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CALL TO ORDER

[Time: 00:00:12]

Mayor Ortega: Well, I call the November 21st, 2022 city council regular meeting to order. City clerk Ben Lane, please conduct the roll call.

ROLL CALL

[Time: 00:00:23]

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

Mayor Ortega: Present.

City Clerk Lane: Vice Mayor Tom Durham.

Vice Mayor Durham: Present.

City Clerk Lane: Councilmembers Tammy Caputi.

Councilwoman Caputi: Here.

City Clerk Lane: Betty Janik.

Councilwoman Janik: Here.

City Clerk Lane: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Lane: Linda Milhaven.

Councilmember Milhaven: Here.

City Clerk Lane: Solange Whitehead.

Councilwoman Whitehead: Here.

City Clerk Lane: City Manager Jim Thompson.

City Manager Thompson: Here.

City Clerk Lane: City Attorney Sherry Scott.

City Attorney Scott: Here.

City Clerk Lane: City Treasurer Sonia Andrews.

City Treasurer Andrews: Here.

City Clerk Lane: City Auditor Sharron Walker.

City Auditor Walker: Here.

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

[Time: 00:00:50]

Mayor Ortega: Thank you. I want to make everyone aware that we do have Scottsdale Police Officer Ray Cintron and Dustin Patrick and firefighter Kyle Towels, if anyone requires assistance. Please stand for the Pledge of Allegiance. Councilwoman Littlefield.

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

Mayor Ortega: We continue to keep the people of Ukraine and their country in the forethought of our minds as they fight for freedom and democracy. So let's pause in silence. Thank you.

Two announcements. One is Scottsdazzle opens at the Scottsdale waterfront this Saturday. Starts at 6:00. There's a sing along and we'll have a tree lighting. So I think all family and friends will be really -- will really enjoy that. So I invite to you that.

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Also, the Saturday after Thanksgiving is shop small, where we encourage one another to remember our family businesses, small businesses, all over -- well, over 90% of the businesses are small businesses. And encourage everyone to shop Saturday and shop the rest of the year.

Now, during tonight's meeting, the council may make a motion to recess into executive session to obtain legal advice on any applicable item on the agenda. If authorized by the council, the executive session will be held immediately and will not be open to the public. The public meeting will resume following the executive session. So, I mention that every meeting as a point of information.

PUBLIC COMMENT

[Time: 00:03:35]

Mayor Ortega: Next, we will have the call to the public. As a public body, we open the floor for residents, business owners or property owners to comment a non-agendized items which are within the council's jurisdiction. For instance, advocacy for or against a candidate for a ballot measure during a council meeting is not allowed pursuant to state law, and is therefore not deemed to be within the council's jurisdiction.

So when someone brings some matter up, no official council action can be taken on those items. And the speakers are limited to three minutes to address the council. We are also asking for people to refrain from clapping or cheering or things that would slow down the meeting. So I will make that admonition.

We have one non-agendized public comment coming from Paul Mann. If you could please come forward, state your name and address and you will see an indicator for the three minutes, sir.

Paul Mann: Thank you. My name is Paul Mann. I reside at 7657 east Davenport drive here in Scottsdale and I'm appearing on behalf of 120 people who signed a petition requesting that the city council consider entering into an agreement with EPCOR to provide water for the Rio Verde community.

We the undersigned Scottsdale residents understand there is a proposal for EPCOR to provide water to our neighbors in cooperation with the city of Scottsdale. EPCOR is a private provider water company, regulated by the Arizona Corporation Commission, that currently serves portions of Scottsdale. It is proposed that EPCOR provide water to the city of Scottsdale and pay the city of Scottsdale to treat and deliver the water to Rio Verde. It will not cost Scottsdale residents anything.

The Arizona Corporation Commission is in the process of considering EPCOR's request for service to the area and approval of their rates and fees. A final decision is expected shortly. If the city does not enter into an agreement with EPCOR residents of Rio Verde could potentially be held hostage to unregulated wildcat water haulers. There's a great urgency in this agreement -- to get this agreement in place before the end of the year since the city plans to discontinue water service to the area at the end of the year.

Therefore, we request the city council be good neighbors and pending approval from the Arizona Corporation Commission, place this matter on a city council agenda to authorize the staff to work quickly in connection with EPCOR to work out the details of the plan to provide water to the Rio Verde at no cost to the Scottsdale taxpayers. And enter into an agreement to adopt the plan as soon as

possible and preferably before the year end. Thank you.

Mayor Ortega: Thank you. And for the record, the clerk has received the petition, and duly clocked it in. And we will be discussing the options later in the meeting. Thank you, Mr. Mann.

CONSENT AGENDA

[Time: 00:07:03]

Mayor Ortega: At this point, I would close public comment, and we will get to the agendized items. There are two forms of agendized items. One is the consent agenda. In particular, items 1 through 20, these are all posted and all have all the backup material available online and at our -- at any request. What happens is that the consent agenda items are voted on at one time, and one motion.

There is an opportunity for public comment on consent agenda items and I show that Phyllis Benson would like to speak regarding number 8, which is on the consent agenda item. Would you please come forward and state your name and address. We have three minutes. Thank you.

Phyllis Benson: Hello, I didn't prepare a speech. I live on Via De Lago off of Eastwood and Via De Lago and I was walking with neighbors and noticed some of the lights in the area were looking quite shabby, and some had fallen.

So, they said they had tried to get replacements for the lights and start a SLID. So, then I took over and I'm at the point now where we are asking for the SLID to be accepted. So that we can get new lights in the Palo Viento I and II. I would like to show some pictures I took so you know the severity of what I'm talking about. Okay. These are just some samples of how poorly -- let me see. It's upside down.

There are many lights that are like this, at the bottom one fell over already in a storm. I will show you a picture of that and then there was not one that fell over when they were doing construction on a house nearby. And they since replaced that one. But the ones I'm talking about right there, you can see it's eroded around the pole. Not just one. This is via del Riposo, just so you know the location. And this is what it looks like.

Pretty hard to watch that because if there is a storm, that could fall over on somebody or the houses there. This is another -- sorry, another angle. Let's see. I'm not sure how to get this straight across.

Mayor Ortega: That's okay. We get the message.

Phyllis Benson: We have some lights that turn off during night and turn on during the day. So, we really need lights for the safety of all people.

Mayor Ortega: Thank you. I wish to point out there was a place holder which is item number 19. 19 was possible canvass or the results for the election of council. I believe we are waiting on those numbers. The consent agenda item would exclude number 19, but at this time, we also are open to any questions from council. Councilwoman Janik.

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Councilmember Janik: Thank you mayor, I have a question on number 6, wired telecommunication license agreement. And the question revolves around, is this an area that's currently not served by telecommunications or are we adding additional providers in this particular part of the city?

Mayor Ortega: So, we'll have a staff member answer that question, and --

Keith Nieder: I can speak to that.

Mayor Ortega: I'm sorry. Come forward. If a staff member will come forward, that would be easiest.

Keith Nieder: Yes, mayor. Councilwoman Whitehead, yes, this would be a brand-new provider, which is currently -- they do wireless Internet, but they are getting into the fiber-to-home business. So, it will be a starting -- they will be starting up in the desert mountain area, but their long-term plans are to work south from that point. And the applicant may have more information on that.

Councilmember Janik: And it's Councilwoman Janik. So basically, they only have the one type of Internet, the wireless and you are providing an additional service?

Keith Nieder: Yes, today they offer wireless Internet, but they are planning on getting into the fiber-to-the-home. So, they need to use conduit and fiber in the right-of-way. That's why they need a license agreement.

Councilmember Janik: Thank you.

Mayor Ortega: Good. I see no other requests to speak of council. Accordingly, I would like a motion to approve consent agenda items 1 through 20, noting that item 19 is excluded and that would continue to the next meeting. Do I have a motion?

Councilmember Littlefield: So moved.

Councilmember Caputi: Second.

Vice Mayor Durham: Second.

Mayor Ortega: Motion and second. No discussion. Please record your vote. Thank you. Unanimous.

ITEM 21 – OPTIMA MCDOWELL MOUNTAIN VILLAGE REZONING (20-ZN-2002#4 AND 2-DA-2022)

[Time: 00:13:41]

Mayor Ortega: Next, we'll move on to regular agenda items. We've got item number 21 and 22. And in this case, I do want to just remind everyone according to our rules of procedure, any attendees to the city council -- oh. We approved that. It was moved to consent. So the item number 20 was part of the consent agenda.

Next, we will -- I just want to point out that as people may want to remark or testify on any -- or any items, including the items number 21, 22, or even a petition, we ask that the attendees observe the

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same rules that we as councilmembers observe. Maintaining decorum and we require that no unauthorized remarks or demonstrations from the audience, such as applause, whistles, boos, yells or other demonstrations shall not be permitted. Violation of these rules could result in removal from the meeting by security staff.

So at this point, we will go to item number 21, Optima McDowell Mountain Village rezoning, case 20-ZN-2002 number 4 and 2-DA-2022. Presenter Meredith Tessier, senior planner.

Meredith Tessier: Thank you, good evening mayor, I'm Meredith Tessier and the case before you tonight is 20-ZN-2002 number 4 and 2-DA-2022, Optima McDowell Mountain Village. Please note there is an amendment that was sent you to November 18th, a memorandum that summarizes revisions to the applicant's development plan, which includes a reduction in building height, floor ratio, density, and some water credits. So please make note of that. And also make note that there were some additional correspondence from citizens within the last 24 hours. So that should be included in your packets as well.

[Time: 00:15:57]

So, the subject site is located at the southeast corner of north Scottsdale Road and loop 101 as highlighted in yellow. Before you is a close-up area of the subject site with existing uses that include the Dial Henkel building to the north and city of Phoenix to the west which is an existing commercial shopping building and Lexus dealership to the south and state land to the east and southeast. They are requesting to planned airpark mixed use residential, planned community development, and planned shared development all for a new mixed-use development.

So, the general plan designated this as mixed-use neighborhoods which does support high density residential-type uses with complimentary commercial uses such as retail and office and restaurant. The site is also located in the greater airpark character plan, which also supports higher density-type development, with complimentary commercial type uses.

So today, the applicant is requesting to amend the one Scottsdale development plan with the associate land use budget, as well as a zoning district map amendment, with a development plan that includes amended development standards for a new mixed-use development, comprised of 6, 118-foot tall buildings, 133 units and 6,000 commercial square feet area. These were made here on November 18th.

So access to the site, vehicular access is both along north Scottsdale Road and two driveways with a roundabout along east Mayo boulevard.

Pedestrian circulation is also provided both frontages and internal to the site, along the perimeter, and the future property to the east, there's going to be two future pedestrian connections there as well.

So the applicant is proposing to utilize the PCP bonus provisions as well as the PCD development standards to increase both their height from 0.8 to 1.96 -- I'm sorry, their FAR from 0.8 to 1.96, and their building height from 84 feet to 118 feet, and then their setback from 1 to 1 to 2 to 1. In exchange the developer will be contributing approximately \$15 million to the greater airpark improvement trust fund.

Before you is an exhibit of the proposed stepbacks. One is along the loop 101 and the other is on the southwest portion of the site along Mayo boulevard. Here are the most recent building elevations where the building heights do not exceed 118 feet. Next are a series of perspectives. Here's a bird's eye view. Here's a west side perspective that looks into the courtyard. Here's the pedestrian path in relation to the proposed buildings.

And then just the general building perspective so some key items of consideration. The development plan conforms with the greater plan, and the greater airpark character plan. They are utilizing amended bonus provisions in exchange they will be contributing \$15 million to the greater airpark special improvement trust fund. This does increase the density within the one Scottsdale planning unit one development plan. The developer has demonstrated conformance with the PCDs zoning district findings. They are providing pedestrian circulation along the perimeter of the site and again to the eastern future development.

This has been heard both by the airport advisory commission and the planning commission and both have recommended approval. And once again, we have received public comments both support and opposition, and you do have the most recent ones on your dais tonight. So I will conclude my recommendation with the action side. The applicant has prepared a presentation and will do a summary of the neighborhood outreach efforts as well. Thank you.

Mayor Ortega: Thank you. We'll now move on to the applicant. Mr. Hovey, architect.

[Time: 00:20:38]

David Hovey Jr.: Good evening mayor Ortega, Vice Mayor Durham and council. It's great to be back here tonight and we are excited to present our project. Thank you, mayor, council for your time spent reviewing our proposal, meeting with us, and thoughtful comments over the course of the past year, as well as over the course of the past months.

I would like to say thank you to Meredith, Tim Curtis and Brian and Gretchen from the water department and the city's building and planning departments and Jim Thompson. We've had another fantastic experience with the city of Scottsdale and everyone has done a great job. We appreciate all of your hard work an efficient coordination in getting us to this point.

As you know, we started working on this project last November and began communications with you in February. We started with a height of three buildings at 15 stories and three buildings at 11 stories with a top of slab of 155 feet and top of mechanical at 180 feet and an F.A.R. of 2.79 and a density of 1680 students which is 77 units to the acre, about 280 units per building on average. Since then, we have been through 11 significant design iterations, which includes the final design that we are presenting tonight.

As Meredith mentioned we received a 7-0 approval from the airport advisory commission with the stipulation to lower our building heights below the conical surface which we lowered two 11-story buildings and two 10-story buildings and two 9-story buildings. There was no opposition in attendance at the planning commission. The plan was three 10-story buildings and three 9-story buildings with an

F.A.R., and average of 231 units per building on average.

Tonight our proposal is all 8 stories a top of slab of 94 feet and top of mechanical of 118 and F.A.R. of 1.96, and a density of 1330 units which is 61 units to the acre, which is an average of 221 units per building. It includes four apartment buildings and two condominium buildings. Tonight, I will discuss the key zoning issues important to the mayor, the city council and the city planning and building departments and then I'm happy to answer any questions you may have. Just a little bit about Optima.

We were founded in 1978, we were vertically integrated we are the developer, architect, general contractor and we do all of our asset and property management and we do our own sales and leasing as well. We have an office in Chicago and an office here in Scottsdale. We typically develop one or two projects at a time in both cities. We started in Arizona in 2003. We've had a presence here since the '80s when my grandfather bought a townhouse at McCormick Ranch off the pine golf course.

[Time: 00:23:56]

Our projects in Arizona, the Optima built more condos in Camelview condos and Optima Kierland which is a mix of condominiums and apartments. Some pictures of our projects here locally. Some recent architectural awards that we're very proud of. We recently just a few weeks ago won the architecture master prize which is a prestigious, held in Spain and we won the international architecture award and this year we won two awards at the American institute of Chicago for Optima Kierland center and a prefabricated single family house. I would like to talk briefly about the location.

This is why we specifically want to develop this site, and this is why we are interested in this site, because of its location. It's located on the southeast corner of the loop 101 freeway and Scottsdale Road. There's no single-family homes or neighborhoods in the immediate area. And it's located in the Scottsdale greater airpark which is in the Scottsdale greater airpark character area plan. We specifically chose this site because it's located on the edge of Scottsdale and adjacent to the loop 101 freeway. Just a little bit about the zoning.

We believe the zoning that -- that the zoning accomplished exactly what it's intended to do, which is upon demonstration of noteworthy investments and the sustainable high-quality design and other features that provide public benefits improve the quality of life in the community and assist in achieving the goals and policies of the general plan, greater airpark character plan and city objectives. The project is within the maximum bonus standards within the PCP zoning. That's a 2.0 FAR. We are under that, at 1.96, and there's a height maximum of 134 feet. We have a height of 118 feet which is only 9% of the roof. Most of it is at 94 feet, which is the top of slab.

We are providing 2750-acre feet of water, we are providing \$15.6 million for the F.A.R. in height bonus payment to the city which can be used at the council and mayor's discretion. 100% underground parking, 78% open space with 55% open to the public, high quality and award-winning architecture and construction, international green construction code compliance, and our most sustainable building yet. Luxury condominiums and apartments, the installation of a roundabout on Mayo boulevard, bus stop and exchange on bus route 72. We are the pilot project for the rainwater harvesting program.

We will also be building the largest private application in the United States for rainwater harvesting

which includes a 210,000-gallon tank. And we will connect to Scottsdale's bicycle program. As I mentioned we are in the greater airpark character plan, which is located -- which is deemed as regional core greatest intensity. We are also in alignment with the city of Scottsdale general plan 2035, which was voted upon and approved by the citizens of Scottsdale in November of 2021. It is in the 2035 plan.

This is a location that is specifically identified as a growth area. Smart growth versus no growth. We believe the citizens voted on smart growth. Also traffic, because it's on the highway, when the project is completed all adjacent street traffic will be on average just 1% to 1.8% more daily than if the project was not present. One thing that makes us different than most apartment dwellings is our demographic.

We have 35% at our Optima Kierland at over 60. That's more than the condominium which is 32% over the age of 60. Development plan and architecture. We have total condominiums of 420 and total homes of 1330 as I mentioned before. Commercial space of 36,000 square feet. We have one entrance on Scottsdale Road and two on Mayo boulevard. The extension of Mayo boulevard is happening, we are providing the roundabout that you see. 25% of the enclosed space is commercial space.

As I mentioned before, the connectivity to the Scottsdale and the master bicycle plan, and you can see the bike path. We are including the next evolution of our vertical landscaping system and our roof design. I see I have two minutes left. This is a drawing of our underground parking garage. Everything is 100% underground. This is a rendering of building where you see stepping and you the undulations in the facade. We have commercial accessibility via the bike path and underground parking. High performance glazing system and the concrete structure.

As I mentioned 75% open space. Lots of functional usable space. I'm very excited about this area. Typically in Kierland, it's 70% and this has a lot of space for people to enjoy the shaded courtyards. This is our roof design. We have active roof designs. Also the site topography goes up pretty significantly north of the site. For example, the gray hawk club house is approximately 189 feet above the site. Pinnacle feet is 444 feet above the site. Hmm. Water. Do you mind if I have a few more minutes, mayor? Can I -- okay. I see that there's only 40 seconds left. Thank you very much.

Mayor Ortega: Definitely cover water.

[Time: 00:30:25]

David Hovey Jr.: Yeah, I would like to talk about water. Because of the federal announcement that there could be a cut to Arizona's water supply. We came up with the solution to purchase water in the Harquahala area. That we had to find a different solution, which we did. Typically, our water use and our projects are about half as much water as your average multifamily unit in Scottsdale and one-quarter as much water as your average single family home in Scottsdale.

This analysis has been coordinated with the city of Scottsdale's water department and based on our actual water bills from Optima Kierland and Optima Sonoran village. We provided total water, the water will be deposited directly into the Scottsdale water system and based on the conservative calculation this will be 10 years of water use in full build out using the basis of design that we provided. Using this same calculation and providing to the reduced home count is probably around 11 years.

According to our calculations and using the exact water supply, we believe it is about 32 years of total demand that we will be providing. As I mentioned we will provide the largest rainwater harvesting system, which is 210,000. And we will use low-flow plumbing fixtures, solar, and artificial turf and Xeriscape landscaping. Sustainability, 100% underground parking with 75% open space, energy conservation, water conservation, very efficient mechanical and electrical systems, sustainable materials, healthy human environment for the community and residents, as well as recycling, and waste reduction during the construction phase. I think everyone is familiar with the economic impacts that we discussed.

Something that I wanted to mention from last Monday's council hearing, regarding the market report. It was interesting to hear that according to the affordable prognosis of matrix that there's a significant deficit right now with luxury housing in the city of Scottsdale. This place is an enormous pressure on the housing stock for people earning 30% and 120% of area median income which is typically essential workers such as police, firemen, teachers and nurses.

We also have done some extra research because as the mayor and Councilwoman Janik mentioned, the data was slightly dated and our research has included that with taking it into account units delivered since 2020, the entire luxury deficit remains and the mark rate deficit is reduced by just 13.7%. A little bit about neighborhood outreach. I know I'm going over. Thank you for the extra time. On March 24th, only four people showed up. July 28th, three people showed up. On August 4th, two people showed up.

