



SUMMARIZED MINUTES

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

**4:00 p.m. Monday, November 6, 2023
Mountain View Park
8625 E. Mountain View Road
Scottsdale, Arizona 85258**

CALL TO ORDER

The regular meeting of the Scottsdale Protect and Preserve Task Force was called to order at 4:02 p.m.

ROLL CALL

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

STAFF: Sonia Andrews, City Treasurer/Chief Financial Officer
Sherry Scott, City Attorney
Kroy Ekblaw, Executive Assistant Strategic Projects
Bill Murphy, Assistant City Manager
Scott Hamilton, Senior Preserve Planner
Ben Lane, City Clerk

PUBLIC COMMENT

There were no public comments.

1. **APPROVAL OF MINUTES**

Request approval of minutes of the October 23, 2023, Regular Task Force Meeting.

Task Force Action: Discussion and action

Chair Wenstrom called for corrections to the minutes. There were no revisions.

MEMBER SCHWEIKER MOVED TO APPROVE THE MINUTES OF OCTOBER 23, 2023. MEMBER EANEMAN SECONDED THE MOTION, WHICH CARRIED 9-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, MCKEIGHAN, SCHWEIKER, WINKLEMAN AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

2. **FINANCIAL AND OTHER CONSIDERATIONS FOR FUNDING OF UNFUNDED NEEDS FOR THE PROTECTION, PRESERVATION AND MAINTENANCE OF CITY PARKS, PRESERVE AND OPEN SPACES**

Sonia Andrews, City Treasurer, with the assistance of other city staff, will provide additional details on financial considerations, including discussions and considerations of a replacement tax for the 0.2% expiring Preserve Tax, considerations for the 2nd 0.15% Preserve Tax, revenue allocation considerations, and the city's Permanent Base Adjustment initiative that will impact the November ballot.

Task Force Action: Information, discussion, and possible action

Sonia Andrews, City Treasurer/Chief Financial Officer, provided an overview of considerations for developing tax rate and revenue allocation options based on the following Council and Task Force directions:

- Council Direction:
 - Ensure equitable allocation to southern, central and northern areas of the City
 - Consider a replacement tax that is lower than 0.20 percent
 - Other comments and suggestions from September 5, 2023 Council Work Study Session
- Task Force direction:
 - Ensure cost inflation is factored into projections (a 3 percent annual escalation factor is used)
 - Ensure projections provide funding for future needs not currently identified and future improvements for parks in central and northern Scottsdale that will become aged in 20-30 years

A recap of Council comments and suggestions at its 9/5/23 Work Study Session was provided.

Ms. Andrews led a review and discussion of various spreadsheets provided for consideration and discussion of tax rate options at 0.10%, 0.13%, 0.15% and 0.17% and the corresponding revenue allocation options.

Member Eaneman shared recent experiences whereby an elected official commented about being opposed to the work and conclusions of the Task Force, stating that the problems with the parks are not related to their age but due to mismanagement. A second comment came from an individual soon to be announcing a run for City Council. This individual commented that they had amassed a group of supporters who would be actively opposing any proposals the Task Force makes to the City Council.

In response to a question from Member Carla, Ms. Andrews stated that if the 0.15 percent rate is selected, the city's total sales tax rate would drop to 1.70 percent from 1.75 percent because of the 0.20 percent that is expiring.

Task Force members considered and discussed revenue allocations with the following replacement tax rate examples:

- 0.15 percent
- 0.13 percent
- 0.17 percent
- 0.10 percent

Considerations included:

- Impact of various tax rate options
- Net reduction with various tax rate options
- Visitor fiscal contribution
- General Fund savings

Ms. Andrews explained that the City is subject to a State Imposed Expenditure Limitation and that the City has not requested increase of this Limitation since 2006. An increase to this Limitation or "Permanent Base Adjustment" is now needed and requires voter approval and if the City decides to request voter approval on the November 2024 ballot there will likely be only space for one sales tax question.

