

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Recommendation 5. Evaluate whether Scottsdale's ordinances (Vacation Rental Ordinance (S.R.C. 18-150-152) and Nuisance Party / Unruly Gathering Ordinance (S.R.C. 18-121-129)) could be strengthened to eliminate loopholes and improve ability to enforce.

All of these require ordinance changes and City Council approval:

- Require one-hour response to property to all emergencies
- Mandate civil sanctions for all violations and add provision for habitual offenders
- Improve definition of excessive noise to include measurable noise levels in Nuisance Party ordinance
- Improve occupancy guidelines and enforcement

13

Recommendation 6 and 7. Improve information and resources shared by the city to help inform residents about what the city can and cannot do with short-term rentals and make it easier for people to contact the property managers/hosts when there are problems, and assist neighborhoods, including homeowners' associations, with information and resources on how to manage short-term rentals

- Report emergencies to 9-1-1, other complaints directly to the city at non-emergency number 480-312-5000 – monitored 24/7 - *ongoing*
- Improve city short-term rental webpage – *ongoing*
- Create a guide for residents on how to document and report complaints – *staff to create*
- Create a workshop for residents and neighborhood watch captains – *staff to create*

14

Recommendation 8. Improve education about short-term rental best practices for residents, owners, and hosts

- Revise ordinance to require posting Scottsdale regulations in all rental properties – *requires ordinance changes and City Council approval*
- Identify best practices common to well-managed short-term rentals and share that information with all Scottsdale properties - *ongoing*

15

Recommendation 9. Share information with the State of Arizona about how the City is using the powers available to cities, and advocate for necessary changes to State Law to return needed short-term rental oversight to the City

Advocate for these items at the State Legislature:

- Gain ability to manage short-term rentals differently than long-term rentals (de-couple)
 - Allow city to impose reasonable licensing or permitting requirements
 - Allow city to provide density and/or separation requirements
 - Allow city to set reasonable density by zones or neighborhoods
 - Create mechanism that caps total percentage of short-term rentals allowed and establishes method to provide better separation in future years
 - Require online lodging marketplace platforms to provide a disclosure of state laws and ordinances, and require acknowledgement by owners, hosts and renters
 - Require short-term rentals to be applicable to public health and safety laws similar to hotels
- AND
- Prepare communication to legislators and state officials from the Mayor and City Council to share what Scottsdale is doing in response to working group recommendations – *Councilmembers to draft*

16

City Council Direction to Staff

- Proceed with implementing the recommendations, bring back a draft ordinance for City Council approval as soon as possible, and provide quarterly updates on progress to the City Council and community

17

Short-term Rental Working Group Recommendations

July 1, 2021
City Council Meeting

18

Sewer Line Extension Program Changes



Brian Biesemeyer
Executive Director



1

Agenda

1. Introduction and Review
2. March 9, 2021 Study Session Tasking
3. Estimated costs for septic to sewer conversion
4. Low cost proposed changes
5. A cap on residential sewer line extension costs and an Aquifer Protection Fee

2

What is a sewer line extension?

An extension of a sewer line to serve additional properties. In the residential context, it is done to allow a homeowner/developer of a single-family residence to extend a sewer line to their property.

3

Why do we have a sewer line extension program?

Scottsdale General Plan, Public Services and Facilities Element, paragraph 12 (Water Resources) has the following bullets:

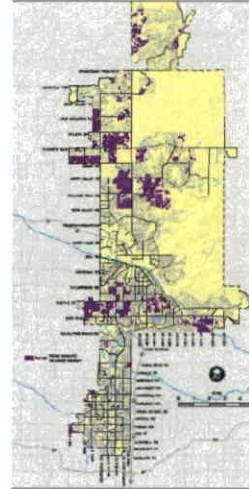
- Recognize the value of water and wastewater as resources to be managed in order to contribute to a sustainable community.
- Make sure that new service delivery costs are borne by those desiring the service without costing or adversely impacting existing customers.
- Encourage the use of alternative sewer systems instead of private septic systems.

4

Septic Systems in Scottsdale

Approximately 5,500 septic systems in Scottsdale.