Another one on October 20th, prior to our planning commission hearing we had 11 people show up and this was also with extending the radius three times from 750 feet to 2,250 feet. We also have had a project website that we created which has been great to communicate to the public with, and we have sent that out to as many people as we can. As far as our support and opposition, at 10/6, no opposition was in attendance and as of last week, there were four opposition letters and no opposition letters post the 6-1 planning vote. As of 3 p.m. today, the city has received approximately 300 letters of support for the project. Okay.

So the letters of support, I think were very interesting. This particular gentleman has been a native Arizonan for 64 years.

Mayor Ortega: Mr. Hovey, we appreciate that. And we will read through that.

David Hovey Jr.: Okay.

[Time: 00:35:05]

Mayor Ortega: Ourselves. We did have one public comment. So I would like to move on to public comment and then there may be some questions to follow up on any slide you may have.

David Hovey Jr.: Thank you. Thank you, mayor.

Mayor Ortega: Thank you very much. We have Marvin Richman, Scottsdale. Would you please state your name, address and then three minutes are permitted. Thank you.

Marvin Richman: Thank you. This is a 1300-unit project, with parking for a lot of cars. That's one way of looking at it. Another way of looking at it, is this is a multimillion square foot project, which has the potential for changing the essence of Scottsdale for better or for worse. I think it needs to be looked at in that context.

There are many things I -- I could comment on about the project. Mr. Hovey has done a good job. There's a few sidebars to what he mentioned. The first is monies apparently are going to be allocated to the airpark. But it seems in one instance that these buildings, if not exclusively reserved for folks who are over 65, for all practical purposes, because of the luxury nature of them and presumably the associated expense, are going to pretty much be occupied by them, which begs the question, where are city employees going to work and why were they not acknowledged as being worthy of having less than market rate housing in this project?

Another consideration is although the expectation is that holder folks like myself are likely to be the principal tenants and that's what essentially they are, this may be younger ones there. And although monies are being devoted to the airpark and its amenities, there doesn't seem to be any contributions to perhaps the need for a new fire house, for all of the housing that is being developed here and the housing that's proposed in another massive project just across the freeway.

I'm not sure whether the planning folks have considered the implications on the roadways and access to the roadways. Mr. Hovey also made a very salient point which is not an obvious one but has engendered a lot of comment on a lot of folks that I'm representing. And they are saying, well, when they moved into north Scottsdale, because of the elevated land -- is that it?

Because of the elevations, they were looking down and they were not expecting to see high-rise buildings blocking the view. But what I would like, I won't comment any further, but I have a question or a request of the council. Because of the likelihood that this will change the city of Scottsdale, what do you see in the city's interest and the citizen's interest in having a project of this magnitude proceed?

[Time: 00:39:42]

Mayor Ortega: Thank you, Mr. Richmond. We have another speaker, Mark Lewis. Someone just submitted a card apparently. At this point, I would close the public comment for item number 21. We -- if there are any questions that council may have. Councilwoman Caputi.

Councilmember Caputi: I have a couple of questions for the applicant. First of all, before I ask -- I had a couple of questions but a comment from the questioner -- the gentleman who just spoke, he mentioned about the demographic of your development and I actually think I remember -- I know you didn't have enough time to gloss over everything, but one of the things I liked about the project was that it was serving actually a wide variety of demographic; is that right, not just old folks?

David Hovey Jr.: Can we turn this on? Yes, just to explain a little bit about the demographics. There's 32% in our condos and 36% in our apartments and from the ages of 50 to 59 in our apartments that is 19%. And in our condos, it's 40%. And in our apartments we have 40 to 49, which is 16%. 30 to 39, which is 19% and 20 to 29 which is 7%.

In the condos we have 15% of people that are from 40 to 49, 7% from 30 to 39 and 3% from 20 to 29. What we tried to do in our projects, we try to design -- if you take a look at the market and look at it as a triangle, we have studio apartments that are much more affordable and three-bedroom apartments and four-bedroom apartments and in our condos we have the ability to combine units. For instance, at Kierland we have several units that are four-unit combinations. We have one in particular that's I think five or six. And then we have lots that are just two-unit combinations so it gives people the flexibility to choose sizing of their homes.

Councilmember Caputi: Okay. Great. Thanks for clearing up. I had a couple of questions about water. You mentioned that you would be contributing water to the it I. I have become more of a water expert in the last few months than I ever imagined but I don't understand what that means. How do you put water into our system.

David Hovey Jr.: Mark, do you want to come up here? We have Mark Lewis who can make a couple of comments on. Mark has done a fantastic job throughout this process, really helping us with our water planning.

Mark Lewis: Thank you, David, my name is Mark Lewis. I'm here as a pro bono water advisor, thank you. And your question is how did the water get to --

Councilmember Caputi: What does that mean that you will be putting water --

Mark Lewis: So, we have associated a long-term water lease with farmers and rechargers from -- that will either be delivered through the SRP canal or the CAP canal. They will pump -- they recharged the water underground and they will pump it back up and deliver it into the SRP or CAP canal, and then the water will go into the city treatment plant.

Councilmember Caputi: Okay. The other water question I had was you are giving a comparison of using much less water in terms of single-family homes or other multifamily, is that -- I always get confused on this, but do you mean kind of on a per unit basis or is it aggregated?

David Hovey Jr.: That's on a per unit basis.

Councilmember Caputi: Okay. And then I had one other question not related to water. The other thing about the case that I just didn't quite understand was the idea of the heights being limited by the conical surface. The comments that came from the airport commission, what -- what does that actually mean?

[Time: 00:44:07]

David Hovey Jr.: So this is a diagram of the greater Scottsdale area character plan, with the conical service overlaid. And so the conical surface is a ring that goes around the airport and it is an advisory ring which notifies the F.A.A. if there's any buildings in zoning -- in the zoning process that would pierce this horizontal surface that goes into an angle.

And as you can see here, with this overlay that you see here, the dots that you see are the greatest intensity use areas right there. And the heights are limited. It was based on blinking lights was their mindset on this, was they didn't want any blinking lights. And so those blinking lights come above that conical surface.

So as you can see here the building heights where the corner of our site is here 150 feet. As you go east, it drops 90 feet, 80 feet, 60 feet as you go east. As we mentioned we were able to achieve the original design of two 11-story buildings and two 10-story buildings and two 9-story buildings and we are now at 8 and so we are well below the conical surface.

Councilmember Caputi: Great. I have other comments but I will wait to see if my other councilmembers have comments.

Mayor Ortega: Vice Mayor Durham, and then Councilwoman Janik.

[Time: 00:45:48]

Vice Mayor Durham: A sharp-eyed constituent indicated that you would comply with the 2015 international green construction code. Are you willing to update that to the 2021 code?

David Hovey Jr.: Yes, it should be 2021.

Vice Mayor Durham: Right. Thank you.

David Hovey Jr.: And we also are complying with the newly adopted IECC electrical code. I believe we will be the first building in that electrical code as well.

Mayor Ortega: Thank you, vice mayor Durham. By the way, I think I left my phone up there. If it rings again, that's why and I'm not going to pick it up. Councilwoman Janik and then Councilwoman Littlefield.

Councilmember Janik: Thank you, mayor. Do you currently have the ability to wield the water through the CAP canal or are you waiting for permission to do that?

David Hovey Jr.: Mark? I think Mark is better off to answer that question.

Councilmember Janik: Thank you.

Mark Lewis: So once again, mark Lewis. Our water provider will be delivering water -- credit water to either the SRP canal or the CAP canal in a long-term lease and we have negotiated a letter of intent and the idea is to transfer that directly to the city water department for them to manage as part of their water resources. Essentially, we are looking for an insulation from the drought here to make this project a drought neutral project. Did that answer your question?

Councilmember Janik: Not quite. I know desert mountain has been working the golf course for several years to get water that they purchased from Harquahala, and they are waiting and waiting and there's

still no decision. What I want to know are you restrained by those same guidelines.

Mark Lewis: So the answer is no, we are not constrained by those guidelines, because we are not using Harquahala water. We have a lease with either Yuma or the Gila River Indian community through an SRP partnership. One of those two vehicles will get water into the city system.

Councilmember Janik: And it will be through SRP then rather than CAP?

Mark Lewis: Either SRP or a lease through the CAP from the Yuma water providers.

Councilmember Janik: Okay. And then I do have another comment. I know you showed us the age demographics. More important to me is the people who can afford these apartments. I think Mr. Richman alluded to that. And I think it's great that you have considered all the different age groups but how many people will be able to afford these units?

David Hovey Jr.: The research that we have done, that we have is included in our packet is that within a 50-mile radius in Scottsdale, 75% of the people in the existing 50-mile radius will be able to afford our units. This is designed for people of Scottsdale.

When you look at our demographics, a lot of our people in Optima Kierland, they are coming from north Scottsdale that are getting older or they want to be -- they don't want to be in a 55 and over per se. They want to be around young people also. So they really like living there and also they want to be able to lock and leave and they don't want the pool anymore or the yard. We have most of our residents at Kierland are people from north Scottsdale that are downsizing.

[Time: 00:49:57]

Councilmember Janik: Have you addressed short-term rentals in your agreement?

David Hovey Jr.: Yes. Yes. We don't have any short-term rentals. What is our lease minimum? Six months. And typically all of our leases are 12 months for our apartments, typically.

Councilmember Janik: Okay. Thank you.

Mayor Ortega: Councilwoman Littlefield.

Councilmember Littlefield: I'm going to pass out a couple of papers here. To my fellow councilmembers. This is a project that has been of great concern to me. This will include six residential buildings, up to 133 feet tall which translates to 9 or 10 stories ranging across the entire area and will include 1,390 residential units.

It also includes 36,000 square feet of commercial space and I believe this is too much and too tall. Also it is located under the flight path, a major noise abatement track, and the map is what I passed to everybody showing where that track is in alignment with this project. It was told to me by a city official and confirmed to me by my husband who is a flight instructor and used the Scottsdale airpark, this is under that departure tract.

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CLOSED CAPTION TRANSCRIPT

In fact, there's the picture, and this will cause a major noise problem for people who would be living in these apartments. For these airplanes, which are now much larger than ever before, usually by z jets will be taking off -- biz jets will be taking off and their engines in full throttle trying to get off the runway and into the air, this will be very noisy. Do we really want to knowingly and willingly create more noise pollution issues for our airport and for our citizens? And receive, as this council, more complaints regarding airplane noise from this development? It's bound to happen because it's right there.

Also, another item to consider with this project as a representative of -- for Scottsdale and you may not know this yet. This may be news to you guys I am a member of the state transportation board and recently I learned that during the next few years they plan on adding lanes, one lane each direction to the 101, from cactus north around the bend and up into Phoenix.

The widening of the freeway is necessary and will help traffic flow in the long run. However, the freeway will be torn up, and traffic movement much more difficult for many years. It takes a long time these days to build out the freeways. Adding more traffic along the 101 in this area will only add to delays and traffic issues for everyone in Scottsdale, who is trying to get to and from work. Every workday, every week.

Even if we just ignore the commercial space of 36,000 square feet, adding 1,390 residential units easily adds up to 25,000 more people and that's at less than two people in each apartment. That translates to a great deal more noise and traffic. It will add to the noise issues the airport and we will hear about it, trust me. And the traffic congestion on 101 and Scottsdale Road as people try to avoid the freeway snarls. Thank you.

[Time: 00:54:14]

David Hovey Jr.: Thank you, Councilwoman Littlefield. Just a couple of things I would like to note are heights are not 133 feet, they are it's 118 feet and that's the top of mechanical. I would like to show this section that you see here.

The 118 feet is under 9% of the roof. So, you are talking about right here where it says less than 9% here, less than 9%, that is the top of mechanical. But when you look at our top of slab, the top of slab is at 94 feet which is actually only -- it's 10 feet over the -- where the bonus starts. We have taken it down that much. When you look at our -- about 87% of the overall building is between 94 feet and 99 feet. So, when you say 133 feet, because our roofs have these active roofs, it's not quite as high as that.

Councilmember Littlefield: Well, it must be different than what I have on the report. It will still be extremely loud and very noisy when you have nose-to-tail jets after the Barrett-Jackson or whatever.

David Hovey Jr.: And I understand from our airport commission hearing was noise, and we have addressed that with when you look at our projects, our noise insulation that we, have because we are using a post tension concrete structure which is a 9-inch slab that we are using. It's much more noise insulated than a typical project. We also have super high efficient glazing which is also insulated from noise.

And we have projects that we have done in downtown Chicago using this, and we as a developer are also taking a risk for that noise that you are talking about. That's on us. But we don't have -- we barely get any noise complaints at any of our, you know -- at our most recent project, mostly also where they are at Kierland, right?

So the jets are even closer to Kierland than they are actually this project, and there's been no complaints from our Optima Kierland residents regarding noise from the airport.

Councilmember Littlefield: Send 'em your way.

[Time: 00:56:58]

Mayor Ortega: I don't know if there are other questions. I would like to make a couple of points here. Perhaps you can sit down. I think when we look at a project, there are at least four different levels that I analyze a project from. One is mixed use.

This property is c4, that's the highest highway commercial zoning that you can have. C-4 would have a high intense access, and this is a growth area. By that, and I have stated in the past, I believe that the pressure that keeps occurring to our Old Town downtown area with cramming so much within this little area, one and a half square miles can be relieved at the growth area which would be along the 101.

And so that is an important aspect as I see overcrowding densities in Old Town and I'm not going to depart too far but some of these densities are approaching 130 units an acre and here we have much lesser. So mixed use is important and they retained a mixed use, underground parking is a positive. The connectivity for bikes and trails is important to connect through and along the freeway and crossing the freeway. I took a walk over here at the Sonora Optima and I saw, I think, 7 and 11-story buildings. Is it 11 or 12? It's 37 and the other was I think -- 11 was a large one.

And do you know what happens is these guys design their buildings on stilts. So obviously if they didn't have the stilts it would be lower, right? But that's the way they designed Brasilia and then you can walk through that area. You have a breezeway and some shading. I don't fault them for that in terms of saying chop off the legs and everything is down, but that doesn't really accomplish anything in terms of the covered areas that I think would be well used.

The question about the eight, again, they went to three eight-story buildings versus whatever they started. I don't know if it was 15 or 14, and then have sharpened the pencil to make it right. You will hear later, the other issue of water when a project doesn't bring water and brings additional density, it's a problem. It's a big problem for our city. This is unrestricted water and I could speak a little bit more about that. 21 years ago we did a deal for Harquahala water, I was on council then and it would provide a development for 8,000 acres. It became known as desert mountain and 2600 lots. There might be about 50 left to be built.

And the promise was that they would give Scottsdale 3,000-acre feet of water but it's from Harquahala, you can't get it. It's not accessible. Here we are 20 years later, and Harquahala, it wouldn't fly with me. And that still requires an act of Congress and then two acts of state law changes to make Harquahala work. And the water credits are CAP water generally and we did a deal with the BOR, where they asked

us to hold back 5,000-acre feet and gave us a check for 2 point something million dollars and then we turned around and secured 5,000 with the Gila River, real water, because they had that.

So we took that check for \$420 per acre foot, and that was pretty expensive, but we spent that and they can deliver it. So I'm confident, the other thing I see item j in the development agreement says that they shall at -- pulling a permit, which could be excavation or any kind of permit on this project, they have to pay for the water and deliver the water to us. That's real water that's -- that's in our portfolio.

I think that's a weakness of every other housing project without looking at our water insecurity. I call it insecurity because it could lead that way. What was different from the publication of the agenda was that it was three 11s and three 9-story buildings and now it's all eight-story buildings. With more water that we need accordingly, for that reason -- and so the drawings that were in the original packet are not the ones that we refer.

I move to adopt Optima case 20-ZN-2002 number 4 as revised and posted on November 18th. That's eight story buildings, and November 18th, 2022 as follows, adopt ordinance number 4521 changing the zoning from PCD to planned airpark core development, airpark mixed use residential planned community development planned shared development and a mixed use development with a building height not to exceed 118 feet on the 21, almost 22-acre site.

Adopt resolution number 12630 declaring the document titled Optima McDowell Mountain Village development plan to be a public record and adopt resolution 12631 authorizing the development agreement. That's the one that calls out the water, and the requirement for the water, with the city of Scottsdale. Number 2022-175-COS with McDowell Mountain Village Declarant LLC.

Councilmember Milhaven: Second.

Vice Mayor Durham: Second.

Mayor Ortega: Thank you. We have a motion, and we have the Vice Mayor to speak to the second.

[Time: 01:04:16]

Vice Mayor Durham: I will support this motion. As Ms. Tessier, this is an area intended for growth and height in our city plan. Originally these buildings were much higher and I think that the applicant was asking for the maximum height under our bonus provisions. That was a problem for me, first the eight itself, and the potential obstruction of views and other issues, including density. But the second was the use of the bonus provisions.

I'm not a fan of the bonus provisions because I think we have zoning for a reason and so I think resorting to the bonus provisions should be minimized, except in exceptional cases. And I think the present heights are a reasonable compromise between our own rules, the applicants reasonable expectations and the public. This is going to be a luxury building.

I think this is a good thing because it would supply a luxury component that is generally not available in north Scottsdale or a rental luxury component which is not present in north Scottsdale. As Mr. Hovey

explained, it may relieve pressure on lower priced apartments. The water is an important issue. The mayor has described that at some length. So irrelevant won't go into it, but I think that this is a good project for that location, and good project for Scottsdale and a high-quality project that will add a lot of green space and amenities no this area of Scottsdale. So I will be supporting it for that reason. Thank you.

Mayor Ortega: Thank you. Next we have Councilwoman Milhaven and then Councilwoman Littlefield.

Councilmember Milhaven: I'm especially excited about this project and how multifamily housing can acquire its own water. Thank you for doing that. Right in the last week this went from 9 to 8 feet. We talked about in the past to say, you know, we -- Scottsdale sets high standards and anybody who comes to do business in Scottsdale has to know that.

We have codified those in our zoning, and we codified those in our design guidelines, and then we have an extensive public outreach process and planning commission and development review board and I don't know how many times each of us have met with the applicant to share our concerns and I think Mr. Hovey showed us how these changes when I think this is a really good example of how the process works to give us a quality project.

In terms of bonus, just a little bit of -- you know, I think the bonuses are a good way to do, this right? We have the original zoning. We can't -- when we identify in the general plan, gee, we think these are great growth areas and we want to encourage people to invest in these areas we can't go and change the zoning without the property owner's permission.

We say, okay, these are places we would like to consider some additional height and density, but you will pay for it. And I just want to remind folks too to say they are committing \$15 million into community amenities which I think is huge.

And I would also point out that council prevailed on them in the last week to go from 9 to 8 stories and that cost the city another \$4 million of improvements. So there's certainly a lot of community benefit and tradeoff when we look at height and where we do, but I think this is a great, great project and it's my pleasure to support it.

[Time: 01:08:29]

Mayor Ortega: Councilwoman Littlefield and then Councilwoman Caputi.

Councilmember Littlefield: Thank you, mayor. Once again, I apologize I was using the papers that they sent to me before. So I was obviously a little below on the behind on the update and I'm glad it was reduced to 8 stories. I'm wonderful. I'm concerned about a couple of things about this. We are telling our neighbors and our citizens cut back on water. Cut back on water. Don't water your lawns and don't do this or that. And yet this project has pools on every roof top. It has green grass. It has trailing vines.

I love green and I love plants and I think it's beautiful but it's not consistent with the message that we are trying to send to our citizens. And that's a problem for me. Also residents told us loud and clear that they wanted to low down the development in San Diego. And it seem -- in Scottsdale. And it seems to

me all we have done is try to find the ways we can manage to grow more and grow higher. Higher denser, bigger is not what people asked for. They run the city through us. I won't be supporting this project season.