The State imposes expenditure limitations on taxes and local revenues, and that Expenditure Limitation is the maximum amount the City can spend of its local revenues as imposed by the Arizona Constitution. Details are as follows:

- State imposed expenditure limitation for City of Scottsdale: \$585,825,862
- Budgeted expenditures subject to limitation: \$582,002,714 (99 percent)
- Remaining capacity \$3,823,148

Scottsdale has not required an increase in the limitation capacity since 2006. A list of neighboring cities with higher state imposed limitations was reviewed.

Ms. Andrews clarified that the Permanent Base Adjustment is not an override. Increasing the City's permanent expenditure base does not allow the City to levy additional taxes. It also does not allow the City to exceed its budget or spend more than it receives in revenues. It does allow the City to spend up to the limit no matter what amount is collected. In response to a question from Member Hartmann, Ms. Andrews stated that this information is not provided to the Task force with an expectation of action, but for informational purposes, as it affects the Task Force's consideration of whether to have one or two questions. Member Hartmann noted that the one question/two question issue has been settled via consideration of this information. Member Schweiker commented that expenditure limitation elections are very difficult to explain to voters, as they can often be confused with tax increases.

Ms. Andrews reviewed a sample ordinance that could be potentially utilized to have Council make the allocation of sales tax revenues and explained that an ordinance is a legal requirement that

the City must follow. Sherry Scott, City Attorney, commented that the process will be simpler if the Task Force recommends that the allocation be generally set out by ordinance.

Member Carla asked whether drafting and passing of the ordinance could occur commensurate with referral of the question to the ballot. Ms. Scott confirmed that passage of an ordinance could be made contingent on passage of the ballot question. The Task Force is free to make recommendations to Council, with the expectation that some details will be worked out at the Council level. There was discussion regarding challenges with text volume limitations in the ballot language combined with the need to provide certainty to the public regarding use of the tax revenue.

2a. REPLACEMENT TAX FOR THE EXPIRING 0.2 PERCENT PRESERVE SALES TAX

Cynthia Wenstrom, Task Force Chair, with the assistance of city staff, will present for discussion and possible action on a replacement tax for the 0.20% Preserve expiring in 2025, for the protection, preservation and maintenance of the city's parks, Preserve and open space.

Task Force Action: Information, discussion and possible action

Projections of expenditures for the five areas of unfunded needs studied by the Task Force and estimates of revenues at various tax rates were presented for discussion. Member Carla addressed the documentation on the history and background of the Task Force. She suggested that the language be revised to include: "To exclude public art and maintenance from consideration because there were options in the art budget to fund it." This provides the public with an explanation for why this category has not been included. Member Schweiker concurred with the suggestion.

Member Carla quoted from the proposed language, referenced the General Plan definitions of open space questioned the inclusion of "open space," and noted that WestWorld should be added. She further asked whether the inclusion of the word, "protection," pertains to police and fire and whether "maintenance," specifically addresses improvements or projects. Ms. Scott clarified that the language can be modified or rephrased as the Task Force sees fit. Staff will utilize the recommendations and any approved motions to begin to work on ballot language.

Member Carla provided suggested language for the motion. Further discussion ensued regarding percentages to be included. Member Hartmann commented that based upon the information presented to the Task Force, it appears that a 0.15 percent tax will cover current needs and projected needs and that this percentage be included in the motion, as well as language regarding the overall reduction of the City's sales tax rate from 1.75 to 1.70. Member Winkleman agreed.

MEMBER CARLA MOVED TO RECOMMEND THAT CITY COUNCIL APPROVE A REPLACEMENT TAX FOR THE EXPIRING 0.20% PRESERVE TAX. THE REPLACEMENT WOULD BE 0.15% SALES TAX RATE EFFECTIVE JULY 1, 2025 FOR 30 YEARS FOR THE PROTECTION, PRESERVATION, MAINTENANCE AND IMPROVEMENTS OF PARKS, PRESERVE AND PUBLIC OPEN SPACES, INCLUDING WESTWORLD, WHICH WOULD RESULT IN A REDUCTION OF THE CITY'S TOTAL SALES TAX RATE FROM 1.75% TO 1.70%. MEMBER ZIKIAS SECONDED THE MOTION, WHICH CARRIED 9-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, MCKEIGHAN, SCHWEIKER, WINKLEMAN AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

2b. UNFUNDED NEEDS TO BE FUNDED BY REPLACEMENT TAX

Cynthia Wenstrom, Task Force Chair, with the assistance of city staff, will present for discussion and possible action on the unfunded needs to be funded by the replacement tax for the expiring 0.20% Preserve tax.

