



**CITY OF SCOTTSDALE  
PROTECT AND PRESERVE SCOTTSDALE TASK  
FORCE REGULAR MEETING MINUTES**

**4:00 p.m. Wednesday, March 15, 2023  
Community Design Studio  
7506 E. Indian School Road  
Scottsdale, Arizona 85251**

**CALL TO ORDER**

The regular meeting of the Scottsdale Protect and Preserve Scottsdale Task Force was called to order at 4:00 p.m.

**ROLL CALL**

**PRESENT:** Cynthia Wenstrom, Chair  
Raoul Zubia, Vice Chair  
Carla, Member  
James Eaneman, Member  
Nicholas Hartmann, Member  
Jace McKeighan, Member  
Daniel Schweiker, Member  
Mark Winkleman, Member  
John Zikias, Member

**STAFF:** Kelly Corsette, Communications and Public Affairs Director  
Sonia Andrews, City Treasurer/Chief Financial Officer  
Gina Kirklin, Finance Director  
Joy Racine, Community Involvement Manager  
Brent Stockwell, Assistant City Manager  
Kim Campbell, Sr. Assistant City Attorney  
Carol Banegas Stankus, Sr. Administrative Assistant  
Bill Murphy, Assistant City Manager

**PUBLIC COMMENT**

There were no public comments.

## 1. APPROVAL OF MINUTES

Chair Wenstrom called for corrections to the minutes. One typographical correction was made.

MEMBER EANEMAN MOVED TO APPROVE THE MINUTES OF FEBRUARY 27, 2023 AS AMENDED. VICE CHAIR ZUBIA SECONDED THE MOTION, WHICH CARRIED 8-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, MCKEIGHAN, SCHWEIKER AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES. MEMBER WINKLEMAN ABSTAINED.

## 2. SCOTTSDALE'S NATIONAL COMMUNITY SURVEY RESULTS AND POSSIBLE FUTURE SURVEYS

Kelly Corsette, Communications and Public Affairs Director, with the assistance of other city staff, will present results from the 2023 National Community Survey applicable to the Task Force's purpose and City Council adopted work plan (Work Plan), and the process and possible areas for inquiry for conducting a community survey or two as outlined in the Work Plan to determine (i) community priorities and support for replacing the 0.2 percent Preserve tax, and (ii) voter support of the funding recommendations.

**Task Force Action:** Information, discussion, and possible recommendations to staff

Kelly Corsette, Communications and Public Affairs Director, introduced Joy Racine, Community Involvement Manager, to provide the presentation. This survey has been conducted in Scottsdale since 2003, this being its ninth iteration. For this scientific random sample, 652 residents of the 5,500 originally selected completed the survey, representing a 13 percent response rate. Subsequently, an open survey was provided to residents, with 680 completions. This subsequent open survey closed at the end of February and the data is currently awaited.

Scottsdale consistently earns high ratings from residents, generally equal to or higher than the national benchmark. Residents experience high quality of life and would recommend Scottsdale to others as a place to live. While there was an 8 percent decline in feeling safe from property crime, residents reported feeling very safe or somewhat safe overall in neighborhoods and commercial areas from violent crimes and natural disasters. Emergency services were rated favorably.

Nearly all aspects of the economy were rated positively. Affordability is a concern, as only one-third gave positive scores to the cost of living and less than one-quarter favorably rated the availability of affordable, quality housing. These sentiments mirror communities across the nation. Positive marks were given to recreation and fitness opportunities, cleanliness, City parks, walking paths and trails and overall quality of the preservation of the natural environment. A majority of residents felt informed about the water supply and conservation methods. They were in favor of implementing water restrictions or adding ultra-purified recycled water to supplement drinking water supplies. They were not in favor of increasing water rates. Street-related services were rated positive, while mobility-related aspects, such as ease of walking, biking and the transportation system have declined. An outline of highest and lowest rating categories was briefly reviewed.