I know that's not a big surprise, but -- and I do think it's a beautiful project, but it is exactly what the citizens in the last election loud and clear told us that they don't want. It's our job to listen to them and act accordingly. Thank you.

Mayor Ortega: Thank you, Councilwoman Caputi.

[Time: 01:10:24]

Councilmember Caputi: I don't want to belabor this hearing. We actually received almost no opposition on this project. Which is something no one here has brought up and I think it's very important. I think there were four letters of opposition. And we have all been looking at this project for almost a year.

As was mentioned and it has gotten better and better I don't know that I was wildly excited about it in the beginning, but boy, has the applicant been wildly responsive to our comments to lower the density and the height, and you created a situation in which people always talk about precedent. That will set a precedent.

I think this is a project that will actually set a precedent that we can be proud of. We have this whole lit of amazing benefits. It's among a freeway. It's not near any single-family homes which is why we didn't get any neighborhood opposition. It's incredibly contextually appropriate. We're talking about an eight-story building but you are along a freeway in which there are major employers all the way along.

So we're providing residents -- residencies for employers like axon and nationwide and we're going to have a hospital built more than likely along that freeway. So we have a whole bunch of major employers and not much housing oppositions.

So I do think that it fulfills something that the city is looking for. I think that, you know, we don't approve all projects. I think we have actually approved quite a few, a very small number of projects since we have been sitting on the council in the last couple of years. We don't approve all the projects but our job is to improve every project and I actually -- I'm happy to support this project because that is what we did. We made it better and better and we ended up with a project that we can be proud of. I am supportive. Thank you.

Mayor Ortega: Okay. I see no other hands to speak. Please record your vote. Okay. It did pass, are 4-3. Good luck with your project.

ITEM 22 – HIGH STREET RESIDENTIAL ZONING (2-GP-2022, 4-ZN-2022, 3-DA-2022)

[Time: 01:12:44]

Mayor Ortega: Next, we will be going to item number 22. Item number 22, high street residential rezoning, case number 2-GP-2022, 4-ZN-2022 and 3-DA-2022, presenter is Tim Curtis planning director.

Tim Curtis: Good evening mayor, members of the city council, I'm Tim Curtis with the city's planning department. I'm pinch hitting for Bryan Cluff. He's the principal planner that's spent a lot of time on this project, unfortunately he is feeling under the weather tonight. Yes, item 22.

So the request before you is a four-part request. This slide pretty much just reiterates what's on your agenda. This is a minor general plan amendment for a certain piece of property to change the land use plan from commercial to mixed use.

The second is adoption of an ordinance to approve a zoning district map amendment for a certain piece of property to implement that proposed general plan amendment, the current zoning is general business so c-2 commercial district and the request is to implement the new general plan amendment proposal, with a planned unit development PUD zoning district and includes a development plan with many development standards.

The third item is to adopt a resolution regarding the development plan and the fourth item is to adopt a resolution for an associated development agreement. The site is outlined in yellow. It's located along Scottsdale Road and Gold Dust, almost at the intersection south of Shea boulevard. You can see it's surrounded by multi family residential directly to the south and the west. Further to the west, its going to a high school. And then more commercial and more commercial as you go north and northeast.

[Time: 01:15:14]

This is a close up view of that site. Again, it has some frontage on Gold Dust, as well as some shared access frontage on Scottsdale Road the current property is used as the kasha village shopping, directly facing and abutting the CVS pharmacy and the restaurant to the west -- excuse me, to the east, but it does not include those parcels. This contains to the first part of the request.

This shows the existing general plan designation from a land use perspective and the red there is the existing commercial designation. And the proposal would be just changing the color to that pink, which designated -- would designate this and proposed to designate this as a mixed-use neighborhood. That's the first part of this four-part request.

Getting to the second part, which would implement the first part is changing the zoning from c-2 commercial to planned unit district for that property. Getting to the third part of the request, which implementing the zoning. You see the 4.6-acre site, 215 units, three-story building, as well as approximately 11,000 square feet of commercial being proposed. This is just another graphic of the same site plan.

One thing that this shows better is along the east side of the building between the building and the existing commercial to the east is a pedestrian connection that would be publicly accessible and connect Scottsdale Road through the project open the east side up to Gold Dust.

Part of the development plan is this three-story building, these elevations show a 39-foot building height with some architectural roof top projections for another 10 feet, up to 49 feet and this is just some more exhibits of the elevations and these are the three-story prospective drawing. The applicant will get more into this with their presentation.

Part of the development plan included some many development standards. As you probably remember with the pud, the zoning code really supports pushing the buildings closer to the street than farther from the street, but oftentimes we see amended development standards looking for greater setbacks along the streets and this is doing that well, basically allowing a greater setback along Gold Dust about 5-foot setback, more than what would normally be required.

Another amended development standard here is shown regarding the building envelope. Three-story building. There's a requirement to step back the building and if you look at the exhibit here, the red line would be the required setback -- or stepback. But you see the hatched-out area, the shaded area between the green and the red is the proposed amended standard. And that cross section is the southwest corner of that building. And then there's another amended development standards, fairly minor but this is for some encroachment within the setback area for some patios. Very slight. Just a few feet.

[Time: 01:19:17]

The last part of the four-part, the workhouse unit is being proposed, a construction mitigation plan and construction timing, making sure that the project commences within five years or there could be zoning reversion discussed. As with all projects, public outreach had occurred. Applicant did theirs.

The city did more notification and there were other public hearings which I will get to in a minute. We received public comment. You all have seen those, both in support and opposition. So other boards and commissions, the development review board saw this in October. They saw the development plan.

That's part of their purview to make a recommendation to the planning commission and they unanimously approved the development plan in terms of a recommendation. The planning commission also saw this in October. They did recommend approval, unanimously. They did make sure that the building height was limited to three stories. At that time they saw a four-story height. It was reduced by the applicant.

They did make sure that there was a stipulation that it be three stories and 36 feet in height. Just a note that the applicant is requesting 39 feet in height. But still, three stories. The applicant will get into that.

Planning commission wanted to make sure that there were suggestions that water conservation be incorporated in the project and the Chaparral learning garden, which the applicant is coordinating with the high school, and they also talked about how when you good et cetera to the development review board, to increase the number of mature trees.

The applicant did propose since then the stipulation for water conservation measures to coordinate that with the water department. The updated stipulation was provided to the city council in a supplemental memo.

So the action requested again, this is just a repeat of what's on your -- in your agenda. Approve or adopt the resolution approving the minor general plan amendment, so that the land use would allow mixed use neighborhood. And the second one is adopt the ordinance to planned use development, which

would then implement number one. And then item three, adopt that development plan to implement the zoning and then item four which is the associated development agreement.

Staff is here for questions. We do have transportation staff and some other staff here but I know the applicant wants to give a presentation. Thank you.

Mayor Ortega: Thank you. Let's move on to the applicant. John Berry.

[Time: 01:22:25]

John Berry: I apologize mayor and council for getting organized. Please don't start the clock yet. I'm old school on this one.

Mayor and members of the council, to are your record, John berry, 6750 Camelback Road in Scottsdale. It seems like this is a night of the positive precedence and we hope you find that is the case with this one. You can set a new standard for community collaboration, hence of name of this proposal, a community collaboration.

Certainly, the location itself lends itself to create a collaboration with Chaparral high school, a mere 650 feet away. Now the general plan has a new element, an education element and implement the general plan it recommends that we do some things that are uniquely Scottsdale. It encourages us to do things like be collaborative. Be creative, find willing partners to help us implement the voter approved general plan and that would be my client high street residential.

Now, what was a Chaparral high school community, as an educational institution, what was their vision for this general plan collaboration and partnership? Well, it was to create the Chaparral learning garden. This was not our idea. This has been around for a long time. I think you will hear from some folks from Chaparral. This is a long-held dream of some folks at Chaparral.

This is the current space, about 6,000 square feet of hard packed barren dirt that's located on campus. Now, what is the Chaparral learning garden? You are hear more about it from some folks from Chaparral, but it's another unique first for Scottsdale. It's a partnership as the general plan talked about. A partnership with students, teachers, to create an outdoor living laboratory to leverage classroom teaching with our students and create a student oasis closest to the cafeteria.

Now very importantly, this is not a love 'em and leave 'em proposition. This is providing funds for the long-term maintenance and preservation of this area and provide materials for students and teachers. Now, I love this stuff because it will be designed by the students. This is one of many versions of. This it is great because they will work with our landscape architects who will provide those services, gratis to work with the school district. Now, the housing element, unfortunately, it's a well-known fact that many of our teachers cannot afford to live in our city. We ask them to teach our children but there's no place for them to live.

Now the new general plan recognizes this lack of workforce housing so how are we responding? How are we implementing the voter approved general plan. What are we doing? Well, 10% of these residences will be discounted for teachers, staff, first responders and workforce housing in general.

Now, I want to point out -- I want to point out that there is no taxpayer money involved. No incentives. The builder absorbs 100% of the cost of this workforce housing.

Again, with this collaboration with Chaparral and their community, we will be providing one month of free rent for a family that lives in this residential project as long as they have a student enrolled at Chaparral high school. It could be a teacher, a staff member who could take advantage of the workforce housing component of this as well.

One the other things that we collaborated with the community on, is enhancing pedestrian safety for students going up and down Gold Dust. On the left is current condition with Gold Dust, two wide driveways and a narrow sidewalk. We hope that we will do something that's much better which is eliminate one of those driveways. We'll plant 48-inch box trees along that area. We'll widen the sidewalk to 10 feet and detach it from Gold Dust and landscape that area where it's detached from Gold Dust.

In recognizing that a lot of students ride their bikes, but not all communities may have access to obtain those bikes or make minor repairs, we will put in a bike oasis on Gold Dust on our property for students and the public in general. Now bike oasis will have shade and seating and make minor repairs to your bicycle. Now water is top of mind in the prior case and we want to be part of solution as well. This is another first for this case for Scottsdale.

[Time: 01:27:48]

In collaboration with the Scottsdale water, we will be creating and this was their idea. Your staff this was brilliant. It wouldn't have come from a lawyer, I can tell you that. We will create a data innovation platform. It's a data driven platform, including submetering of these 215 individual residences. And this is the part where everybody got really excited. We will share these analytics. It's data driven and we will share this with your staff to allow the staff and you eventually to make better decisions about water conservation in our community because we will be data driven.

Then another brilliant idea and the staff person asked that I not identify her by name but she had the brilliant ideas why don't you share them with the STEM program at Chaparral and use it as a pedagogical opportunity. Brilliant!

Speaking of great ideas, staff had an even better idea that we appear in front of the development review board and the planning commission with a prior innovative proposal for an on-site gray water reuse system, which we expected would generate about a million gallons a year in savings on site. This data innovation program that staff came up with? Look at the results 310% increase of water conservation, from 1 million gallons a year to a little over 4 million gallons a year. A great idea. I tip my hat to your staff.

Now, let's keep in mind, that unlike the case you just saw, which was vacant land and has been vacant land, this has an existing building on it. And this building has the right to use water. You have to serve them water in this building. So when you compare the historic conserve -- the historic consumption and the potential consumption on this existing building that already has water hookups in the building, we will achieve a 58% reduction in the existing use of water on this site.

So this isn't blank, vacant land. This is an existing consumer of water where we will improve the conservation compared to what is happening on that site today. So if we go away and this case is not approved, we actually have an increase in the reduction of water use on this site. So in conclusion, mayor and council, we have three firsts.

The first is education element, encourage collaboration with Chaparral high school. Secondly is 10% of these residences will be workforce. You have been here before with workforce housing. True. I was working with some leaders on the council on this idea but what we made a commitment was to come back with 10% of these units as workforce housing and that's the first time any project has come forward and said we will do 10% of those units. Our third first is this innovation collaboration with the Scottsdale water department. We have eliminated as staff noted the entire fourth floor and reduced density accordingly. There's no shortage of retail in this area.

The 28,000 of existing retail is barely, no pun intended a drop in the bucket there's about 1,800,000 square feet of existing commercial in the area of Scottsdale Road and Shea. Now, we have support from those area small businesses and I note the mayor pointed out that it's shop local or shop small this coming weekend.

And these businesses need your help up here because many of them are suffering and bringing year-round residents this their front doors will assist those small businesses and we have letters of support that recognize that. Item number 7, I'm proud to say that with the leadership of council -- or Vice Mayor Durham when we did the original Kimsey case, that was the first time that the development agreement had a provision that no short-term rentals could be provided at that project and that's continued on with all of our projects and I'm glad that the precedent has been set in the Optima. It's all underground parking.

[Time: 01:32:15]

We will reduce traffic compared to what the existing zoning allows. We know you love open space. We will provide a 219% increase in the amount of open space on this site. Sustainable, also a very critical component of what this council is committed to. I have chosen a couple here. We are doing cool roofs which is something that you have talked about and we are proud of the collaboration with the star dust foundation to recycle the building materials on site and we plan to do that with all of our projects. Great organization.

Another collaboration is with A.S.U. to reduce the urban heat island impact and we will be assisting that effort by eliminating 1.36 acres of dark, heat emitting asphalt on this site. We will be replacing it adding 142 trees and cool roofs and every place you can put a tree around the perimeter of this site will be a 48-inch box tree. We listened to the planning commission and we increased the number of mature trees on site.

Now, I know item number 13, you were going to be considering this at an upcoming council meeting to adopt, perhaps citywide the I.G.C.C., if you do not do that, we will do that voluntarily and that's a stipulation in the case. There's certainly a strong need for housing in the area with a 2% vacancy rate. Another thing, item number 15 that you adopted for the first time ever in the city in one of our cases is

a construction mitigation plan.

It was a suggestion from the commissioner to do this in the development agreement. Finally, we come before you with unanimous recommendation for approval, unanimous from the DRB and the planning commission, 7-0 at the planning commission. As I said, as the staff report says, as our application says, we implement the general plan goals with this case. Check the boxes.

I want to gain a little altitude on the educational element for a second. A healthy community and competitive economy are directly based on high quality education, and now we get caught up in the heights and the densities and the setbacks and the stepbacks. Sometimes we forget that part of what we are doing with these projects is absolutely doing this type of thing that the voters have suggested to us.

So tonight, we would respectfully ask you that we implement this provision the general plan and help us set a new standard for community collaboration in the community and take another step another step to keep our community healthy and competitive. Happy to answer any questions. I know there are speakers. I would be happy to answer questions after public comment. Just let me know. Thank you.

[Time: 01:34:57]

Mayor Ortega: Okay. We do have -- we'll go to public comment. And let's see, then we have questions from Councilwoman Whitehead. Alanna Alexander, Genevieve Alexander, I think, giving their time to Jason Alexander. Jason, are they here or did -- are they here?

Jason Alexander: No, they are not here right now.

Mayor Ortega: Well, it's -- people should -- when they give time, be here, not just fill out, you know, something and depart.

Jason Alexander: I will keep it to three minutes.

Mayor Ortega: You will get four minutes. Appreciate that.

Jason Alexander: As you noted mayor, I am speaking on behalf of my two daughters in eighth grade and in 11th grade because the education element of this plan was so moving to me. But I want to backtrack for one second. Last week, I attended the A.S.U. economic forecast luncheon which has been running for 59 years in the city. It's one of the most prestigious forecasting events in the valley. And I got to hear these professors speak and I hope staff can give me a quick overhead.

A couple of outstanding professors from the A.S.U. W.P. Carey school and you can talk -- you can see the requirements here. This was one the graphs in their presentation. Showing that the housing affordability in Scottsdale and in Arizona, but Scottsdale as well, reflected in that has declined by nearly 50% in five years.

Dr. Hoffman was asked further what he felt the biggest risks to Arizona's economy were. And he said the number one risk in his opinion was no longer being able to attract talented young people to provide

an influx of talent to our economy moving forward. And he coupled that with the number two risk of education opportunities.

Again coming from the folks who were presenting at this economic forecast, echoing what Mr. Pollock said about the risks to the economy and the housing market. Which brings me around the notion of education and talent to this project and why I'm so excited about it and why my family is so excited about it. The education aspect here is really unprecedented.

It is a completely private agreement between the builder and Chaparral high school. No taxpayer dollars involved. Again, completely private agreement. It fulfills the education element of the general plan for the city to coordinate better with our school system, it represents some of the goals of the education subcommittee for better coordination between the cities and schools and I think that's just absolutely incredible and unprecedented, again. Costing the taxpayers nothing.

Nearly 3,000 kids go to Chaparral high school. These are 3,000 residents mostly, who will benefit from this project. Those 3,000 residents have 6,000 parents also mostly residents who will benefit from this. Now, as I mentioned I have two teenaged daughters, one in eighth grade and she's considering Chaparral next year. Her school, where she went to elementary had a community garden.

Some of other schools have community gardens like Sonoran sky will tell you over and over about the benefits these types of implementations provide to their student body. As a parent of two teenaged daughter specifically, I can tell you how hard it is to help them grow and understand the balance between diet and nutrition and how that translates to your performance as an athlete, how that translates to your own body image and taking control of your body image.

And it's -- it's like a life skill, when they finally get it and when they finally can take control of their own future through health and nutrition. It's like driving a car balancing your checkbook, it's just an incredible feeling as a parent for them to accomplish that. So I'm so proud to see that this is going in at Chaparral. Again, no cost to the taxpayers.

6,000 parents, 3,000 students all will derive the benefit from this. And I just want to point out how great it was to see so many local businesses sign their names behind this -- give their names, addresses, specifically showing who they are. And the opposition is click bait and not saying where they are from. I'm here to speak for my children and my family and how much this would benefit the school and the community. Thank you so much.

[Time: 01:39:41]

Mayor Ortega: Thank you. Kelly McCone and Jen McCall. Thank you. Name and address is appreciate and then Jen McCall after.

Kelly McKone: Good evening, my name is Kelly McKone. We are the owners of the storage facility, life storage facility at 7245 east Gold Dust Avenue, just right on the southeast corner of Scottsdale Road and Gold Dust. To the mayor and council thank you for giving me the opportunity to speak in support of this project. As I stated, we are directly east of the proposed development.

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The current site as you know is very vacant and the element that vacant strip malls bring is a little concerning to us with I was by there the other day, and those types of properties don't attract the kind of people that anybody wants near their business. And it will only get worse if it stays there.

So we're anxious to see something very positive and something that compliments what we do in the area. There has not been a new multifamily development built in the area in almost 20 years. So very much in favor of the development and hope you give it the consider, that it deserves.

Mayor Ortega: Jen MacColl and then Betsy Pai.

Jen MacColl: Hello, everyone, you will have to pardon my voice. My name is Jen MacColl. But for more than half of my life, I've worked at Chaparral high school. I am currently as well a botany teacher there. This will be my 24th year, and I am so excited about the possibility of this project. This has been in my mind for approximately 15 years.

Currently you saw the space we have right now. We are very fortunate to have those three garden beds provided by an Eagle Scout project, but I always wanted to go bigger because my students deserve it and the faculty deserve it, the staff deserve it and the parents deserve it. So, what my students would like to see that space turned into is a learning garden. Multiple garden pedestrians, shade trees and meandering paths and plants that will attract butterflies, benches shaded structures, a place where students can learn how to garden, how they can harvest and learn what that food is providing them, not just my students but the students in the culinary department, the special Ed, and the special needs students as well.

It's also an opportunity for my students to start seed libraries and pass those seeds on to the faculty. It will be a nice space for the kids to go during lunchtime. They are kind of confined in an area and there's not much space for them to go, but knowing there will be benches and shaded structures, it will be very inviting and welcoming for them. Thank you very much.

[Time: 01:43:32]

Mayor Ortega: Thank you, Betsy Pai and then Bob Sager.

Betsy Pai: Betsy Pai, 7008, north 76th street in Paradise Valley. Thank you, Mayor Ortega. I'm here as a Chaparral parent and current president of the Chaparral Parent Teacher Association. You think about bake sales and maybe classroom parties.