Task Force Action: Information, discussion and possible action

Ms. Andrews clarified that the Permanent Base Adjustment will be presented to Council, who will make the ultimate determination on when and whether this will go to the voters.

Member Carla stated it should be clear in the language that any activities the Fire Department performs in the Preserve must be in line with Preserve management objectives. Chair Wenstrom noted that the existing language has been present throughout the existence of the Task Force and no issues of concern have been raised. Carla explained that more interest groups have seen it now. Ms. Scott noted that motions are typically fairly general, however, if this is an important point, these specific details can be included in a potential motion.

Kroy Ekblaw, Executive Assistant Strategic Projects, stated that there are two elements of the presentations provided to the Task Force that include funding for fire mitigation. One of these is included in the Preserve dollars (areas specifically within the Preserve). The terminology, “In and around the Preserve,” is consistent. The fire funding identified a number of items, including areas outside of the Preserve, including other open spaces. In regard to the staff report and specific to the fuel mitigation discussion, clarity can be added, such as, “Fuel mitigation consistent with the Preserve ordinance.”

Member Carla suggested that the WestWorld description should clarify that one-third of it consists of open space and that the Bureau of Reclamation (BOR) agreement that requires it to remain as open space. Chair Wenstrom stated that it will be up to the Task Force to determine the appropriate verbiage. Mr. Hartmann questioned whether the Task Force should be concerned with changing the introductory language. He referenced Mr. Ekblaw’s comments and added that fire fuel mitigation in and around the Preserve does not identify which entity will perform the work. It is known that the work is done by two separate entities, one in the Preserve and one around the Preserve. Introducing specific qualifications is unlikely to improve clarity and might, in fact, obscure clarity. Member Carla clarified that she is not seeking to include these in the motion. Ms. Scott surmised that Member Carla is requesting that staff consider these modifications when staff is at the point of presenting the Task Force recommendation to Council. Staff is happy to consider and revise suggested language.

MEMBER HARTMANN MOVED THAT THE TASK FORCE RECOMMEND THAT THE COUNCIL FUND THE FIVE AREAS OF UNFUNDED NEEDS FOR THE CITY’S PARKS, WHICH INCLUDES SPECIFIC UNFUNDED NEEDS FOR THE CITY’S INDIAN BEND WASH GREENBELT PARKS AND OTHER PARKS, SYSTEM-WIDE PARK MAINTENANCE, MCDOWELL SONORAN PRESERVE, POLICE PARK RANGERS AND FIRE FUEL MITIGATION IN AND AROUND THE PRESERVE, INCLUDING TECHNICAL RESCUE FOR THE PRESERVE AND OPEN SPACE, AS WELL AS FUNDING FOR CERTAIN IMPROVEMENTS AT WESTWORLD TO BE FUNDED BY THE REPLACEMENT TAX FOR THE EXPIRING 0.20% PRESERVE TAX. VICE CHAIR ZUBIA SECONDED THE MOTION.

Discussion:

Member Carla referenced previous discussions that indicated that if there are excess collections, these funds will go to parks for additional parks projects. She asked whether this should be addressed in the motion for it to be official. Ms. Scott stated that a friendly amendment could be added to include this to the motion. This will be addressed in the ordinance to be prepared for the allocation. Ms. Andrews suggested if desired by the Task Force, the motion language be modified as follows: “Task Force recommend that the Council fund the five areas of unfunded needs for the City Parks, which includes specific unfunded needs for the City’s Indian Bend Wash Green Belt Parks *and other parks...*”

Discussion ensued regarding the process for motion amendments.