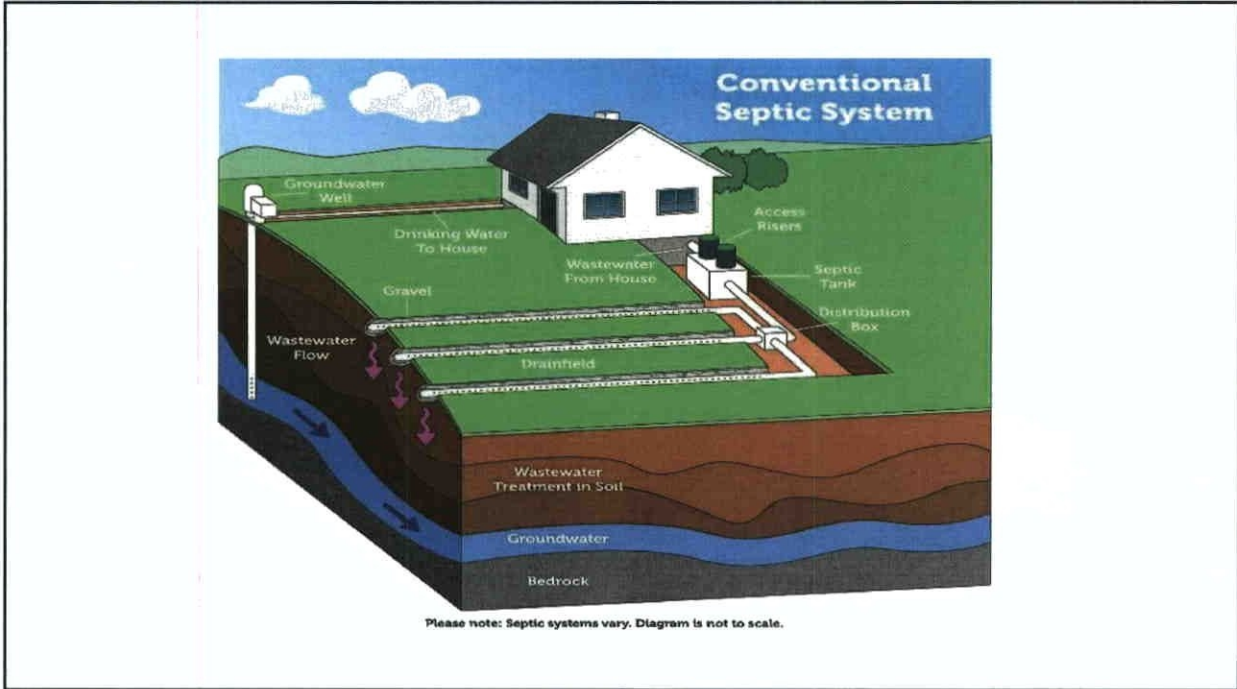
Over the last seven years, the sewer line extension program has enabled sewer lines to reach 194 homes or parcels with an average cost per parcel of \$25,000.



5

Groundwater Quality and Septic Systems

6



7

Water Quality Impacts

- USEPA – “Insufficiently treated sewage from septic systems can cause groundwater contamination, which can spread disease in humans and animals. Improperly treated sewage poses the risk of contaminating nearby surface waters threatening swimmers with various infectious diseases, from eye and ear infections to acute gastrointestinal illness and hepatitis.”
- Groundwater Foundation – “An improperly designed, located, constructed, or maintained septic system can leak bacteria, viruses, household chemicals, and other contaminants into the groundwater causing serious problems.”
- CDC - “Septic systems are an under-recognized cause of disease outbreaks,” said Jonathan Yoder, who leads the domestic water, sanitation, and hygiene epidemiology team at the Centers for Disease Control and Prevention.