We do all that, but a large part of what we do is raise funds to provide programs and projects that are outside the school budget. For the past several years providing the funding for the maintenance of those garden beds is one of our items. People beg to get into the classes. The bed that you saw, that's how students enter the campus. That space doesn't reflect all the great things go on.

So we're very excited about the project of an enhanced learning garden. It's something that the students and the parents have been talking about for years. We know it would benefit not just the zoology botany students but the culinary students who can harvest and grow Herbs and the life still students and the students in special education who can get some hands on practice there. And also

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really beautify a currently barren part of campus.

In addition to construction, those funds for maintenance and continued support and instructional support would be invaluable because we have great support from our parent community of over 1,000 members but the budget goes up and down. So knowing the funds would be there for continued maintenance would be a huge boon. We are grateful for high street to think of Chaparral and the encouragement for those private/public partnerships. We hope this can be a model for going forward. Thank you.

Mayor Ortega: Bob Sager and then Adam Wiseman.

Bob Sager: Good evening, Mayor Ortega and councilmembers. Dr. Bob Sager. 7336 ironwood court, we live in a gated community one and a half blocks from this named property, and I represent hundreds of people in the area between 70th street and Hayden, Shea, and Mountainview. I lived in this area for 25 years exactly.

And every day that I'm in town, I walk and walk miles around this area. Picking up litter, seeing everybody and talking to a lot of people and the people are basically 95% homeowners. The ones that voted you into office. And a few tenants that live in the area I talk to also. We are 100% -- you would think there would be an exception but everybody I have talked to is 100% against more apartments. So, we oppose this project from that standpoint.

We would like to see condos one or two stories, where you have owners that have skin in the game. And you see all the reports on how well this project works and how interwoven it is with Chaparral and so and that's all said and good, are but, you know, the traffic is persistently dense in that area. And there's been a lot of changes in that area.

We started off with an illegal detention center at Scottsdale and Mountainview and then the -- what I call the wedding cake at -- right across from butterfields at 74th street and Shea, which was supposed to be four stories, which technically you might call it four stories but right now it's looking at five stories with the appertinents, and the first story is extra high this one over here, three stories.

That's too much and I ask the council to delay decision and get this reworked to two stories because you know with three stories, it's actually going to be four stories with everything up above the third story. I think it's common sense for the council to final recognize enough is enough with the apartments in Scottsdale.

[Time: 01:48:35]

I can't compete with John Berry and schmoozing all of you. I've got give him credit, he's like silk. Are you going to continue to let him come up here and proselytize all of these apartments? We've had enough. I see all the Optima people have left so they can't hear my comments. All the people that I talk to, we are sick and tired of more apartments. And Optima, I'm done with Optima as well as all of my fellow people that I talk to. So I hope this is the last Optima project that we see, we have enough of it in Phoenix and now Scottsdale.

So I plead with you, if you are going to accept apartments at this Chaparral commons, that you lower it two stories and they talked about, you know, they will have a reasonable setback. That's all good but I just –

Mayor Ortega: Thank you, Mr. Sager. Appreciate it very much. Adam Wiseman.

Adam Wiseman: Hello, my name is Adam Wiseman and I live at 9990 north Scottsdale Road, right next to the proposed building. I lived there for about six years and I watched the strip center basically turn into a place for people to come and sleep in their cars at night. I walk my dog around there.

Other tenants that I know that are -- or other owners that are in the complex also walk around the area, and they have noticed that that area has become less safe over time. I know I had a few people write into but we would rather see this there, see the apartment complex go up than what has been going on there right now. I'm really excited to see something going in where I can walk my dog on the side of the street and not worry about getting hit by a car or have someone yelling at me that is sleeping behind the shopping center. So that being said, I -- I would really like to see this go up in my area. Thank you.

Mayor Ortega: Thank you very much. So, at this point, would mention that there were two other cards submit Glen Lear and Katie Kuhn who left a note on record in support. I would like to turn to councilwoman Whitehead, Councilwoman Janik and then Vice Mayor -- okay. I see that. I'm saying that council people may still have some comments. If you would like to respond to any of the public comments.

[Time: 01:51:41]

John Berry: Yes. First a little note about Jen MacColl. She's actually one of six nationally certified teachers at Chaparral High Schools and it's clear that they have the reputation that they have for the STEM program, and I appreciate Betsy coming out on behalf of the parent teacher organization. I had three kids that went to Chaparral.

I was a member of that organization and they do a fine job representing well over 1,000 parents that -- kids going to Chaparral. We hope that she's right too that it becomes a model, a precedent, another night of precedents, where other folks will be able to see the value in partnering with education and create the community that we all desire. I think that is it.

The permitted height under c-2 is 36 feet plus mechanical on this site. So that would permit three stories. So happy to answer any questions. From mayor and council.

Mayor Ortega: Sure. Let me go to Councilwoman Whitehead and then Councilwoman Janik. If you have a question, you may ask or if you just have comments. Councilwoman Whitehead.

Councilmember Whitehead: Okay. Thank you, mayor. And thank you, John. Can you go through -- maybe staff needs to do that, you know, part of doing innovative new things with these developments is we try things, and they may or may not work. A lot of us were really excited about the gray water system, which our staff -- our experts on staff said was not the best path forward. I wonder what changes if you can expand on what changes -- I know the submetering. How do we get to the

savings that is projected?

John Berry: Mayor and members of the council. I think the stipulation in your packet does a great job of listing those. So if we go to the stipulations and I will put it up on the screen. Here.

Councilmember Whitehead: Yes I think it's good if you go through that for the public and if staff wants to weigh in.

John Berry: So you will note in the large print there, I will zoom in. Right now it's hard to read. This print, our new stipulations since planning commission and you will note our commitment to do the I.C.G.G., no platter what the result is.

The water conservation, water conservation measures to reduce water on site. Water conservation measures shall include but not be limited to submetering for water use for each residential and/or live work unit. We didn't mention that there are seven live/work units on this property.

Application of water meter technology and information for submetered units that provide for leak detection and water consumption data, sharing of analytics from water smart and applications with the city of Scottsdale. No real grass. Drip irrigation with water smart controller systems, low flow fixtures and Xeriscape landscaping. The developer may include rainwater harvesting as a conservation measure, subject approval by the department. And we committed to doing rainwater harvesting if it's something that is feasible.

Councilmember Whitehead: Thanks. Just one more question and this was really a question I had for the last project too. The I.G.C.C., the current -- our current code is 2015. Is this written -- perhaps this is a question for staff. Do we have a commitment for the 2021, which is what we are considering in the stipulations for this project? I think I saw that.

John Berry: The stipulation does not specify that, but my client has said that they would agree to that, to modify the stipulation to specify the date.

Councilmember Whitehead: So that was a concern last time too. Okay. So that's the stipulation that I would want added to a motion. Another question is the -- I had a lot of questions about the 10% workforce housing. Just briefly for the sake of the public, will you describe the rent -- the flexible rent costs, how that is done?

[Time: 01:56:21]

John Berry: Well, you want a lawyer -- I'm sorry, Vice Mayor Durham, I don't mean to disparage the entire profession, but zoning lawyers, but you would like me to be brief and synthesize this, we will take 10% of those units and set them aside for what will qualify under federal parameters for what defined as workforce housing.

This is the same language that you approved in the development agreement for the very first workforce housing that was done in the city for the toll brothers case. It says that you take the average median income of the value which is about \$80,000 and the feds say you are only supposed to spend about 30%

of your income on housing-related costs. So workforce housing is defined by the feds as between 81% and 120% of area median income of \$80,000.

So if you can't afford based on your 30% income level for housing costs, you can't afford that, then the developer is required to subsidize you for the balance. So in the market rate is \$40,000 and all you can afford is \$1,500, then that \$500 a month difference between market rate and workforce housing rates is absorbed 100% by the builder, with no tax involvement at all.

Councilmember Whitehead: Okay.

John Berry: That was terribly confusing and I apologize for that.

Councilmember Whitehead: I heard it so many times. I hope it's clear to the public. The neighboring H.O.A. which I think the last speaker lives in. They had some concerns about traffic from your proposed apartment. Can you describe what has been done about that?

[Time: 01:58:19]

John Berry: Mayor, Councilwoman Whitehead. We have been working with the H.O.A. since the development review board. We received a similar letter like you got in your packets earlier at D.R.B. and at commission and both the D.R.B. and commission, we committed to work with the board and the management company and we have and we did.

And I'm going to put up a graphic that -- I'm going to -- that was prepared by engineers. You have to bear with me for a second to describe what we have done, the Verona, condominiums are down here and Mr. Wiseman lives in the Verona, condominiums.

I will note that we have 11 or so -- 9 to 11 signatures of support out of the Verona condominiums, but their major concern was -- their major concerns were twofold, one the construction impacts which is why commissioner Serena recommended the construction mitigation plan which is now part of the development agreement. And that was done to address their concerns.

Secondly was the use of this access way right here. This is the C.V.S. This is Scottsdale Road. Right now the existing mosaic apartments, the existing condos all use this access and they come out to Scottsdale Road here. So their concern was we want to find ways to discourage our residents from using this access way right here. How do we accomplish that?

We worked with our traffic engineer and this is the access to the underground parking right here. This is Gold Dust. This is our access out to Gold Dust. Gold Dust has a traffic signal. So with all of the traffic, 100% of the residential traffic has to come in and out of the underground parking at this location. The rational driver can turn right and go over the newly installed speed table right here.

Keep going this direction, go over the second newly installed speed table and crosswalk and then hit a stop light that's newly installed and then keep going to the third newly installed speed table and then hit the stop sign at Scottsdale Road and then turn right or left, as the case may be.

The rational driver, we hope is more likely to turn left come out here, very short distance with no obstructions and go to the traffic signal. Or they will turn right here and take this direct access out to Scottsdale Road here. So those were the two things. All of these were things we agreed to do with the H.O.A. It's a long answer. It's extensive answers to come up with these.

Councilmember Whitehead: Thank you. I had a meeting last night and I heard some concerns that I hadn't heard previously. I was focused on the traffic on the west side of Scottsdale Road but there are concerns that the apartment -- that a new apartment complex will impact Gold Dust Mountainview on the east side. I wonder if our transportation folks -- is there someone here that can give us some information on -- there he is.

Just -- if there's some guidance you can give me on whether you anticipate additional traffic issues with this apartment complex on the east side of the road.

Mark Melynchenko: Mayor and city councilmembers and Councilwoman Whitehead, regarding your concerns, I know there was an email sent to me today regarding the concerns from the community regarding additional traffic and speed in some of these adjoining streets. As we know, a lot of those concerns are dealt with from a P.D. and traffic enforcement. The streets as we know right now, they are -- they have ample capacity to address the traffic concerns and capacity from these projects. I don't know if that answers your questions or --

Councilmember Whitehead: I just wonder if you are thinking -- knowing what you know about how traffic flows and where generally are people residents, what direction they are going. Are you anticipating traffic from the new apartment complex flowing east through those -- through that couplet?

Mark Melynchenko: I think as Mr. Berry brought up, we have been working very closely and have accepted the traffic report prepared by the consultant. There's ample street capacity but avenues in and out of the project as shown previously so we understand that there is traffic congestion as you get closer to Scottsdale Road or closer to Shea boulevard with the larger numbers of signalized intersections, but and -- and I think that's also due to the commercial being, you know, set forth in that area. But the roadway network has ample capacity and I think directional flow works well with this project.

Councilmember Whitehead: Okay. Thanks. So I'll go and let other people ask questions and I have some comments.

[Time: 02:04:36]

John Berry: I'm sorry, mayor, councilwoman, can I add on to the comments of staff. Just I think maybe a context aerial might help a little bit. So this is Gold Dust and this is Scottsdale Road. Here's our property. The couplet system for Gold Dust comes around here and then comes up north to Shea boulevard up here.

And that neighborhood and area you are talking about there's no direct access from Gold Dust into the neighborhood to the east. To get to that neighborhood in the east, you have to go up to Shea boulevard

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and head east or come down to Mountainview and go east and then you are in -- you know, then you are sandwiched between that neighborhood.

I live kind of in that area and I frequent this area. In fact, I think that's my car at Total Wine. But the neighbors are accurate. The Mountainview can be a crowded street or if not crowded there's so little traffic that it's easy for cars to pick up speed there. I understand their concern about that.

Let me also tell you that this -- you can see the existing buildings on site here and that's what uses water today, and that's what generates traffic today, and the mayor made a good point with the Optima project about commercial zonings, will generate a lot of water.

And the permitted uses in this building would generate, if it stayed more traffic than the residential project would. So we hope that some ways we are actually helping that situation. We will have fewer trucks come here. There are trucks that service the retail and they come all hours and all day, and they serve the restaurants that used to be here in that area. All the truck traffic is gone in the area.

I think at the end of the day, there's -- I would like to say that things are going to get better but I'm not sure that anybody actually believes that that's the case. But the traffic studies were showing that that's the case. There's no negative impact on this as a result of this project. And, again, Gold Dust does not go through into that neighborhood.

Councilmember Whitehead: Okay. Thanks.

Mayor Ortega: Next we go to Councilwoman Janik and then Vice Mayor Durham.

[Time: 02:07:03]

Councilmember Janik: Thank you, mayor. I have a couple of comments and a couple of questions. And my first comment is directed to Jen MacColl. Thank you, thank you! For taking such an interest in our students and in science education. I wish we had a thousand more of you teaching at all of our schools. So thank you.

Some other questions, I appreciate the fact that you reduced the height to three stories based on the response the planning commission. I thought that was very good. Will there be any studios in this complex?

John Berry: Mayor, councilwoman, no studios. Again, that was part of the collaboration with the Chaparral community to have larger units to afford the opportunities for more families to use -- to be part of this community.

Councilmember Janik: And this kind of dove tails off of something that Councilwoman Whitehead asked. It's a little more specific. I got an email saying that you were -- that you might be limiting the apartments that are available for the moderate-income people to just the one bedrooms or is first come, first serve, as long as they meet the criteria? Whatever is -- you know, one bedroom, two bedroom would be available?

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John Berry: Mayor, Councilwoman Janik, I know that's an parent consideration for you and I'm positive -- an important consideration for you, and I'm positive it's one bedroom and two bedrooms. I'm not sure if it includes the three bedrooms but I know for a fact it's a one and two bedrooms.

Councilmember Janik: Okay. Thank you. I appreciate the side agreements with the schools. I think that's wonderful. This may, perhaps, be the best outcome we would ever expect because it may be the start of a trend and when our communities and our builders work with our schools, we have better schools and that's a goal that every single one of us wants to achieve. Just can you -- a couple of comments on the success of the previous commercial that was at this location.

John Berry: Mayor, Councilwoman Janik, I'm not being facetious, it's what success?

Councilmember Janik: Thank you very much. And I will be supporting this project. Thank you.

Mayor Ortega: Vice Mayor Durham.

[Time: 02:09:24]

Vice Mayor Durham: Thank you, Mayor. I had two questions about the water. You had a slide that said there would be a 310% reduction, and I don't understand where that comment is coming from because most of your water issues relate to metering and things of that sort. So I don't understand how metering and so on is going to reduce the water consumption by 310%.

John Berry: Mayor, vice mayor, I know I was limited to ten minutes and so I went fast and I apologize. I didn't spend the time so let me back up a second. When we first came forward at development review board and planning commission, our water solution recognizing that water is a critical issue for our community, our water idea without the benefit of city involvement -- so that was without the benefit of the city weighing in on it.

But our engineers came up with some proven technology to use, gray water, capture, and reuse gray water on site and use that on site. Their estimates were that would save about 1 million gallons a year if we use this on site gray water system. To capture, treat it and use it on site, instead of sending it up to the -- to your water treatment plant.

This new program, which was with collaboration, we are talking about community collaboration, and important part of the community is staff. We failed to collaborate with staff with this idea. And when we communicated and collaborated with staff on this new program, which is submetering, all of those things that were in that stipulation that I read, all of those little things put together, weave this tapestry of incremental relatively small changes when all aggregated had a huge impact on the water savings so compared to a million gallons a year saved using what we were previously proposing, we would say our estimate is over 4 million gallons a year which is a 310% increase from our prior idea that staff does not have involvement in.

We met -- if we could meet with staff every time and come up with these kinds of great things, wow, that would be amazing. It would be great. So we're thrilled with. This and I don't want to speak for staff but water staff was thrilled back there. Gretchen is either smiling because she's hoping I will be done

soon or because she agrees with me.

Vice Mayor Durham: So the 4 million number comes from our staff?

John Berry: No. No. Those were numbers that we used staff's analysis. I will tell you that a big piece of this is the submetering savings and your water staff did provide us with studies that demonstrate the savings that are associated with submetering when you do that in these projects. So a portion of the data is staff data but not all of it is. We used staff assumptions that we have seen in other analysis but they have not reviewed those savings.

Vice Mayor Durham: I still don't understand how the submetering is going to lead to a savings of that amount.

Mayor Ortega: There again, I -- I'm agreeing and we don't use the staff's name in vein. So Gretchen will be here. In general we don't want you to keep gray water. Gray water is intended -- we process and recycle. So the term gray water was not in your stipulation and I noticed that. You can do a gray suit or a blue suit, but I don't think this is your -- I think the terminology is incorrect and I'm asking staff to answer this because we depend on recycling water.

There's other complications with cosmetics other things inside of gray water that complicate it and make it not usable for even sprinklering. Go ahead and fill us in on that one.

Gretchen Baumgartner: Gretchen Baumgartner, we did talk to John Berry and the developers and had a good conversation about a, the gray water, and our recommendation and our preference on how to manage that water resource and then we went over a couple of our concepts that I vetted fairly thoroughly, was submetering.

[Time: 02:14:20]

And to your question when we have a big multifamily or a mixed use or a commercial and we go out and talk about water savings when you have a meter on it, it's an aggregated water use, to be able to pull apart the processes or the individual use that is happening whether it's a leak or how to manage overuse and efficiency, you need that finer resolution and so when you have a bigger commercial entity, it's harder to dive down into maybe inefficient use or leak detection.

One thing that we offer our single-family resident is our water smart portal, that we have come here several times to talk to you about. And that's something that we offer those single-family residents that's not something we can offer a multifamily or a commercial property because it just doesn't show that finer resolution.

So something like a submetering and there was a study and I shared that with John berry and the developers. There was a study done that looked at southern Nevada water authority, as well as Denver water and collectively found that there was between 15 to 25 reduction in a multiuse complex that used submetering.

So it gives the power to the commercial entity from a mixed use and the residential in a mixed use to

manage their own water use and to be able to detect leaks. Leaks can be a big component of water wasting. Does that answer your question, Councilmember Durham?

Vice Mayor Durham: Yes, I think so.

Mayor Ortega: I heard the reduction but he multiplied by five. Anyway, did you want to continue any other questions?

Vice Mayor Durham: Yes, I -- there has been a lot of opposition to this project and emails, although none of the many emails I have gone the end showed up tonight. One gentleman did explain his reasons and because there has been a lot of opposition and questions, I did want to address this in a little bit more detail. I think we do have a shortage of apartments in Scottsdale. We have mentioned that time and time again up here.

And in particular, in this area, as I understand it, there haven't been new apartments in many years. I think we do need some more in that neighborhood. And they were asking where city employees could live and they're probably not going to live in the Optima, but this is the type of place, I think where they could live.

[Time: 02:16:58]

And so when we do these new apartments, I think we need to do them in a smart way, which preserves our character, which is something I have often made the point. Someone -- I always begin by thinking about the location of a project, and someone on Facebook today described this as a once -- quote, once vibrant property. If that were true, it's certainly not the case now. It's largely abandoned and I think that's because it's land locked and not visible from the street. It's not a good retail location and when I was making my notes this morning, I noticed I wrote down the possibility of crime and vandalism, and we had two people here today confirm that. It seems like an obvious place where that might happen. So I think apartments are a good use for this location. It's surrounded by other apartments and condos. And it's -- there aren't any single-family homes close by that I can see.