Mr. Corsette reviewed aspects of the survey most relevant to the work of the Task Force. Overall quality of life was most recently rated at 95 percent in 2022. For values of services for taxes paid to Scottsdale, 71 percent of responses rated this as excellent or good. In terms of natural open

spaces, preservation was rated at 78 percent, quality of open space was rated at 73 percent and overall quality of the natural environment was 85 percent. For the built environment, City parks were rated in quality at 86 percent. Availability of paths and walking trails was at 84 percent. Quality of recreation centers and facilities was at 89 percent. Overall quality of parks and recreation opportunities was 86 percent. Public places where people want to spend time was rated at 77 percent. Health and wellness opportunities was rated at 83 percent. Questions on benchmarks were addressed.

In response to the survey question regarding the most important areas of focus for the next two years, the following areas received the highest rankings: Overall feeling of safety; overall quality of the natural environment; overall quality of parks and recreation opportunities; overall health and wellness opportunities.

Mr. Corsette said that as the Task Force considers the composition of a future community survey specific to its mission, the data is presented for overall information and understanding. Should the Task Force wish a survey to be done in the community early in the process, staff is happy to discuss further detail, as early as the April 10th meeting, after which they would work with the vendor to create and conduct the survey in April and May. The results would likely be available in July.

Member Carla questioned the need for the early survey. As the Task Force continues its work to identify projects, there is more context for people to answer whether they would be willing to institute a tax, rather than posing the question in a more general, broad manner.

Member Zikias asked for clarification that the next steps, based on the presentation, would be for the Task Force to decide whether it would like to have another survey and then to formulate the questions to be included. Mr. Corsette suggested that rather than specific questions, the Task Force might think about specific things it would like to know from the community. The survey experts can help craft questions to draw out the information. There is opportunity to review and revise the questions before finalization.

In response to questions about the survey process, Brent Stockwell, Assistant City Manager, noted that the work plan provided by City Council does include two surveys. The first is a preliminary community survey to determine priorities and support for replacing the 0.2 percent Preserve tax. Because the National Community survey was underway, staff shared the survey with the Task Force to provide a sense of the results. However, this is not the same survey that was outlined in the work plan. To some degree, it talks about priorities, but does not include the community's interest in replacing the 0.2 percent Preserve tax. The second survey referenced in the work plan is included in Phase 3.2, which directs a community survey, if needed. If voter approval is required for the funding option(s) considered, the Task Force may consider conducting a community survey on voter support. If such survey is conducted, they should analyze survey results and findings. The timing of the survey is important, with less robust results likely to happen during the summer months. The City Council has expressed a desire to see shorter community surveys in that this was likely to encourage participation rates. Survey ideas should be submitted to the survey methodologists, who are experts in forming the survey questions.

### **3. CITY OF SCOTTSDALE BUDGETING PROCESS**

Sonia Andrews, with the assistance of city staff, will present an overview of the city's operating and capital revenues and budgeting process, and provide items or information

that helps the Task Force understand how operating and capital expenditures may be funded to help the Task Force carry out the Work Plan.

**Task Force Action:** Information and discussion

Sonia Andrews, City Treasurer/Chief Financial Officer, stated that the City's revenues fall under three categories, including General Fund revenues, restricted revenues and enterprise revenues. Enterprise revenues are fees and charges that support enterprise operations, such as water, wastewater, solid waste and airport. These revenues are restricted to the individual operations and are not available for Parks or Preserve operations. For Fiscal Year 2022/23, the budget anticipates \$387.2 million in operating revenues in the General Fund and \$198.3 million in restricted revenues. The largest sources of operating revenues include local sales tax, stated shared revenues, property taxes and fees and charges. The local sales tax rate is 8.05 percent with 5.6 percent going to the state, 0.7 percent to the county and 1.75 percent to the City of Scottsdale.