8

Septic Tank Contamination Risk

Most common (Regulated)

- Bacteria
- Viruses
- Parasites
- Nitrate (known to be as high as 50 parts per million in septic tank discharge)

What do all of these have in common? **All acute contaminants**

Pass through septic (Unregulated)

- Pharmaceuticals
- Personal Care Products

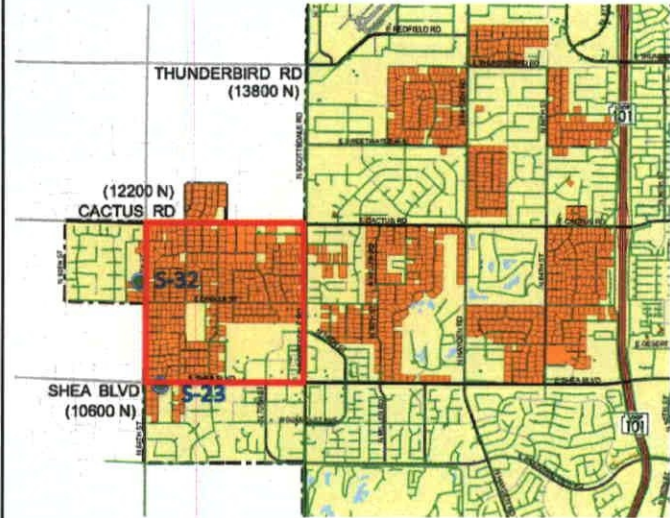
9

EPA Septic System Density

- USEPA – “Many public health authorities feel that conventional septic systems are suitable only where population is strictly limited, and soil conditions are suitable for effective absorption. Otherwise, these systems may contaminate ground and surface waters and result in sanitary nuisances and health hazards.”
- The EPA has determined that regions with greater than 40 septic systems per square mile (that is 1 system per 16 acres) are regions of potential groundwater contamination.

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Scottsdale Septic System Density



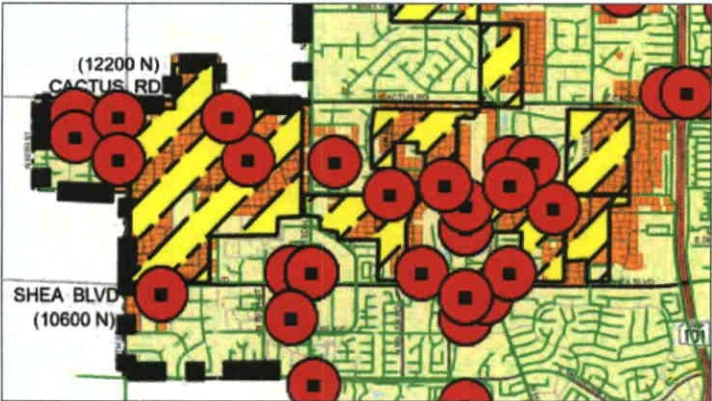
In some areas of Scottsdale, specifically the west Shea area, the septic tank density is 10 times the EPA recommendation. Within one square mile there are approximately 400 septic systems. This results in one system per 1.6 acres ratio.

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Exempt Wells

Non-municipal "wells" exist within Scottsdale city limits

- 981 exempt wells within Scottsdale city limits
- May not be a fully completed well – may just be partially drilled
- Conduits from surface to groundwater
- Allowed to be within 100 feet of septic system
- Potential contamination can be directly drawn down from surface to aquifer



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Advantages of Sewer and Water Reclamation in Scottsdale

- 100% of Wastewater is retained as a water resource for Scottsdale
- Wastewater is treated to drinking water standards before recharge
- Recharge is conducted in areas where future for recovery is available (recovery wells in the area)
- Sewage treatment systems are eliminated from resident's yards

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March 9, 2021 Study Session

Council requested staff to return with

- Detailed information on all costs and fees that would be incurred by the City and individual homeowners with septic to sewer conversions.
- Review:
 1. Low cost options
 2. Options involving a possible \$0.40 per month Aquifer Protection Fee on water bills

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Cost Estimates for Residential Septic to Sewer Conversion

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Historic Sewer Extension Costs (Last three years)

Fiscal Year	Number of Affected Lots	Total Length of Extension (Feet)	Average Cost Per Lot
2018/19	45	4,179	\$26,804
2019/20	32	3,870	\$22,249
2020/21	43	4,598	\$25,223

Fiscal Year	Number of Affected Lots	Total Length of Extension (Feet)	Average Cost Per Lot
Total	120	12,647	
Average	40		\$24,758

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Estimated total cost for a resident converting from septic to sewer

- Cost of extending sewer: \$25,000 (average)
- Impact Fee: \$2,609
- Service Line Connection: \$2,500 - \$4,000+? (very dependent on existing septic system connections, sewer depth and location)
- Clean closure of Septic: \$1,000 – \$2,000?