But I have received many generic emails opposed to this project and I think it's worth discussing those. I take these seriously, but I also evaluate these types of emails based on facts and logic. I think our job here is to exercise judgment and not simply to add up ayes and nays against a project. It was said in a similar concept -- a similar context years ago that, you know, I'm not a potted plant. I have a job here in exercising judgment. And so some of the emails I heard -- I received two emails today, complaining that we were giving this project variance beyond the height restrictions. And that's just not true.

In fact, the four-story has been removed and so this project is not exceeding any of our zoning rules. And some emails -- in fact, many emails complain that this is a high-rise and I think it stretches the English language to claim that three stories is a high rise and I believe the density is appropriate for this area -- for this area, and the project is removed off of Scottsdale. So it's not going to block any views. And there are no single-family homes nearby.

The benefits to Chaparral and Gold Dust are an added bonus, and I have received some comments that are complaining about the garden, but I'll -- I'm going to take the word of landscape architects and

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teachers rather than random people on Facebook. But I think there are two issues which deserve more comment and these are traffic and water.

As for traffic, I received one email today which basically said we need to force people to commute we shouldn't let them live here, and force them to commute. Now, think about that. What happens when we force people to commute? That means more traffic, more congestion on both the freeways and the surface streets, more air pollution, and it's just not a good idea. I've had the opportunity this year to talk to a lot of nurses. Hardly any of them live in Scottsdale.

They live in Gilbert, Surprise and think about the commute that that -- that they have to make and think about how that affects traffic. And this may come a time when those people, the essential workers we have here refuse to put up with the commute, especially with higher gas prices. I wouldn't want to commute from Gilbert to Mayo hospital. I would be looking for another job in Gilbert and based on the testimony from the planning commission last week, there are nurses who left Scottsdale hospitals because of the commute and I can't blame them.

So within reason, I think -- and that's important to say, within reason, we need to make it possible for essential Scottsdale workers to live here. So this project would carry out the general plan's goal of providing for a variety of living arrangements by providing for more affordable housing in this area. Now, as for water, contrary to what Internet videos will tell you, multifamily housing actually uses less water on a per capita basis, which we have often mentioned here from the dais.

And that's true because a large amount of water from single family homes goes to swimming pools and irrigation and so on. But what many people don't realize is that water from multifamily housing is largely recycled and used again and again and again. And that was the reason gray water is not the best solution here, because gray water removed that water from our system and instead of getting use again and again and again, it takes it permanently out of circulation.

So the water supply is an issue: We need to stay steps to include -- it's sort of an all the above strategy which is the 5% reduction. Some of the measures that Mr. Berry or this project has undertaken, low water utility -- low water fixtures and so forth and so on. But we can't shut the city down while we plan for the future and try to solve the water problem.

And I trust the expertise of our excellent water department above that of online critics who say we've got to stop all construction while we wait for more water. So for all of those reasons, I'm going to be supporting this project.

[Time: 02:24:17]

Mayor Ortega: Thank you, Councilwoman Caputi, did you have a question --

Councilmember Caputi: I have some comments and I know it's a really long night and we are probably tired at this point, and I will try hard not to repeat what Vice Mayor Durham had to say. I want to make a few comments. We have all been looking at this for -- just like the last project, almost a year now.

I have watched the development review board meeting and the planning commission meeting and met

with the neighbors and the city staff, the SUSD principal -- I'm sorry, the superintendent, the principal of Chaparral, I talked to Betsy, I sat in Jen McCall's classroom, and I patted the class bunny, big blue. And it went through several iterations and gotten better and better along the way. That's what we do here. We take good projects and we make them better.

When this council agreed to make education a standalone chapter in our general plan, this is what I was picturing, a collaboration between the city and the schools in which we would have mutual benefit. When we restarted our education subcommittee, this is exactly the project that I was picturing, something that would allow us to have mutual benefit between our schools and our city. And this is an opportunity to have our deeds follow our words. Everyone benefits.

And I am agreeing with Vice Mayor Durham, there's really no fact-based reason to deny this project, and I have read every one of the opposition emails as I know everyone on this dais has. And so it seems that they are all falling into a few categories and I as well just want to touch upon a few of them. There's a lot of talk about we don't want more apartments. So there's 2 million square feet with 155,000 of it vacant. The retail is struggling and dying. We need more housing options. Retail follows rooftops.

[Time: 02:26:18]

This is a failed and blighted shopping center and we are proposing a mixed use development that is much better aligned with the area and the market conditions. I think we learned last week from our consultants that the percentage of single-family homes to apartments in our city is something like 70 to 30 and that has not changed over the last several decades, city staff assured me and so this concept of we're approving thousands and thousands and way more apartments is a little skewed because the data showed that that's not actually true.

We have been very consistent in our approvals. Water, I totally agree this is an indoor use as we have been told, it's using 58% less. It's an incredibly advanced technological system and I think I took a note from the planning commission that you were saving 4.1 million gallons of water a year. Our water director has assured us we have water to build out until at least 2035 and we are carefully planning and monitoring.

Over the last several decades as our population has increased our water usage has actually decreased. So this idea that the people who already live here don't need to care about being efficient with our water, you know, if we were going to allow other people to live here, that's sort of a weird way to think about it. We are all going to do our part and therefore we will make sure that we have enough water for the future and for the next generation and that's super important.

I do think residential, you know, traffic is a huge issue, always here. The residential use is going to decrease traffic, 75%. We were just told compared to retail. And again, during the planning commission meeting, it was pointed out that the signal timing was going to be modified to decrease the traffic delays along both Scottsdale and Gold Dust, and I believe in had the presentation it was also mentioned that traffic volume has decreased significantly both at the intersection of Scottsdale and Mountainview, and at Scottsdale and Shea. So these streets are nowhere near capacity.

It's just hard to understand the fear of an overwhelming amount of traffic because the numbers don't show us that. So we've got a project with 10% workforce housing, a month free to families at the school, safer sidewalks, 200% more open space than required.

This amazing community garden for the students and the neighbors 142 mature trees, no short-term rentals, live-work options, it's only three stories. There's two levels of underground parking to replace the asphalt, I.G.C.C. standards, construction management mitigation plan, it's hard to find reasons to say no to this project. It's a win for everyone. As Vice Mayor Durham pointed out, I think we need to use the facts when we make decisions on the dais and we have to plan for our future.

I'm proud to support this project. I hope the rest of my colleagues will join me and I'm happy to make a motion but I think there's probably a couple of other comments.

Mayor Ortega: Councilwoman Littlefield, and Councilwoman Whitehead.

[Time: 02:29:30]

Councilmember Littlefield: Thank you, mayor. Thank you, very much, Mr. Sager for coming here tonight and speaking to us as representative of your entire apartment complex. I appreciate it. 100% of the people are against this. And there has to be some pretty compelling reasons why. I also received a letter from -- I will probably mispronounce his name, so please forgive me if you are listening, a Mr. Ahud Higher, who is president of the HOA at Verona homeowners association, which has 108 units and which is one of the three existing apartment complexes in this small area.

He listed several grave concerns regarding this proposed development and they basically centered around traffic congestion, not only for the Verona complex, but also for the neighboring mosaic apartments which has 304 units, and he did not give me the name of the residents of the third apartment complex, but there is a third apartment complex in this area who would also be affected by this.

His major concern is the use of road east of the Acacia drive at the south end of the proposed development that is being used as an exit road from his community by mosaic residents and by Mosaic residents these are residents who walk along this road to get to the strip mall and he made it very clear that he and his neighbors do not support this project.

He also has concerns about the level of dust and noise and traffic, truck traffic, of the existing residents that they will have to endure during the construction period. And my impression is that this is an older community but it's still active and very vibrant. I do not see a compelling reason to inconvenience all of our current residents in the area and cause a further demand on the small narrow streets in this area and cause safety concerns from the people who are using those streets, walking on those streets, and driving on those streets.

I will be first to admit, our residents told us loud and clear, in the last election, what they wanted and what they did not want. We want to slow down development in Scottsdale. This was the primary objective in the election. It didn't matter what party they belonged to. Slow it down. All we do up here is listen to more and more and more. I think we need to listen to the people we represent and I'm sorry,

but I cannot support this, project, because the residents in the area do not support it.

Mayor Ortega: Next, Councilwoman Whitehead.

Councilmember Whitehead: It's a long night and we have a long way to go. I agree with much of what has been said. I want to state that the residents who write to us, they are real people and there has been a dramatic increase in apartment approvals. So the fear that -- the big changes that they are seeing are real but we are -- you know, in the last two years, in particular, we have not only raised the bar on development, but we have been very thoughtful about the size, the heights, the number of units, the density.

We have negotiated first time ever stipulations, such as the workforce housing, such as the IGCC, even when it was not required. Of so there -- and I have worked on this project for about a year, pretty much all the -- all the tweaks and the improvements that I have requested have been included in the project. I'm particularly glad that we went ahead with the three-stories.

I wasn't even sure if that was a stipulation of mine, but I think that was a good decision because what we want is we want projects that enhance the existing character of an area, and I think that solves that. We are getting rid of a lot of asphalt. The developer is going to be spending a premium to put parking underground which is good for future residents and urban heat reductions. I do want to talk about the traffic across the street there. That's legitimate.

[Time: 02:34:22]

But it just -- I don't believe this project impacts that, but that's the speed and the dangers that I heard last night are real, and that's something that I will be looking into, but rather than leave it verbal, I think what I will do is make a motion and include the IGCC 2021.

So with that, I motion to approve the high street residential rezoning 2-GP-2022, 4-ZN-2022, 3-DA-2022, and adopt resolution number 12651, approving a minor general plan amendment to the Scottsdale general plan 2035 from commercial to mixed-use neighborhoods on a 4.64 gross acre site.

Adopt ordinance number 4569 approving a zoning district map amendment from central business c-2 district to planned unit development district, and a development plan with amended development standards for a new mixed-use development with approximately 215 dwelling units and 11,000 square feet of nonresidential floor area on a 4.64 gross acre site.

Adopt resolution number 12618 declaring the document titled "high street residential development plan" to be a public record. Of adopt resolution number 12619 to authorize development agreement number 2022-164-COS with high street Arizona Inc., the city manager or designee to execute any documents and take such other actions necessary to carry out the intent of the resolution and agreement.

I want to acknowledge a private agreement between the developer and the -- and Chaparral high school and I want to stipulate that the I.G.C.C. that is adhered to is the 2021.

Councilmember Caputi: Second.

Mayor Ortega: Okay. We have a motion and a second. I do want to put in my two cents worth here. There's several things to like about this project. If -- I would -- if had an eco lab or an eco lab at high schools everywhere, that would be useful and I think it makes a lot of sense.

The amended standards, it's important to see what -- well, let's correlate it with classroom size. Okay? So classroom size at some point they say about 22 or 23 is a teachable, compatible size, and then as it happens some classes are hitting 40 kids per teacher. And that's not manageable. That is a problem. And we all know the kind of stress that happens. Voters approved general plan 2035 which called for 24 units per acre. This one has double that. It's 48 and a half. Almost 49 units an acre.

So that is a will of the people that was voted on in our general plan makes sense for growth and nongrowth area, where there's a heavier density. As you look at several of these units, you will see they are about the size of a two-car garage. So the density has been increased and doubled and I just -- I have to point that out, that's also what the amended standards.

Our council said we were going to revisit all of our ordinance requirements and one of them that's being overlooked over and over again in the nongrowth area is this 25 units -- it's actually 24 per acre and that's going to be relayed in many ways to the problem that we have along with density. So on one hand there's some good -- did things to report, underground parking and so forth. On the other hand, I believe unacceptable 100% increase in density. That's -- that doesn't work for me.

[Time: 02:38:57]

There seems to be a give back of 10%, well, we'll throw 10%. You give us 100%, double the density and then we'll throw you a little bone on the other. That -- that concerns me. I -- I understand -- and the other thing is the amended standards. The amended standards that would have had a two-story appearance, at least when you are walking along there were abrupt. They were requested and they are on file for amended standards. I believe I saw that on the west elevation, if I'm correct.

All of these together are telling me, that you know, we have to have not only quality, but when you start piling people on top of people, then, we're not going to have the Scottsdale that we expect. So the -- the positive location, the reuse, I can agree with that. Unfortunately, every single time when they come in with over 24, and it's called high density, by the way, it's defined that way in our general plan. High density, well, you double that. That's getting ridiculous.

So that's the reservation that you have to realize, that as we measure what's right and what fits, I -- I wish it was 25% subsidized and I would propose that, because I don't really think that the 10% with 100% increase is going to cut it anymore. And I have to pretty much stick to that. I have been very direct about it in terms of meeting directly with clients or prospects and applicants. And it's in the -- it's in the -- our general plan. So that's the major concern.

I see no one else wants to speak. So let's register our vote. Okay. It carries 5-2. Congratulations and good luck with the project. So next, we will move on to public comment. Public comment is an opportunity for anyone in the audience to come forward and speak on a non-agendized item that would

be within the council's jurisdictions. No official council action can be taken on these items, and the speakers are limited to three minutes. We have no takers. So therefore, I will close public comment.

ITEM 23 – RECEIPT OF CITIZEN PETITIONS

[Time: 02:41:37]

Mayor Ortega: The -- moving on to item number 23, in our charter, it states that any citizen, even one person, can provide a petition, which would be recorded at the clerk, and one gentleman spoke of that earlier as he presented it.

The request specifically asks for us to write a -- well, if it can be reread, as far as to be more precise, it appears to be demanding or asking that the council proceed with an EPCOR agreement which is certainly -- we are -- if someone could read what they believe the petition to say, I think it is a request that this body act on a petition and we have three choices. We'll get the text of that.

One is that the -- to direct the city manager to agendize the petition for further discussion. The other is direct the city manager to investigate the matter and prepare a written response to the council. And to take no action.

I'm just going to ad-lib here until you can get it as to form this is a request for the city to enter in a contract with Rio Verde on their water situation. And it seems like a very strong request in terms of whether or not that matter would meet the deadlines that we have. So as far as clarifying the petition, can you do that in some way? I saw several copies.

One is -- many of them were, you know, saying we are unaware or just made aware and then another specifically -- let me get what it may have said. There were several statements and this one is marked petition. I will read it. So it will be as far as -- this is the only one that's marked petition. I'm a resident of Scottsdale.

I recently became aware of a proposal for EPCOR to provide water to our neighborhoods in Rio Verde with city of Scottsdale. EPCOR is regulated by the Arizona Corporation Commission that currently serves portions of Scottsdale, as proposed that EPCOR provide water to the city of Scottsdale and pay the city of Scottsdale to treat and deliver the water to Rio Verde until EPCOR builds the infrastructure to treat and deliver the water themselves.

The petition goes on. This proposal will not use any water, allocated to the city of Scottsdale and would reimburse the city for all costs incurred in short, it will not cost Scottsdale residents anything to help the Arizona Corporation Commission is in the process of considering EPCOR's request for the service area and approval of their rates and fees. Final decision is expected shortly.

Again, I'm just reading what the petition says. If the city of Scottsdale does not enter into the agreement with EPCOR, residents of Rio Verde will be held hostage to unregulated wildcat water haulers who have uncertain access to water. There's great urgency to get this agreement in place before the end of the year since the city plans to discontinue water to Rio Verde at year end.

Given the urgency of this situation, and the dire sequences to Rio Verde foothills community, if we

cannot come to an agreement with EPCOR, please show that we are good neighbors and pending approval of the Arizona Corporation Commission thank -- thank you for placing this matter on a city council agenda to authorize staff to work quickly in cooperation with EPCOR to work out the details of the plan and provide water to Rio Verde at no cost to the Scottsdale taxpayer and preferably by the end of the year. Thank you. That's the text of it.

Go ahead. Councilmember Milhaven, Councilwoman Janik.

[Time: 02:45:56]

Councilmember Milhaven: Thank you. I would like to make a motion to move forward to agendize this for our December 6th meeting, for presentation to council on the details of this EPCOR proposal, as well as any other alternatives that might be available to the Rio Verde community.

Mayor Ortega: Thank you. I hear no second. The -- the action to direct and agendize has failed. I now have Councilwoman Janik, Councilwoman Whitehead.

Councilmember Janik: I would like to make a motion to accept and acknowledge the receipt of this the citizen petitions, and that it be voted on by the council for number two, direct the city manager to investigate the matter and prepare a written response to the council with a copy to the petitioner.

Vice Mayor Durham: Second.

Mayor Ortega: Okay. We can speak to the motion and the second. And in my opinion, the direct -- direct the city manager to investigate the matter and prepare a written response to the council is what I heard with a copy to the petitioner.

I believe that that could provide the detail of our past council and past mayor actions as well as the -- include the facts about this council and how we have set the tier one declaration and that we experience -- we expect to be in tier two very shortly, which included the termination of off-property water. So we will look for that. And any -- oh, Councilwoman Whitehead, Councilwoman Milhaven.

Councilmember Whitehead: Yes, I want to caution those on this petition to understand that while there isn't anybody on this city council that doesn't care and want to respond positively, this is -- you know, we have a fiduciary duty to our citizens.

I want clarification from our city attorney, that while I support having our city manager further review that any discussions having to do with potential contracts must be done in executive session. So this would not be an item that would be a public discussion as the next step?

Mayor Ortega: Well, we should get a clarification, because the motion is just to discuss -- to direct the city manager to investigate and prepare a written response to the council and to the -- so that's what the motion is, not whether or not there's an executive session or other action on any matter.

So that we have to stick to what -- what was offered in the petition, and -- and that the city manager and the motion was directed to respond to the petition in writing.

That's where we are at.

Councilmember Whitehead: Oh, got it mayor. I'm wondering how if we get -- I see many steps between a response to this request and, you know, having the information that this council needs. Perhaps we can embellish on what the next steps. There's a lot to this and there's a lot of unknowns. How do we get from here to a response from the city manager?

Mayor Ortega: Well, I would ask then county -- sorry, city attorney to please respond, again, with our narrow focus here.

City Attorney Scott: Thank you. And the city manager can chime in if he would like, but I think when we are dealing with potential future contract negotiations, we are always very careful about what is stated in a public document, because we certainly don't want to inadvertently put the council in a box.

The council doesn't necessarily have to move into executive session discuss matters that are the subject of contract negotiations. They can if they would like to do so. I think that the city manager will certainly be careful in his investigation and report back to the council and to the petitioners with this petition and I would invite him, if he wants to clarify that further.

Councilmember Whitehead: Okay. That satisfies me. Thank you.

Mayor Ortega: Okay, Councilmember Milhaven and Councilmember Littlefield.

[Time: 02:50:49]

Councilmember Milhaven: This is along the same lines -- how is the city manager going to respond, if he doesn't receive information from the city council? I also think that we have a responsibility to gather all the facts, and this proposal -- you can go to the Arizona Corporation Commission and read the proposal. I mean it's not like this is confidential.

I mean, for us to have a public meeting and an open airing of this proposal is entirely appropriate and a vehicle in a way that we can give direction to the city manager, otherwise, I don't know what his response will be other than he doesn't have any direction.

Mayor Ortega: Are you done? Councilmember Littlefield?

Councilmember Littlefield: I agree this is the proper course of action to take at this time, and depending on what is determined and discovered in all of these negotiations, I think it's best that it be done by person, and that would be the city manager. And having prepared after you do all of your discovery, a petition or response with what your findings are so you can analyze those and take a look at what our options are at that time. And I would also ask that you do this as soon as possible. Thank you.

Mayor Ortega: Well, I cannot support the motion. The -- the petition is so vague and the unknowns would continue to keep our -- the direction that the Rio Verde or the EPCOR people would is inadequate in the petition, and to investigate that petition does not leave any -- it's more nebulous than ever.