Each component of the City's 1.75 percent is voter authorized via the following breakdown:

- General Fund: 1 percent
- Public safety: 0.10 percent
- Restricted revenue:
  - Transportation: 0.30 percent
  - McDowell Preserve: 0.35 percent
    - 0.20 percent expires in 2025
    - 0.15 percent expires in 2034

Sales tax revenues are volatile depending on economic conditions. Over the past 20 years, sales tax growth has averaged approximately 3.5 percent. Mild recessions can result in 1 to 3 percent of negative growth over a 1 to 2 year period.

Factors that have increased sales tax collections include:

- 2018 Wayfair economic nexus (taxing of remote sellers)
- 2020 Prop 207 (taxing of recreational marijuana)
- Growth in:
  - Consuming online spending
  - Restaurant activity
  - Visitors
- Recent supercharged increase:
  - Federal stimulus
  - Pandemic spending spree
  - Inflation

A historical view of local tax forecasts and anticipated trends was provided. While revenue growth is projected, it is not expected to support the existing operating growth and wish list items for all departments. In addition, there are yearly legislative efforts to reduce sales tax revenues at the state level.

State shared taxes allocated to cities include state shared sales taxes (25 percent to cities), state shared income tax (15 percent to cities) and vehicle license tax (20 percent to cities). Allocation percentages to cities are based on population. Scottsdale currently receives 4 percent of the

state shared allocation of revenues. Reductions in state shared revenues have occurred with both corporate and individual income tax rate reductions. The state anticipates that growth will offset the reduction in taxes. With all factors affecting the states revenue income, it is not expected that Scottsdale's state shared revenues will have sufficient growth to cover Parks and Recreation or Preserve unfunded maintenance needs.

Scottsdale's property tax rate averages approximately \$7.35 per \$100 of assessed value with most going to schools and education. The City receives 91 cents per \$100 of assessed value. 50 cents goes to the General Fund (primary property tax) and 41 cents goes to pay General Obligation (G.O.) bond debt service. There are a number of restrictions on property taxes, stretching back to Prop 107 in 1980. The primary property tax levy is limited to 2 percent growth plus new construction. This limits our primary tax rate to approximately 49 cents for the General Fund. In 2015, Prop 117 limited the tax assessed value growth to 5 percent. There are notable legislative bills that have reduced property taxes for certain categories as well. A breakdown of General Fund revenues for Fiscal Year 2022/23 totaling \$387.2 million was provided. Expenditure categories and percentages were also reviewed.

Other uses and priorities for the General Fund revenues were listed as follows:

- Transfer 50 percent construction sales tax and interest income to CIP
- Debt payments (\$12 million per year)
- Pay down pension liabilities
- Fund reserves
- Fund future operating costs as capital projects are completed
- Transfer of excess revenues over expenditures to fund capital improvement program

In response to a question from Task Force Member Carla, Ms. Andrews stated that the bond shortfalls would likely come out of the transfer of excess revenues over expenditures to fund capital improvements. The City also recently sold land and the proceeds were used to fund shortfalls.

Member Hartmann referenced the preliminary state shared forecast and asked whether a 0.2 percent increase impacts the figures. Ms. Andrews said there would be no effect to state shared revenues as the 0.2 percent sales tax is a local sales tax. Member Hartmann referenced the General Fund revenues on the Fiscal Year 2022/23 budget with general sales tax of \$154 million and asked whether this would be impacted. Ms. Andrews stated that this would also not be affected as the \$154 million is the 1 percent going into the General Fund and the 0.2 percent goes into the restricted revenue funds.

Member Zikias asked about the potential for receiving a forecast for the general sales tax, similar to the forecasts provided for the preliminary property tax forecast and state shared sales tax forecast. Ms. Andrews said she would provide the figures. Member Zikias commented that it would be helpful for the Task Force to know how much revenue would be generated by one basis point of sales tax. Ms. Andrews said that currently, the 0.2 percent tax generates approximately \$27 million. She commented on the complication and challenge with projecting revenues due to fluctuations and reduction in revenues.