Total Cost: +/- \$33,000

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Low Cost Options for Residential Septic to Sewer Conversion

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Low Cost* Options

1. Payment over time

- Customer must agree to a lien on property
- Down payment with up to 5 years to pay remaining balance with a separate billing (external to utility bill)
- Annual administrative cost of 1% added

2. Interest rate reduced from Prime plus 1 percent to latest Scottsdale Water/Sewer bond interest rate (currently 1.5%)

*Low cost to the sewer fund

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Low Cost Options (cont.)

Cap on interest charges was removed from staff's proposal.

Historically most payback agreements are paid off at or before 10 years. With the latest bond interest rate (1.5%), the interest charge accumulation after 10 years would be less than the proposed \$5,000 cap.

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Cap on Residential Sewer Line Extension Cost and Aquifer Protection Fee

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Cap on Sewer Line Extension Cost and Aquifer Protection Fee

- Suggested cap to be roughly equivalent to the cost of new septic system: \$15,000
- Funding needed:
 - Average cost of extension per lot: \$25,000
 - \$25,000 - \$15,000 (customer cap) = \$10,000 per lot
 - Average number of lots per year: 40
 - City adsorbed costs: \$10,000 x 40 = \$400,000
- Possible solutions:
 - \$0.45 per month charge to all water customers as an Aquifer Protection Fee

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5 Year Program Cost Estimate

Assumptions:

- Extensions increase from 40 to 60 over 5 years
- Costs for extensions go up by 3% (CPI) per year
- Cap for extensions also increases by 3% (CPI) per year
- Sewer rates increase by 3% per year
- Customer base increases by 1% per year
- Aquifer Protection Fee remains fixed at \$0.45 per water customer per month
- Cap does not involve existing line extension agreements

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5 Year Program Cost Estimate (cont.)

	FY22	FY23	FY24	FY25	FY26	5-Years
Number of Septic Users	5,500	5,460	5,415	5,365	5,310	5,250
Number of Annual Conversions	40	45	50	55	60	250
Typical Cost for one (1) Conversion						
City Portion*	\$10,000	\$10,300	\$10,610	\$10,930	\$11,260	
Customer Portion*	15,000	15,450	15,910	16,390	16,880	
Total Typical Cost for one (1) Conversion	\$25,000	\$25,750	\$26,520	\$27,320	\$28,140	
Typical Cost for one (1) Conversion x Annual Conversions						
City Portion*	\$400,000	\$463,500	\$530,500	\$601,150	\$675,600	\$2,670,750
Customer Portion*	600,000	695,250	795,500	901,450	1,012,800	4,005,000
Total Cost	\$1,000,000	\$1,158,750	\$1,326,000	\$1,502,600	\$1,688,400	\$6,675,750
Revenue Offset to Costs						
Conversion - Sewer Rates and Base Fees*	\$10,118	\$22,147	\$35,174	\$49,504	\$65,137	\$182,081
Aquifer Protection Fee	498,010	502,990	508,020	513,100	518,231	2,540,349
Total Revenue Offsets to Costs	\$508,128	\$525,136	\$543,194	\$562,604	\$583,368	\$2,722,430
Net Gain (Loss): Revenue less City Portion	\$108,128	\$61,636	\$12,694	(\$38,546)	(\$92,232)	\$51,680

*Increasing by an annual Consumers Price Index of 3% and/or a rate increase of 3%
Aquifer Protection Fee equal to \$0.45 per month per water customer and remains fixed

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Request of Council

1. Adopt Ordinance No. 4507 authorizing changes in the city code for sewer line extensions, extension participation and line payback agreements
2. Direct staff to initiate the rate setting process for an Aquifer Protection Fee and associated code changes to place a cost cap on residential sewer line extensions

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Questions?



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