Secondly, the missing party in this is EPCOR and directing that we negotiate with EPCOR is -- is really bad because we're essentially negotiating with ourselves. EPCOR seems to be the taker, and the petition as it's written said that they believe EPCOR is their solution in Rio Verde. EPCOR also provides water for Fountain Hills. EPCOR has multiple hydrants in that area. EPCOR is the most in position to keep --

Councilmember Milhaven: Excuse me, I don't think we were supposed to discuss the merits of petition, but rather how we would handle --

Mayor Ortega: Thank you, Ms. Milhaven. I'm just saying that a third party --

Councilmember Milhaven: Excuse me, a point of order. It is not appropriate for us to discuss the content of the petition. It's only appropriate for us to decide what future action we want to take with regard to discussing this petition.

Mayor Ortega: Thank you and I would say that the missing party is EPCOR and we are not allowing negotiation with EPCOR.

Councilmember Milhaven: I would like to appeal the --

Mayor Ortega: That's okay. I'm just saying --

Councilmember Milhaven: I know you are just saying but what you are saying is out of order and I would like to make a point of order. I would like to appeal to the chair. The chair thinks it's appropriate for him to continue to debate the merits of content of the petition in which case I appeal to the council to uphold my point of order to say that we are only to discuss what future action within the three that we should take with this petition.

Mayor Ortega: I thank you and I am clarifying that because the parties were mentioned, and the investigation is to direct the city manager that that would be clarified. With that, if you want to vote, I'm -- we have Councilmember Milhaven, we have city attorney, please.

City Attorney Scott: Mayor, I'm sorry, I hit my button a moment ago. I'm not sure it's currently relevant. It is appropriate from the parliamentarian's point of view to have a limited discussion, where that point -- you know, exactly falls into a discussion on the merits, I agree that council is not agendized for a discussion on the merits.

[Time: 02:55:30]

And we're looking at the three options primarily, and just enough discussion for the council to determine how they want to vote on the current motion and the three options that are available. I will leave it to the council if you want to move forward with an appeal process.

Mayor Ortega: At this point, I think we can just vote on the motion.

Councilmember Milhaven: I would like to request -- I see I'm next to speak on the thing. I would like to request a friendly amendment. Councilwoman Littlefield said as soon as possible. Can we put a date saying before December 6th meeting?

Mayor Ortega: No.

Councilmember Milhaven: The motion maker may accept or not accept my friendly amendment.

Councilmember Littlefield: I think I would like to give the city manager the time he needs to make an accurate and complete report to us but as soon as possible would be good.

Mayor Ortega: Thank you. We have a motion. Please record your vote. Thank you. And the motion carries. Thank you very much.

ITEM 24 – BOARD, COMMISSION, AND TASK FORCE NOMINATIONS

[Time: 02:56:45]

Mayor Ortega: Next, we will move on to boards and commissions and task force nominations. I will turn the -- now turn the meeting over to Vice Mayor Durham for the boards, commissions and task force nominations.

Vice Mayor Durham: Thank you, Mayor. This evening, the city council will be nominating Scottsdale residents interested in serving on the citizen advisory boards, commissions and committees. The Scottsdale City Council is responsible for establishing City policies and enacting laws in support of those policies.

The Council relies on volunteer, citizen-based boards and commissions to research issues and make recommendations in support of the Council's mission and goals. The information and recommendations provided by council-appointed advisory boards is a valuable tool in helping Councilmembers in their deliberations. Appointments for these positions will be made at a Special City Council Meeting on Wednesday, December 7, 2022. Let's get started.

The board of adjustment, there's one opening. The Board of Adjustment is a quasi-judicial body that hears variance requests, appeals of the Zoning Administrator's interpretation/decisions, and decides on administrative decisions or zoning requirements, which create unnecessary hardships in the development of property because of exceptional or extraordinary conditions. Jason Chocron's term expires in December. He is eligible for reappointment and has submitted an application for consideration. There is one vacancy and five applicants.

The applicants are: Jason Chocron, Travis Garcia, Alexander Hayes, Tom Helberg, Azam Qayum. I will now entertain nominations for the Board of Adjustment. Each Councilmember can nominate one applicant. I will start by nominating Jason Chocron.

Councilmember Janik: No change. No additional.

Councilmember Littlefield: No additional.

Mayor Ortega: No additional.

Councilmember Milhaven: No additional.

Councilmember Whitehead: No additional.

Councilmember Caputi: No additional.

Vice Mayor Durham: Thank you. Jason Chocron has been nominated.

[Time: 02:59:34]

Vice Mayor Durham: Next is the building advisory board of appeals. The Building Advisory Board of Appeals has the jurisdiction to recommend that minor variances in the electrical, plumbing and mechanical application of the Building Code be granted and that alternative construction methods or materials be allowed. Marcy Kostewa's term expires in December and is ineligible for reappointment. There is one vacancy and four applicants.

The applicants are: Pete Eggspuehler, Floris Freshman, Zachary Goldsworthy, Steven Sussholz. I will now entertain nominations for the Building Advisory Board of Appeals. Each Councilmember can nominate one applicant. I will start with Councilwoman Caputi.

Councilmember Caputi: Pete Eggspuehler.

Councilmember Whitehead: Steven Sussholz.

Councilmember Milhaven: Zachary Goldsworthy.

Mayor Ortega: No additional.

Councilmember Littlefield: No additional.

Councilmember Janik: No additional.

Vice Mayor Durham: No additional. Peter Eggspuehler, Zachary Goldsworthy and Steven Sussholz have been nominated.

Next is the library board. The Library Board advises the City Council on general policy relating to the programs, services and future development of the Scottsdale Public Libraries. Sheila Collins' term expires in December and is ineligible for reappointment. There is one vacancy and four applications.

The applicants are: Natalee Esposito, Eric Goeld, Paige Harvey, Amanda Whitmer. I will now entertain nominations for the Library Board. Each Councilmember can nominate one applicant. We will start with Mayor Ortega.

Mayor Ortega: Natalee Esposito.

Councilmember Milhaven: No additional.

Councilmember Whitehead: No additional.

Councilmember Caputi: Paige Harvey.

Vice Mayor Durham: No additional.

Councilmember Janik: Paige Harvey.

Councilmember Littlefield: Paige Harvey.

Vice Mayor Durham: Thank you. Natalee Esposito and Paige Harvey have been nominated.

[Time: 03:02:19]

Vice Mayor Durham: Next is the loss trust fund board. The loss trust fund board is responsible for recommendations to the City Council regarding the administration of the loss trust fund. This board has special qualifications, as specified in the Scottsdale City Code, the City Council shall appoint five joint trustees, of whom no more than one shall be a member of the City Council and no more than one trustee may be a City employee. Terms for Richard O'Connor and Allan Smith expire in December. Mr. O'Connor is ineligible for reappointment. Mr. Smith is eligible for reappointment and has submitted an application for consideration. There are two vacancies and two applicants.

The applicants are: Austin Brooker, Allan Smith. I will now entertain nominations for the Loss Trust Fund Board. Each Councilmember can nominate two applicants. I will start by nominating Austin Brooker and Allan Smith.

Councilmember Janik: No additional.

Councilmember Littlefield: No additional.

Mayor Ortega: Done.

Councilmember Caputi: We're good.

Vice Mayor Durham: Okay. Austin Brooker and Allan Smith have been nominated.

Next is the neighborhood advisory commission. The Neighborhood Advisory Commission advises and makes recommendations to the City Council on policies, plans, strategies and programs for the preservation, improvement and revitalization of Scottsdale's housing and neighborhoods. Carol Miraldi's term expires in December and is ineligible for reappointment. There is one vacancy and seven applicants.

The applicants are: Rachel Behrendt, Anna Fowler, Craig Handzlik, Doreen Hollowell, Kristine Rodriguez, Richard Siegel, Sandra Sweeney. I will now entertain nominations for the Neighborhood Advisory Commission. Each Councilmember can nominate one applicant. I will start with Councilmember Caputi.

Councilmember Caputi: Richard Siegel.

Councilmember Whitehead: Doreen Hollowell.

Councilmember Milhaven: Anna Fowler.

Mayor Ortega: Richard Siegel.

Councilmember Littlefield: Rachel Behrendt.

Councilmember Janik: No additional.

Vice Mayor Durham: No additional. It looks like Rachel Behrendt, Anna Fowler, Doreen Hollowell, and Richard Siegel have been nominated. This concludes our nomination process this evening.

Individuals nominated will be contacted by city staff with additional information. I would like to take this opportunity to sincerely thank all who applied to serve on a citizen advisory board or commission. Even if you were not nominated, your application will remain on file for one year for consideration at a future date if there are additional vacancies. Thank you. I will turn the meeting back to Mayor Ortega.

Mayor Ortega: Thank you very much. Therefore, I will adjourn the regular portion of our city council meeting. And convene the work study session.

CALL TO ORDER – WORK STUDY

[Time: 03:06:23]

Mayor Ortega: I call to order the November 21st, 2022 city council work study session to order. For the record, I note that all the members of the council and the charter officers are present. Work study sessions provide a less formal session for the mayor and the council to discussion specific topics with each other, and city staff and provide staff an opportunity to receive direction from the council. Well, they will be back in a second. To provide an opportunity for the public input to continue, the topic discussion.

In this case, the topic will be capital improvement project updates, and although the council will be drilling down to each issue, it is very useful for the staff to see where our directions would come forward in future agendized items. In particular -- well, I will stall a bit -- let's go ahead and take a five-minute break and we'll come back. 8:30.

(Break)

Mayor Ortega: So recess is over. We are back to our work study of November 21st, 2022. All charter are present. All council are present and charter are present too. Let me continue and we will start with the

capital improvement project updates. Presenter is Dan Worth, public works director.

Dan Worth: Good evening mayor and council, I'm Dan Worth, I'm here to engage in you in a stimulating conversation -- [Laughter] -- about our capital improvement project process. I'm going to hit three different topics, I will start at the bottom, short range.

There's one item I need your specific direction on tonight, and that is an item that concerns the use of the land sale proceeds from the 40 acres on bell road that we closed on in July. The city netted \$42.7 million of revenue from that sale. There are some rules associated with what we do with that money and I need to get your direction on some of the specific uses that we are going to put that money to. That's the lane item.

The item in the middle bullet, bond 2019, I know there's been some concern about bond projects and bond project budgets. Specifically, concern about the feasibility of some of the projects. We estimated these projects 4 to 5 years ago. We have since gone through an unprecedented period of inflation and there's some concern about what that means about the ability to finish the project. I will talk about that and then in order to give some context about those two projects, I will talk about our general capital improvement planning process that we go through every year and we are in the middle of this year.

I will start with that, our long range CIP development process, this is a process that we go through every year. I'm going to talk about each of the topics that you see on the slide. This is how we look at all of our capital needs to include additional needs for those bond projects but all of our capital needs and we put together the proposed CIP every year which we present to you in April as part of the proposed budget.

The last item on the list, I'm going to provide some details about projects under consideration, this year's cycle, hopefully that gives you the magnitude of what we are dealing with. I will emphasize and repeat this, this that is a process that is just starting. We have a lot of work to do, to validate the feasibility of projects to prioritize the projects and put together the recommendation that comes to you.

I'm not actually asking for any kind of feedback or input on this CIP planning process, I'm just kind of giving you a sneak peek of what is involved. We do have established project criteria. And you can read through those. We evaluate all the projects based on the degree to which they meet one or more of these criteria and we use to these prioritize projects, this is not staff's idea. These are prioritization criteria that were last formally agreed upon by the CIP subcommittee in 2017, and we have been including these in our CIP budget book every year since then.

[Time: 03:12:10]

And using these to rate our project. These are unweighted but we apply all of these criteria as we evaluate projects. This is the timeline for that annual process. We are near the top of this, the October and November items, you can see the second item on this list, the departments have submitted their project requests. I will talk about what got submitted a little bit.

We'll go through a review right now. We have a group that takes a look at all of the automation projects, all the construction projects, and looks at the proposals in terms of feasibility, are they

estimated properly. Are the proposals include all the costs are going to be associated with that project, and it's a feasibility review, a technical review.

We also have another group that looks at operating impacts. We have to take a look at what it will cost in our annual operating budget if we implement any of these projects. We have a management level, it's directors and senior managers. We convened twice, once for construction projects, once for technology projects.

We developed a staff prioritization and then we sit down with the city manager and based on his direction and input, we will modify that, to come up with a proposed CIP that we end up bringing to you in April and then you can see the last few steps in this process are opportunities for us to get your direction and incorporate it and finally bring the product to final approval.

What I just showed you is the second column out of these four columns. Putting that process that year-long process in context for a project to happen, there's a lot of stuff that happens before it gets submitted into that process. And there's a lot of stuff that happens afterwards. Before it gets submitted into that process we have to develop the concept. Often involves a master plan, often involves some feedback from citizen groups, are boards and commissions, after we get approval, we've got a design process, we've got steps that we have to go through to meet our own internal planning projects, T.R.B., if it's a municipal site plan, we have to go through planning commission, a series of things, constraints that we have to take in design and then in construction.

The last thing that happens before the project is a reality, you can see some of the things involved in that. I just want to give you a couple of examples of how that plays out over time. I'm going to show you two projects, the building project and the road project. This is fire station 613, it was funded by bond 2015 from start to finish, start of design, to completion of the project, about three and a half years, and you can see some of the things that happened at different points in that process, land purchase, design begins, we actually began design on this project before the approval. 2015 bond.

[Time: 03:15:20]

So we had general fund money allocated to design the project to get a head start and we started working on this project. I went back in my records the first action that I had involved in this project was six years before that, 2019, we're actually contemplating buying a parcel of land for that. We didn't use that parcel. We settled on a different one but that's an iterative process.

We have to respond to the community and respond to the needs of the department, requesting the project and it takes some time to sort that out. So we went through a fairly lengthy planning process. You can see the design and then construction in 2017, 2018, about a three and a half year process from the approval of the project, not counting that earlier stuff to completion. And this is fairly representative, for a building project.

Street project, fairly small project intersection improvements at Hayden and Thomas. Five and a half years and, again, there are steps that happen before this timeline started as we developed the need for the project and sought funding for the project. A couple of other points that I want to make on this one, things involved in some of the street projects that you don't see on the building projects. Utility

conflicts, almost every project we do, we're not building roads, new roads through the desert now. When we were doing that, we didn't have utility conflicts. We didn't have existing water or wastewater telecommunications all the other Salt River project water distribution lines. We didn't have all that stuff under the roads. It wasn't a big, long added step to the process.

If we're building projects that are expanding existing roads, or even more importantly, building projects in the southern end of the city like this one, where we are very constrained in the right of way, we have to cram all of that stuff in a narrow corridor. That can be introduce very lengthy delays as it sorts out the requirements with the utility providers. And then we can get construction done quick letter if we just close the whole segment or the whole intersection and some people are -- you know, you hear about Osborn Road bright now, it's restricted but there's still traffic flowing through that area.

There's movements that you can't make as we take down half of the intersection to build a roundabout but we still have traffic flowing through that. We kept this intersection open the whole time this project was built. You probably remember some of you hearing from some of the business owners about how they felt that impacted them.

[Time: 03:17:51]

We have bent over backwards to keep traffic flowing and work with business owners to ensure that all of the entrances are still available, so that we're minimizing the impacts -- the negative impacts of the construction and that adds time. And, again, an example project you can see about a five-year period from start to finish on this one. This slide is just to give you an idea of how we deal with the constraint of funding. This is not this year's numbers. We haven't gotten this far in this year's numbers. This is last year's numbers.

But the idea that I wanted to get across to you is that we've got to evaluate available funding and this is the analysis we do. This is what did he with the general fund last year. We do this for all the funds separately, but we take a look at the beginning fund balance, at the end of a particular year, we know what we've got left, after last year's expenditures, what we've got left in the general fund CIP. We have revenues that come in, and in particular, we've got a policy that says that 50% of our construction sales tax revenue and any interest earnings above \$1 million come in to the CIP.

And so that's a revenue that comes in. There's other things that come in as we go through each year's process. We take a look at the revenues, starting revenue, additional revenues, anticipated expenses based on the projects that are approved in the C. I.P. now, and based on our timeline for getting those projects completed, and we go through a five-year analysis.

We end up the first year, that's the starting point for the next year, and then we repeat that for five years, the planning horizon for the C. I.P. We are considering projects that want to spend money in each of these five years. It's not all requests for next year. There's money spread throughout that five-year period.

In fact, year five is one of the bigger years in this program because we have recurring projects that are asking for year five funding, but you can see the two boxes in red that starting balance at the end of the previous year, and then the lower right, the ending balance, that gives us an idea of what we can do for

these projects. These are representative numbers. We have to go through the cash flow analysis. That's a process that we are going through now.

And then I want to finish talking about our annual recurring process by talking about some of the specific project needs that we have and this slide shows some different categories of projects, I will go over each of those in turn and show you some examples of what they include. The first one is our annual funding projects. I mentioned how year five is a big year as we develop this plan. We have projects that are geared towards maintaining and rejuvenating the existing infrastructure that we have. It's automation projects and construction projects. We take existing assets.

You don't see it on here, but the transportation fund, we're resurfacing roads as part of the capital program, recurring five-year program, what you see here are a couple of programs geared towards buildings. We have an assessment program where we are looking at building condition, amended developments replacements that will be needed over future years, and we're budgeting for those. And every year, we've got funding that we ask for to handle these recurring requests. Basically to keep what we have got functioning and rejuvenated. That's a big part of our capital program request every year.

[Time: 03:21:28]

You can see these are numbers from this year's requests \$17.7 million that we are asking for and this is largely in year five of that five-year plan. Obviously, we have citizens that come and petition you and ask you to support projects. We do take those projects and you see some examples of what we have seen in the past year, and we turn those around and put them into the program, where we're going to put them up against all the other known project requirements. We will prioritize and use them as prioritization criteria and we will come back to you with some proposals that include how we stack these projects up against all the other known requirements and then the department's submissions.

This is what we got from departments this year. 83 project submissions, 51 of those are new projects, 32 are looking for additional funding for existing projects. \$400 million is the total price tag. Seems like a big number. It is, but I will point out that there's a couple of things that make up a big chunk of that \$400 million.

We have four undergrounding projects, along Scottsdale Road. That total about \$89 million. So about a quarter of that ask. And I'm going to come back to those later. I will show you some details about those. Another big ask that's in that \$400 million is a land purchase that I submitted but I don't have any intention of the general fund paying for it.

It's for enterprise funds or actually internal service funds solid waste and it's for transportation. But I had to plug in money, it's state land, and if we're going to go forward with that purchase, I have to have budget authority. So this is going to morph. They will change but they are part of the \$400 million request.

Part of the department requests, a subset of the department's submissions is projects left over from the bond 2019 planning effort, and you can see the numbers at the bottom this is what we looked at when we developed the bond 2019 program, we started with \$730 million worth of project proposals from the departments.

We whittled that down and we brought it through the public process and then we whittled that down to the \$319 million that got supported by the voters and that we're in the process of executing right now. Well, that leaves \$730 million minus \$319 million, somewhere in the neighborhood of \$400 million in projects that didn't make the list and I have two slides to show you what those projects are these are all stormwater projects.

We decided to pull the stormwater projects out of consideration because we were implementing a separate funding source, a separate fee for stormwater projects at that time, the thought was we would have that separate fee. We didn't need to go to the voters to ask for bonding to -- to meet those projects. But we've got that. We've accrued money.

We have identified projects and we put them in the CIP progress. They are still identified needs. A lot of these come out of studies, in particular, the southern Indian bend wash drainage master study that they did in partnership with us to identify areas at risk of structural flooding. So there are definite needs and they are currently -- while, they are being submitted, for the potential to add general fund funding, many of those are being submitted.