Discussion of restricted revenues ensued. The City collects a 5 percent bed tax from hotels, motels and short-term rentals. Based on voter restriction, 50 percent of amounts collected are used for destination marketing. The remaining 50 percent are allocated as follows: 25 percent:

Tourism-related capital projects and programs; 9 percent: tourism-related research; 4 percent: Tourism-related administration; 12 percent: transfer to General Fund. Prop 207 funds are restricted for public safety personnel and are currently used to fund 3 park rangers. Other restricted revenues are used for their restricted purposes and cannot be used for Parks and Preserve maintenance.

Member Carla asked how Scottsdale's sales tax rate compares with neighboring communities. Ms. Andrews stated that Gilbert and Chandler have the lowest rate at 1.5 percent sales tax. Scottsdale is next at 1.75 percent and Phoenix is at 2.3 percent. Scottsdale has the fourth lowest sales tax rate statewide.

**4. PROTECT AND PRESERVE SCOTTSDALE TASK FORCE WORK PLAN - VIEW WORK PLAN**

Sonia Andrews, City Treasurer/Chief Financial Officer, with the assistance of other city staff, will review the City Council adopted work plan for the Task Force and discuss the information that will be provided by staff for each task. The Task Force may discuss and provide direction to staff on requests for additional items or information that may help the Task Force carry out the work plan.

**Task Force Action:** Information and discussion

Gina Kirklin, Finance Director, recapped that the City Council adopted the work plan on January 10th, which provided detailed guidance to the Task Force to complete its tasks and a suggested timeline. Tasks include surveying and determining priorities and support for replacing the 0.2 percent Preserve tax, defining and quantifying priority unfunded needs, developing funding recommendations for the unfunded needs identified, reporting and presenting recommendations to City Council.

Previously discussed are the survey and detail in terms of defining or quantifying unfunded needs of the Parks and Recreation Department. To further define and describe the needs of the parks, it is planned that the Task Force take a tour at its next meeting on March 29th, to include parks south of Indian School Road. The purpose is to provide context for the information presented thus far. The logistics and schedule was reviewed.

Further into the second phase, defining and quantifying unfunded needs of the McDowell Sonoran Preserve, staff proposes to hear from Preserve staff on April 10th. This will provide education on perpetual maintenance, protection and preservation needs. Also in the second phase, is defining and quantifying other unfunded needs. By the end of phase two, the Task Force should have thoughts about what it identifies as unfunded needs.

During the third phase, developing funding recommendations for unfunded needs, the Task Force will receive a great deal of information regarding forecasted costs and revenues. The City Treasurer will have released the Fiscal Year 2023/24 budget and will be able to provide updated and specific details. The second survey could be conducted. This phase also includes development of a financial strategy and funding recommendations for the critical needs identified.

The fourth phase, reporting and presenting recommendations to City Council, will be supported by the Treasurer's Office. Staff will assist the Task force with administrative work and ensure that recommendations are compliant with applicable laws and financial policies. The Task Force will participate in a City Council work study where it will present findings.

The fifth phase, community education and outreach, may occur, depending on Task Force recommendations.

**5. IDENTIFICATION OF POSSIBLE FUTURE AGENDA ITEMS**

The Task Force may request proposed topics for future agendas, but the Task Force may not discuss, deliberate, or take legal action on any matter in the “Identification of Possible Future Agenda Items” unless the specific matter is properly noticed for legal action. Additionally, the following previously requested items may be placed on a future agenda:

The following agenda items were identified:

- A presentation from the police department regarding plans to add a dedicated ranger unit
- Brainstorming session on topics the Task Force would like to see covered in the survey

**6. ADJOURNMENT**

With no further business to discuss, being duly moved by Member Zikias and seconded by Member McKeighan, the meeting adjourned at 5:43 p.m.

AYES: Chair Wenstrom, Vice Chair Zubia, Members Carla, Eaneman, Hartmann, McKeighan, Schweiker, Winkleman and Zikias.

NAYS: None

SUBMITTED BY:

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