Of the second is a list of projects, second slide listing projects that didn't make the cut in 2019, basically two categories on here, I mentioned the undergrounding projects. They just didn't -- the price tag is high. And they didn't rise high enough in the prioritization back in 2019. We didn't do them. They are still unmet needs. We still have general plan goal to underground power lines.

It's an extensive project and we do look for opportunities to partner with the utilities when the utility is going to replace a power line, we get a break in the cost, we try to take advantage of those but still unmet needs left over from that bond process. And then the other category, we have a lot of park facilities that didn't make the list.

A lot of these are phase two, neighborhood centers that go with some of the parks that we have already built, like Doc Cavaliere Park, and the D.C. Ranch park. And the other one is the projects that did make the list in the bond 2019, where we identified shortfalls. I will spend -- actually this transitions into that second bullet.

I was going to talk about the bond 2019 shortfalls, that's what the next set of slides is going to be, addressing that subject, and it's not just the project submissions asking for money. I'm going to be addressing the whole bond 2019 program, giving you an update on what we have done so far, an update on what the anticipated additional funding needs are and some strategies for how we can address that.

[Time: 03:26:48]

So that is the next section, the bond 2019 forecast. A little bit of status. We completed ten projects and I will show you a list in a minute. We've got a -- you can see about half of the pie chart that's either in design or construction and I say construction and implementation. There are some that aren't construction projects some of the automation projects and then we have a group of 19 projects that we haven't started yet and I will address each of these in turn.

Before I get into the projects, just a point I want to make on the funding, particularly the issuance of bonds, we've got voter approval to issue \$319 million worth of bonds. We have not issued \$319 million worth of bonds. We have issued \$55 million. There are rules associated with spending that money, we can't issue all that debt at once.

We have to issue it in line with our projected spending, and we developed a projected spending plan for all \$319 million worth of projects with input from council in January of 2020, we approved the execution plan for these projects. We took several different things into consideration. The impact on the secondary property tax, impact on the operating budget, took all of that information into consideration, and developed a plan to spend this money over anyone years and then the bond issuances that matches that up. So a couple of takeaways from that.

We assume debt is needed to meet the timeline, all the money is not available right now, and obviously, we are not paying interest on debt that we haven't issued yet. So I know that you are hearing from some people, that it's ready to spend and it's not. This is the \$55 million issuance that we have done, timeline for the next issuance is coming to you, I believe early next year. And then there's to be determined, based on cash flow and decisions that we make going forward.

In the way of an update. We have ten projects that we have completed. Here's what they are. I have two columns, the original budget approved by the voters. I have the completed amount. Some of these projects have money added sometimes we added money for nonbond eligible expenses sometimes we added money because during in the course of the project we determined we needed to add money. Some were actually completed under budget.

We do do that occasionally and you look towards the bottom, number 46, 47, 50, three WestWorld projects all completed under the original budget. You look at the next one, number 52, the restrooms into WestWorld, we were able to take savings and to the staff proposal the bond oversight committee, the bond oversight committee making a recommendation and you approving it. We can reallocate funding. We reallocated it and completed another project. They are all in the books as completed projects.

[Time: 03:30:11]

This is a list of bond projects underway and we are not asking for additional funding. It includes some projects where we've already added funds, I think you are all well aware of a couple of high-profile projects, the civic center plaza project, the bell road sports fields, where we added money in this year's CIP, in order to meet anticipated shortfalls, that we have found as we started developing those projects.

So this shows the original bond funding and the revised estimate in some cases higher but we have already addressed it. We are not asking for more money as part of the CIP process for these projects and it's a fairly lengthy list. These projects are in healthy shape right now. And three that I want to point out, down at the bottom, number 63, parking structures in Old Town Scottsdale, \$20.9 million. We have agreed to fund as part of private development \$2.2 million worth of public parking in the artisan development. What that goes to construction, other than that, this \$20.9 million has not been accounted for, there's ideas. There's potential, there's possibilities, but we haven't started the process

on any of them.

Mayor Ortega: Thank you. Let me add something regarding downtown parking structures. Which, you know, shows zero at this point, but can you also fill me in on the revenue from museum square? And I understood that was 24 or something like, million, and I thought that at some point, there would be funds attributed to artesian or whichever that underground garage was out of that 22 million.

First of all, what is that amount when we surplus that property? I know we are going to get to surpluses later on the bell 40, but why don't you -- since you covered that one item, how much money do we have in a -- as a residual from the sale of museum square?

[Time: 03:32:24]

Dan Worth: Mayor and councilmembers, I don't have the exact numbers off the top of my head but it's in the range of \$20 million. And we did two things with that funding. Part of the development agreement with museum square was to make modifications to the parking in the building for the Stagebrush Theatre and we allocated funding for that and we have a bond project you will see on one the later slides, second street streetscape.

It's funded in the bond program for I think \$1.8 million which is enough to get a design started, but we've come to you and presented to you so that a potential concepts for that project is going to cost way more than \$1.8 million. We took the proceeds from the museum square and allocated that to a project in the CIP, it's called connectivity initiatives. And that is the kind of thing that we anticipated using that connectivity initiative funding for. It's --

Mayor Ortega: Do you have direction from us on that allocation?

Dan Worth: We did discuss that as part of the proposed CIP last year, and that -- as I said, it's in the current CIP that connectivity initiative. Haven't spent it.

Mayor Ortega: And that's why I'm looking at the awareness for the downtown parking garages when it's -- you know, a shortfall. There's a shortfall and it shows as -- there's a shortfall and it shows as zero spend or zero project and at the same time we may have 16 million net proceeds for downtown improvements, which connectivity, obviously, parking is part of that too.

So we'll just leave that one item open in terms of saying that there's still -- we are still out -- the jury is out on whether or not we will be able to build some with the proceeds from museum square. Think about that one. And I know the other direction you wanted was on the bell 40 and we haven't even reached that one yet. I just thought I would mention this one because it came in on the slide with a zero allocation.

Dan Worth: And just to be clear, mayor, I -- the point I'm trying to make is that because there's no specific project attached to, we don't have an overage. We may need more. We may need less to meet parking needs, but we just don't have a request in place now.

Mayor Ortega: Okay.

Dan Worth: And there's a couple of other similar ones. 26, the vehicle training track, that was a bond project. We've added money to it already. As of last week, it appears that as a result of an Arizona State land sale, we have a new location that's going to be much better, it gives us more space to meet the needs for this training track, up near the solid waste transfer station and the water campus.

So we -- we're going to have to relook this project and determine what it's really going to cost us. And then 61 Pinnacle Peak park. That's waiting for an Arizona State land department sale, and until we know what that sale price is and what it's going to cost us to acquire the land, we don't know what we might need to add to make this whole.

No project requests now but things can change. Before I get into the ones where we are requesting additional money, or where departments are requesting additional money, we're not asking you for it now, but before I get into those, I want to talk about estimates in general.

What I show up here is just an example estimate of one of the projects that's on the bond list. One of the points I want to make, construction costs and I'm going to talk to you in some detail about construction inflation that's been going on, and the impact it has. Construction is just a part of these budgets.

[Time: 03:36:15]

It's usually the construction costs, you add about 40% to account for design, contingency, utilities, city fees, and our management of the project. So you can see how that plays out for this project. And the estimate includes contingencies. Another point I want to make, when we estimated these bond projects in 2018, 2019, in preparation for 2019 election, we had a contingency and every one of these construction budgets of about 20% of what we anticipated construction to be.

And I'm going to come back to, that but I just want to point out that that is a part of our normal project estimate. This slide gets into some of the details of the inflation that we're seeing in the construction industry. A lot of numbers. I apologize. We updated our projects to account for inflation. This is the inflation that we are -- that we're seeing.

The numbers are producer price index from the Bureau of Labor Statistics, the same period that brings us the Consumer Price Index, this is the producer price index, this is not what people are spending to buy stuff. It's what it costs to create stuff. In this case, these are the numbers for final new construction. And to try to give you some sense to this, I want to point out two things. The first is the box on the top half of the chart.

When we were in 2018, looking at the budgets that we were putting together for the bond projects if we were looking at recent history to determine what kind of an escalation factor we needed to look at, we are looking at those five years. The annual inflation varies from 1 to 3% and there are a couple of years in there. If we take the bond 2019 estimates in and apply an escalation factor to them, it would have been in the 1 to 3% range.

If we did that in 2018, we would be looking at projects that we estimated then and there's a 10 to 15%

construction cost increase between 2018 and now. 20% contingency. We would be within our contingency. So we took a little bit of risk by not adding that escalation factor, thinking as we looked back, that 20% would be enough to cover it.

And it has to this point, on those projects that we completed and some of the projects that are approaching completion that are still healthy. But that was part of the decision process. The other part of the decision process in 2018, if we wished to add an escalation factor to account for inflation, it was difficult because we didn't know when any of them would be built. We didn't develop that schedule for how we were going to build the projects until after the voters approved the election. So some projects got built right away.

Some got pushed back to 2026, 2027, 2028, we wouldn't have known how much to add for an escalation factor. So those are two things that happened as we looked at those five years of fairly low inflation. And then the second thing I wanted to point out, the bottom of line where the numbers are highlighted, this is what we have seen in the last year. And to put it in a little bit of context, same organization, Bureau of Labor Statistics, gives our Consumer Price Index, the highest year over year, the Consumer Price Index has been in this period of, you know, high inflation, highest we have seen in 40 years, the highest CPI has gone up is 9.1% year-over-year. That was in August.

[Time: 03:40:03]

The last three months on this slide, we're over 20% year-over-year on construction costs. A full year of double digit. A full year of cost inflation on the construction of new buildings that exceeds the highest month that we have had for the CPI. So here's the good news. We've got October numbers. They are down to 19.6% is the October PPI for inflation for construction. I say that not trying to be facetious or anything, but we are seeing it turn. We're seeing maybe there's a light at the end of the tunnel.

But I just want to dig in a little bit more to the inflation. This chart shows what's happened over the last five years, and I chose five years because that's that period of time, going back to 2017, 2018, when we estimated these projects, from the time we estimated these projects until today, this is what happened to the Consumer Price Index and you will see in a minute why I have it squeezed down on to the lower portion of a graph that goes up to 140%, but five-year inflation CPI, less than 20%, 19.7%.

That's the CPI with the construction, the chart that I just showed you. Five years at those rates that I just showed you equals a 40% increase in construction, actually 42%. A couple of specific commodities, again, the producer price index, the one on the left is wood. Wood jumped up early in the COVID period, and there's different explanations. I don't need to go into that, but it jumped up as much as -- you can see 60% I think on here. 40%, I guess. It has come back down a little bit. It has leveled off.

It's leveled off at a higher level than it was at the beginning of the five years, it's still up over 20% from where it was. But that was one of the first ones that hit. The one on the right, electrical equipment, you don't think about this, but whenever we build a building, we've got to build a new service entrance for the electrical to come in. A lot of our construction particularly in the water area requires heavy electrical equipment, motors, switch gear, that is all custom built, takes a long time. That has skyrocketed in price.

We are seeing up to 75% increase over the past five years, and it's also created some supply chain issues for us. I've got a slide I will show you a little bit later, but just electrical equipment, to give you an example of the supply chain difficulties. We recently have a quote for a new service entrance section for our stadium phase two project, not a bond project but a project we're working on now.

We've got a quote for on 80-week lead time on the service entrance that we need for that. 80 weeks and a year and a half, and for \$150,000, they agreed to reduce it for 50 weeks. It's a problem that's hitting a lot of our projects. And then the last two commodities, I just want to show to you. The one on the left is asphalt. It was higher in 2018 and then dropped. Asphalt follows the price of oil.

Oil went down until 2020, 2020 until now, it's gone up markedly. So has asphalt, so has fuel for construction equip. So has anything made with a petroleum derivative, like PVC pipe. And you can see from 2018, 122%, asphalt is 122% higher than it was in January 2018. The one on the right is steel, structural industrial. It has seen similar increases up to 120% over the five-year period. I mentioned you to that the overall index has come down a little bit. Steel has too.

[Time: 03:44:17]

We feel that that's another indicator of some of the commodities that are starting to turn and maybe the worst is over. But, again, just like wood, it's not come down anywhere near where it was before. And this is just to go back to that supply chain issue. The impact of the supply chain issues is twofold. It adds to the cost of the materials that are involved. We're in an inflationary environment, the industry is having a hard time keeping up with the demand for electrical switch gear for shaped steel products. There's only so many concrete suppliers.

They can't keep up with the demand and so that's creating supply issues which are adding time to projects and adding costs to those commodities but when you add time to projects, because we can't get concrete or shaped steel, you are adding inflation to everything else. So the project -- the whole project cost goes up if the project completion is delayed because of a handful of commodities. So just want to point that out as an impact for the supply chain issues. I'm going to go into some.

Estimates that we have made on some of the bond projects. I'm going to show you three different level estimates, and we group them into level one, level two, level three, but we have got projects that are designed, that we've turned over or designed to a contractor or see them at risk, and they have gone through and developed a cost model. They have bid it out. They have got bids back. And they have come back to us and said you are way off. You need more money for this project. That's level one.

We have a pretty good idea that that's what it's actually going to cost to build the project because they are actually out this bidding out subcontracts and materials. Level two estimate, we've got a cost model from a design consultant. And I love our design consultants, they are usually very good. The hardest time to be a design consultant is right now, when you are in an inflationary period because there's just so much risk involved when they are putting together models and estimates for the projects that get borne out when we got to construction.

Level three estimate, you are going to see a lot that are level three estimates. These are ones where we haven't begun. And I've just applied construction cost escalation factors.

Mayor Ortega: Okay. Yes. Councilwoman Janik.

Councilmember Janik: Thank you, mayor. A lot of material. Can I ask a question on this slide?

Dan Worth: Absolutely.

Councilmember Janik: When you get to level one and you have your contractor hired and estimates. How long are those estimates good for? Because --

Dan Worth: Sometimes it's a matter of weeks. Again, it's a factor of the environment that we are in right now. I sat down with the C.M. on our fire and police projects down at our training facility last week, they've given us cost models based on bidding out the project and they are already afraid that they are expired, there are subs that are having a hard time committing to the pricing model. It can be very short.

Councilmember Janik: Thank you.

Mayor Ortega: Also how are your conversations with the counterparts in other cities that are reporting as you are? They are competing for products and construction professionals and so forth. Have you had much dialogue with them?

[Time: 03:47:54]

Dan Worth: It's valley-wide. It's nationwide. And I'm hearing from our colleagues that they are suffering some of the same issues. I'm hearing a lot from the industry, from the design consultants and the larger contractors, a lot of them are going out and commissioning studies of their own to take a look at what supply issues and cost issues are doing. So it's a topic that's affecting everybody. It's -- we're certainly not unique.

Mayor Ortega: Well, I do -- you know, because once they are authorized by the council, I sign off on all of those contracts, and as I read through them, there's a lot of stipulations with bumps when those occur. Because subject to supply costs, subject to review again. So all the subs have those same conditions in their bids, based on, you know, the kind of invoices they are getting as well. Okay.

Dan Worth: And a lot of construction manager at risks that are taking a project and bidding it out and giving us a cost proposal, they recognize that they can't hold the bids for a period of time. They recognize that there's some risk involved in committing to a price. So they are going to build in or ask to build in allowances and conditional increases, and to a degree, that's part of the price that we've got to pay to get a project again in this environment.

We've got -- we've got to work with the contractors and be cooperative to an extent or else it's just -- there's going to be too restrictive and it's not going to work. So with those estimates, this slide shows how that escalation factor applies. Those level three estimates, we just applied escalation factor. I'm not looking at a design, giving you an example. This is roadway and pedestrian improvements on main street. It's in the later years.

We haven't started any work on it, and you can see from the top row on the start, starting in 2018, we applied to the original estimates we applied a 2% escalator and then a 5 and a 5, and a couple of 10s in '21 and 22. And if you apply those escalators to a construction cost, that adds up to a 36% construction cost increase over five years. We feel it's very consistent with what we have seen. 40% PPI over five years.

We feel the numbers are good for bringing us up to date, up to today with the inflation we have seen on projects where we are just trying to develop a reasonable cost escalator. You've got to go forward as well because some of these projects are three, four, five years in the future. The numbers that we chose to go forward, we are not counting them coming down to anything approaching the 2012 to the 2017 time frame, 7.5, 7.5, 5, 5, who knows what will happen to the economy.

If we go into the recession, it could go down to zero, like it did following the 2009 recession. We feel these are fairly conservative factors. We would rather err on the high side than the low side and we feel that these numbers do that for us. Just want to go through a couple of projects that we are well along in construction on, to give you an idea of how this is all played out on some of our more high profile projects.

This one the bell road sports fields, you can see some of the construction costs, some of the commodities that are escalated on the left-hand side. The first one, mass earth work, all the heavy equipment, all the road projects, a lot of mass earth movement. What else is sensitive to fuel prices, the prices for anything that's heavy. Bringing in steel, fuel is part of that price increase. Bringing in concrete, bringing in aggregates for road projects, sand for the base for these fields, it's all lots and lots of truckloads for stuff and that's sensitive to fuel.

[Time: 03:52:19]

So the cost of fuel hits us in a lot of areas on projects that involve a lot of earth moving and then you can see constructional steel and electrical, and the commodity slides, if 120% increase, 70% increase on these two commodities, they hit this project. And then scope. Most of the level one and level two estimates that we were working with are a combination of inflation and scope changes. And this one we have to make a determination that we had to come up with a means of providing water to the site.

We settled on the offsite water, the reservoir, the pond at D.C. Ranch. We didn't spend money from this project to build a neighborhood park. We spend money from this project to build the water infrastructure, the pumps and the reservoir. Spent other general fund money to make improvement to the park but that was a scope change that we had to account for.

The other thing that I will point out, we've got in our bag of tricks the ability to reduce and change scope, to modify things, to try to offset some of the cost increases and in this particular project, we made a determination that we could meet the desire of the project with one less sports field. And that allowed us to not buy a parcel of privately owned land for -- adjacent to the WestWorld fields that we are doing now. So that saved money from this project.

So we have scope increases that forced up prices. Some things that we were able to do to help bring the

prices down. You can see in the lower right, the overall \$40 million project, we added about \$4.4 million, 11% cost increase over a five-year period that saw 40% increase in construction costs, we feel pretty good about this one. We feel that we were able to manage this fairly closely and then minimize the damage. And this one is not terribly different.

The civic center project, the escalation costs, I won't go over that. The scope changes a lot of it, were associated with the performance aspects, the 360 stage and the estage, lighting and audio visual equipment for those, it will give us a better product, it's a better facility, but there's a cost associated with it, and you can see the numbers in the lower right, again, 40% industrywide during this five-year period. We lended it to cost increase to 22.8%. It didn't involve us coming back and asking for more funding.

These are the projects that are now in designer construction, level one and level two estimates where departments have requested more budget. I've got another slide, it will be projects where departments have requested more budget, but it's the level three, it's the ones that aren't in design or construction. These are the ones that are in progress. A couple of points.

Number one, I want to point out that the more astute observers who are not worn down yet will count the number of projects and it's actually nine, not eight. That's a victim of us changing the slide on the fly. We had a late breaking change and I go back to the conversation I made at the beginning, this process is a work in process right now.

[Time: 03:55:44]

We are going through the department submissions, we are evaluating them and making changes and we made a change on one of these projects this past week that turned into nine projects instead of eight. This includes some projects where the additional funds are not requested for fiscal year '23/24, but they are requested in years two through five of the CIP, but they see the anticipated need now and they want to ask for the money now for the out years so they can complete the projects.

These are all in our annual C. I.P. process, which I started the presentation going over. We are in the process of evaluating, looking at alternatives. I don't know even with the level two estimate if this is going to be the final ask because there's some things we can do, like we did with the bell road sports fields that might offset some of that ask but we are going through that process looking at alternatives prioritizing and making recommendations to you on how we address these projects.

And this is the second slide projects that departments have requested additional funding for. These are all level three estimates. We haven't done work on them yet. So these estimates -- these estimates, the increased costs are just solely based on those escalation factors that I showed you. I would also point out that if we want to consider at some point deferring projects, and pushing them back to a future bond election or finding another means of funding them, that this is probably where we want to start looking at projects that it makes sense to do that on.

These are projects that we haven't invested money in yet and starting the design process or in some cases the construction process. So essentially future projects, I will show you three other slides with future projects that also fit into that category. If we want to make adjustments, those would be the

most likely places to make those adjustments. This is the first of those.

The next three slides I'm going to show you the out year projects. These are projects that are scheduled for future years in most cases, the departments haven't made any requests and they are always looking for many more money for them, it's all level three estimates they applied the escalation factors to the year that we are planning construction, the number you see on the chart is how much additional funding we believe, that on project 13, if we go to construction, in fiscal year '24/25, we believe we will need another \$1 million on this project. Are all out year projects. I arranged them by question.

If we decide that we need to resolve a funding shortfall, at some point in time, before we get there, if we decide we need to do that, we're going to do it within the question. We will eliminate projects before one question and achieve savings that savings is going to be applied to other projects and that question, we can't use it anywhere else so we have to look at question by question and there are some things that we do. As you look at this presentation, I'm not suggesting that we do this. We have time to look at impacts. We have time to see in the future year escalation factors bear out. We have time to work on scopes but just from what we are showing here, if you add up all the projected shortfalls that I have shown you on question one projects, it's about \$31 million.

[Time: 03:59:17]

You could resolve that by pushing one project out into a -- a future bond election, they can't just pull a project. Again, there's a constituency for that, and I know it's important to a lot of people, I'm not suggesting that we do, that but I'm just saying that if we are going to look at deferring projects, we can look at projects that are in this category, and in some cases, resolve the whole potential shortfall for the project, with one or two projects, if not cat Tuesday pool, the other one, the Paiute community center. You can see the projects that we haven't requested additional funding for.

And I would point out two of these we have already talked about both of these, question project 18, second street and Drinkwater, we had the \$1.8 million, that's gotten us a good way down the roads as far as the design development and concepts and we haven't spent the money yet, but we have designated 16 million and change from the museum square sale proceeds to connectivity issues which could be applied towards construction of this project.

Because we had that alternative funding source potentially we haven't identified this as a shortfall. The other one I will point out, we had the same discussion, project 63 is not on chart, but because we haven't allocated any of that to any projects other than the artisan, there's been \$18 million in that project that could be reallocated if we decide we need to or deferred. And then question three, information technology and public safety, the shortfall is somewhere in the neighborhood of \$30 million.

For the whole question, the project, actually it's a pair of projects, we have a project from the police department to renovate the fire station at Via Linda and there's a fire station immediately next door that has a project for renovation, and the sum total of those two projects would resolve the shortfall for the rest of question three if it had to come to that.

So, again, I'm not making a recommendation. I'm just saying that there are alternatives that we can

consider as we go down the road and we determine that we have to do something if the situation doesn't improve with inflation and with the estimates that we are looking at.

So in summary on the bond 2019, you can see that different -- different bubbles, this all adds up to about \$94 million, again that's a work in progress. Some of that has changed as recently as this past week. But somewhere in that magnitude, that doesn't account for decisions that have you already made, that are in the current year CIP, the money that we allocated to civic center plaza, bell road sports fields and a couple of other projects but that's the potential shortfall and you can see it categorized project in design or construction, projects that haven't begun yet. We are asking for more money and then the future projects.

Mayor Ortega: Let me call on Councilwoman Whitehead.

[Time: 04:02:36]

Councilmember Whitehead: So this is -- this is the shortfall of the projects to date? Explain this slide one more time.

Dan Worth: This is give or take a couple of million, because things are fluid. This is the shortfall that we have not yet accounted for with a funding from another source. We've accounted with general fund funding, that's not included in this. We have accounted for the civic center plaza, not included in this. We accounted for part of the shortfall on the WestWorld horse barns. There's still a remaining part of that project that is above and beyond of what we accounted for. That's in near.

Councilmember Whitehead: I think just generally speaking, what we need is a chart that shows, you know, all general fund money. So past general fund -- overruns that were paid for by the general fund, just so that we have an accurate picture of how much the bond -- these bond projects ended up costing the general fund.

Dan Worth: We can certainly provide that. The number is somewhere in the neighborhood of \$25 million. That's not exact.

Councilmember Whitehead: Yeah so anyway, that would be good to have. Thank you.

Mayor Ortega: Councilmember Milhaven.

Councilmember Milhaven: Yeah, you know we have a citizen bond oversight committee and I always imagined that their role would be to make sure that we kept our promise to the voters to say, we're going to complete the projects as described and we're going to spend the money prudently. So I'm wondering what the role -- what their role -- what the citizen bond oversight role is in prioritizing projects, reviewing expanded scope and cost overruns. What role do they play in reviewing those things?

Dan Worth: Mayor and Councilmember Milhaven, they are absolutely involved in that. That's central to their charter. If we develop any recommendations to defer projects to move funding, we're going to take it to the bond oversight committee with the WestWorld projects we have already completed,

those were fairly small in magnitude but the larger magnitude ones we will go to the bond oversight committee and they will talk about it and come up with their proposal and recommendation that we'll ultimately bring to you as part of the appropriate form.

Councilmember Milhaven: So they have all agreed with and recommended these additional funds.

Dan Worth: I'm not making recommendations to you right now, they have not looked at all of these. It's on the agenda for an upcoming meeting to continue the discussion and we have had some discussion, but there's no recommendations right now.

Councilmember Milhaven: Well, like, for example, you identified that some of overruns are already approved in the existing CIP budget that we went through in the last budget year, I'm assuming that they thought, you know, for example, first one here is the civic center plaza and was over and that's in the general fund.

I'm assuming that they reviewed that \$6 million whether it was due to inflation or in scope, and it was in the keeping with the bond.

[Time: 04:05:51]

Dan Worth: I think I oversimplified. Their charter is if we are going to move bond funding from a project to another project. Or if we don't complete a bond project they will make a recommendation to you. If we supplement with other funding, they haven't been given oversight over general fund funding.

We talk to them about it as we give them updates on projects we certainly point out whether we brought additional funding into the project, and we started that from day one. So they are aware of that, but we haven't asked them to make recommendations. We didn't ask them to make a recommendation on whether we will add \$4 million of the general fund money to the bell road sports field project. We just went through the CIP prioritization process, included that in the staff and the city manager proposed budget and then brought that to you for your consideration.

Councilmember Milhaven: Okay. So I don't know how my colleagues feel but I really think that that's an important role that the citizen oversight does. And then the other thing I would mention is given the volatility of the market is nothing like we have seen in the recent past, and some of these, you know, increases clearly some of them are inflation and some of them are expanded scope.

I'm thinking we need to have a financial policy that says if a project is going to go x percent over or x dollars over, that it's very specifically reviewed on an individual basis with the council, rather than putting it in the big budget book. Just because we're seeing volatility like we have never seen before. I think we need to be a little bit more diligent about expanding the scope of these projects.

Mayor Ortega: Good. I was going to follow along that same line. Could you explain the pay as you go and whether or not general fund could be split from year to year, in other words if there's a long-term project, perhaps there's a carry forward or how do you handle that with a policy or, you know, do you have -- do you have a checkbook and you have a payroll or whatever to pay, can you go into that a little bit, what you do now?

Dan Worth: Mayor, you are asking on pay as you go projects, out of the general fund?

Mayor Ortega: I just wonder how you translate a shortage with a general fund cash balance to pay -- you know, pay that as -- as it comes forward. Is it moving so fast you don't have time to ask us or you pretty much are authorized and we will complete the civic center. We will pay whatever it takes to do that.

And -- well, let's get to the \$40 million, I think, and some other discussion, because I am concerned also about how we handle the checkbook for that. General policy. Councilwoman Janik and Councilwoman Whitehead.

Councilmember Janik: Thank you, mayor. Councilwoman Milhaven, I had the exact same question, and the exact same guidelines. We all understand inflation and I -- there's nothing we can do about it now. We accept that there's going to be those increases, as you outlined. What we need to know is if there's mission creep.

If the mission has changed and if it's more than a certain point above inflation, above what we approved, I think it needs to come back to us for review, and see what we can do to kind of get it more in line or if like you said drop some things, change it over, et cetera. I think that would just be prudent of us, especially in this environment. Thank you.

Councilmember Whitehead: So I think we're all in agreement. Sorry, mayor.

Mayor Ortega: Councilwoman Whitehead.

[Time: 04:09:37]

Councilmember Whitehead: I think we are all in agreement that we want to set a policy so that these decisions come back to the council, and that they are differentiated between a change in the scope and inflation and then I would add that just this, you know, tracking where it would be easy for the member of the public or the council to see -- pick a project and see total costs. So the cost that the bond estimate and each year general fund changes. So I think that would be really helpful.

Since everybody keeps talking about museum square, I remember that money being spent ten times over in one of my first -- one of my first whatever it was meetings. I had asked that the museum square money be discussed tonight. I think that has to be a council decision.

Since I will be biking home at 10:30 at night, I'm glad it doesn't make the agenda, but I want to make sure that a future work study or agenda that we discuss museum square because that is the citizens' money. But go on. Thank you.

Mayor Ortega: Councilwoman Littlefield.

Councilmember Littlefield: Thank you. Yeah, I agree with Betty and Linda. I think that this needs to be

reviewed on a part of the council when we have these huge overrides to make decisions on that. Just for one thing, just so we know where we are standing and what we are doing. So I agree with that. Thank you.

Dan Worth: If that is all the direction on the bond 2019, I'm going to move on to the last piece of presentation, which is the -- what do we do with the proceeds from the bell road land sale. I don't have the numbers up here, but the bell road land sale generated \$42.7 million for the city. And there are constraints on how we use those funds that result from the financing that we used to buy the land originally, and the bullets addressing those constraints and I got to clarify the first one.

All of the proceeds, all of the 42.7 must be spent on public purpose projects. The second part of that bullet which cannot have private use or private payments, we're dividing, \$42.7 million into what we are referring to as restricted funds and unrestricted and, again, it goes back to the nature of the financing that was used originally to buy the land. It has to go to public perfect projects but there's additional restrictions on a portion of that and the restricted funds is the private use or the private payments.

We can't use that for building a project that's going to generate rev flew for the city and then the last bullet, restricted proceeds also have a time limit on them. We have to actually spend the money, not budget it or program it or award a contract but actually spend the money by the two-year anniversary of the date of the land sale, which will be July 12th, 2024.

And then the second bullet, some of the proceeds that was used was bed tax funding to support a long-term debt. So we are compelled no put it to a tourism-related use and that's about \$19 million. The restricted portion of the funding is about \$21.4 million. And you can have the project that checks more than box. You can have a tourism related project that also qualified as a use for the restricted funds. I will show you two slides together they make up the staff proposal.

[Time: 04:13:42]

The first slide is going to show you what we propose for spending the restricted portion, the second slide is going to be the unrestricted portion and you can see that we have projects identified. McCormick stillman bunkhouse, and the Chaparral pool renovation. It's not a current project. The McCormick stillman bunkhouse is a project and two bond projects, modernize and expand police training facility and the fire department training facility.

The general fund dollars released from the bond projects we have already applied general fund funding to these two projects. I'm trying to make it not too complicated. They are funded in the general fund. If we apply money from the land sale proceeds, we are going to remove the need that is projected against those projects and that will be available for other needs.

So you are freeing up money from the general fund programs if we use the proceeds as we suggest and you can see two of them are considered to be tourism related uses. And if we use these proposals it meets the requirement to use the \$21.4 million within two years and they had to be existing projects where we have some level of design and ready to go to construction within a year, if we need to be able to use every last dollar within two years we have 18 months left. We have to be able to move into

construction quickly.

So these are ongoing projects where we will be able to do that. And then the unrestricted funds that don't have that time constraint, some of them do help us meet the tourism requirement. And you can see again, I have three bond projects on here, with we have allocated general fund money using the proceeds from the land sale will allow us to take the general fund money.

Mayor Ortega: Hold it right there, Councilwoman Whitehead, please.

Councilmember Whitehead: Okay. Thanks. I guess could you have finished this slide. I think it's hard for us to give direction because so many of these projects have to do with where council ends up prioritizing, and also where we end up with, you know, cost savings by reducing scope.

[Time: 04:16:22]

I want to point out a few ideas, because I think they need to be -- we are kind of putting the cart before the horse here. First of all, the sound wall on Pima road is a transportation expense, and so while I recognize that the cost went up \$3.5 million or so, from the time that the letters were issued to the residents, I would be looking to have a maximum of that cost overrun with this, but as you mentioned in the land sale at the beginning of your presentation, I would want to set up a restoration of the general fund.

You have to get the transportation dollars to pay back the general fund. But then also some of these projects like, of course, we need to build a fire department training facility. There's a \$5 million increase. What's the total increase of that project?

So where are we -- I think the city manager prior to the meeting had some suggested ways of reducing the costs. I think we need to look at this chart again after our executive team goes through these -- these projects and looks at ways to reduce scope and also puts total cost overruns not just the cost for the amount of money for these dollars. When we sold the land. We are selling the inheritance and we will never get that money again.

And so it's incredibly, important that we spend the money in a way that will forever enrich the community. I would like to see these numbers really -- these revised estimates really looked at carefully before I'm willing to make any commitment on how to spend this money, and perhaps we can have another work study session when we discuss museum square.

Mayor Ortega: Councilwoman Janik.

Councilmember Janik: This is a lot of information. It is 10 to 10. They are suggestions and I would ask again that we could carefully review all of it and analyze it more carefully in another study session. Thank you.

Mayor Ortega: I see no other comments on this slide. Councilwoman Littlefield.

Councilmember Littlefield: I agree with those comments that were just made. I think we need another

work study session. And update on some of this stuff. Thank you.

Mayor Ortega: As we looked at the schedule, initially, you talked about November and December that the pro e essential workers needs direction -- process needs direction. I believe we need to have a work study in the early December meeting and secondly, just a general comment, you know, money in the bank in proceeds, the treasurer put it in two checkbooks, ones related to tourists related and the other one unrestricted or less restricted and, of course, bond council verified that, but whether you have -- I would rather have \$5 million in a finished project than just, you know, in the bank so to speak.

So the sooner we put this money to work, and I know the council is eager to look at that, as well as the proceeds from the museum square. It looks like it will be two, two and a half weeks from now. Okay so I see council woman Whitehead is the last remaining.

Councilmember Whitehead: I was just going to suggest that there's a cost overrun on the Thompson Peak Park for -- the dog park for \$2 million, and that could be replace -- the sound wall -- the reduction on the sound wall. I guess we should submit our suggestions and each one-on-one talk to the city manager about -- this is just how we would like to see this evolving but in the next two weeks. Thanks.

[Time: 04:20:59]

Mayor Ortega: As you said, we can open up our opinions, the dog park is under design and it's ready to be bid out so that's something that is in the pipeline. The question is if there's soft costs. There's another opportunity to review the sound wall in Pima in May, according to the figures when it could be used.

Perhaps it best that we just keep in the public forum, maybe refer to the city manager, Thompson, do you have a round up?

City Manager Thompson: Just quickly, the one that's the most important right now is we have a two-year window that we have to spend the money on the bell road. Those are the restricted funds, the unrestricted you have greater amount of time. The restricted and knowing the time element known with ordering and some of the projects we have identified projects that we are going to -- money that will come from the general fund and we were going to apply the restricted fund to those general fund freeing up the general fund money on these projects.

This is one that the sooner we resolve this issue, the better off we are or we start to run into challenges down the road if we don't start utilizing these funds. The second one which is the unrestricted we have time on. That's the one that has the sound wall and the other question, but this list here, we vetted this between finance, Dan, I mean all the teams. This was the list that we came up with, and this list is not going to change. I need you to realize whether we come back, which we can in a couple of weeks, you will see the same list: I don't think it will change any.

We have gone through these projects and I just -- on the training facility, we have been meeting on a constant basis for a couple of years now and every time we meet, it doesn't get any better, but this is to utilize those monies that are authorized under the restricts funds for projects that we know are moving forward with, that we will have those expenses the other thing is to talk about -- which we are not

prepared to talk about the sale of museum square and what to utilize those for.

There's a long history to that one too, with some of the council that have been on council for a while remember. We are going -- when we were developing our 319 merchandise, we had second street improvements. We had the Stagebrush Theatre improvements all of those were in the original list back that were in the \$745 million. We decided to cut that back but one of the things we knew at that time was that we were probably going to sell the museum square property and we said we would utilize those proceeds to do the Stagebrush Theatre.

We would utilize those for Second Street and I need to provide all of that history and detail so you can make inferred decisions on that. We are not prepared nor that this evening. I think this evening was really to get this in front of you and to show it you that we have seen a crazy year on construction and some of the original estimates even with our 20% contingency or growth factors we are not adequate with the demands in the marketplace.

Every year when we go through the budget, we will highlight when we have additional asks to do things. These compete with all the other things out there. So when we have the list of 50 CIP projects or the list that we have seen earlier today with petitions, other things that come forward, they all compete against one another, and this that list, we are going to have to start including our bond project shortfalls to compete with all the other projects and we may have to use some of our CIP monies that we put aside every year to complete the bond projects there may be some that we decide and the bond committee makes a recommendation that it's not as important as something else, but they should compete.

Here's the inning part. When the bond amount is approved. That amount is good forever. It didn't go away until you build that project. The problem is we know from the numbers we have, it's never going to cost less than it does today. It's only going to continue to go up. We have never in the history seen zero.

You may see a decrease like we see in steel, because today we have seen 25% increase in the last year, but it's never going to be below what it was in 2017 or '18, when we originally talked about these numbers. We are not going to see the prices go that low. We have some scope creep plus the inflation and that's when we run into other challenges. We can come back in a couple of weeks.

[Time: 04:26:16]

I think the number one question we need to answer is this right here, this list and then we will come back with the downtown money. I need to come back and to museum square and there's a lot of history to that money and all the discussions at the dais with council and all the public outreach meetings when we engaged the public, the comments we heard and what projects and short-term that's why we did what we did with some of this.

So I think it's important we take that one a little deeper. We will come back with the land sale proceeds. In particular, the restricted, the unrestricted we can deal with it in the budget process and then we can look at the museum square money.

Most of the other stuff as Dan has alluded to, will come back in the budget process, but what I hear you all say is we want to have these things highlighted and not just buried in the budget process some where but really highlight them and spend time on them and we can do that. So that helps us immensely because we will start the budget process, we are in it now but you will start seeing stuff the first of the year.

Mayor Ortega: So I'm okay with this list. And because it also frees up some CIP or general fund money. But we can discuss it as we -- tonight. Councilwoman Whitehead?

Councilmember Whitehead: I think that's a really good point is that there's two lists and thank you for clarifying that. I'm good with that. I would say still this it's good to -- you mentioned two floors versus one floor. Go ahead and look at the possible tweaks to reduce the amounts.

There's plenty of projects we can bump in there, but I'm good with this list and I want commend you for getting so much done with this incredible inflation. So thank you.

[Time: 04:28:02]

Mayor Ortega: Councilwoman Littlefield.

Councilmember Littlefield: That's kind of what I wanted to say, add to it a little bit, give us a separate list also so that we can compare and analyze and look at it and turn it upside down or whatever we want to do. Thank you.

Mayor Ortega: Councilwoman Milhaven.

Councilmember Milhaven: I would echo, I'm okay with this list.

Mayor Ortega: Okay, well, with that, thank you very much. And accordingly, we are complete with our work study. So I would request a motion to adjourn.

Councilwoman Littlefield: So moved.

Councilmember Janik: Second.

Mayor Ortega: There's a motion and a second. Please record your vote. Unanimous. We are adjourned. Thank you so much.