MEMBER CARLA MOVED THAT AS SUGGESTED BY COUNCIL, “AND OTHER PARKS,” BE ADDED TO THE ORIGINAL MOTION. MEMBER SCHWEIKER SECONDED THE MOTION, WHICH CARRIED 9-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, MCKEIGHAN, SCHWEIKER, WINKLEMAN AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

The amendment having carried, the Task Force completed the vote on the original now amended motion:

MEMBER HARTMANN MOVED THAT THE TASK FORCE RECOMMEND THAT THE COUNCIL FUND THE FIVE AREAS OF UNFUNDED NEEDS FOR THE CITY’S PARKS, WHICH INCLUDES SPECIFIC UNFUNDED NEEDS FOR THE CITY’S INDIAN BEND WASH GREENBELT PARKS AND OTHER PARKS AND SYSTEM-WIDE PARK MAINTENANCE, MCDOWELL SONORAN PRESERVE, POLICE PARK RANGERS AND FIRE FUEL MITIGATION IN AND AROUND THE PRESERVE, INCLUDING TECHNICAL RESCUE FOR THE PRESERVE AND OPEN SPACE, AS WELL AS FUNDING FOR CERTAIN IMPROVEMENTS AT WESTWORLD TO BE FUNDED BY THE REPLACEMENT TAX FOR THE EXPIRING 0.20% PRESERVE TAX. VICE CHAIR ZUBIA SECONDED THE MOTION, WHICH CARRIED 9-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, MCKEIGHAN, SCHWEIKER, WINKLEMAN AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

2c. ALLOCATION OF REPLACEMENT TAX REVENUES FOR UNFUNDED NEEDS

Cynthia Wenstrom, Task Force Chair, with the assistance of city staff, will present for discussion and possible action on the allocation of revenues for the unfunded needs, including discussion of city ordinance or policy to effect the allocation of revenues.

Task Force Action: Information, discussion and possible action

Chair Wenstrom read the options as follows:

- A. Recommend that the Council appropriately allocate the subject tax revenues for Parks, Preserve and open space needs for the benefit of all areas of the City with an emphasis on restoring and updating aged parks and that the Council more specifically provide for the allocation of the subject tax as determined by a newly adopted City Ordinance, which should provide for the following:
 1. First allocation: Debt requirements for WestWorld and Park capital improvements
 2. Second allocation of the remaining tax revenues:

- 14 percent to Park maintenance
- 18 percent to Preserve
- 7 percent to Police
- 10 percent to Fire
- 51 percent to Park capital improvements

Member Carla requested that the motion include, “public,” before open space, to be consistent with the prior motion and questioned whether the verbiage, “including WestWorld,” is necessary. Chair Wenstrom read the revised language. Member Hartmann commented that mentioning WestWorld twice seems to imply that two different aspects of WestWorld funding are being allocated. They have already indicated debt requirements for WestWorld. Ms. Scott surmised that it is fine either way. These are recommendations to Council and are not set in stone.

Member McKeighan commented that during the last meeting, one of his concerns was public perception. In looking at the first allocation, it seems to imply that everything could go to park and WestWorld debt payments. He suggested clarifying language for the public’s understanding that 100 percent is not going to these areas.

Member Winkleman suggested the possibility of a “do not exceed” number, discussion followed. Member McKeighan suggested the following addition, “First Allocation: Approved Park and WestWorld debt payment and debt reserve needs *not to exceed 25 percent of gross revenues.*”

Chair Wenstrom asked members whether they were comfortable with the allocation percentages as listed. There was agreement.

VICE CHAIR ZUBIA MOVED THAT THE TASK FORCE RECOMMEND THAT COUNCIL APPROPRIATELY ALLOCATE THE SUBJECT TAX REVENUES FOR PARKS, PRESERVE AND PUBLIC OPEN SPACES, INCLUDING WESTWORLD NEEDS FOR THE BENEFIT OF ALL AREAS OF THE CITY WITH AN EMPHASIS ON RESTORING AND UPDATING AGED PARKS AND THAT THE COUNCIL MORE SPECIFICALLY PROVIDE FOR THE ALLOCATION OF THE SUBJECT TAX AS DETERMINED BY A NEWLY ADOPTED CITY ORDINANCE, WHICH SHOULD PROVIDE FOR THE FOLLOWING: FIRST ALLOCATION: APPROVE PARK AND WESTWORLD DEBT PAYMENT AND DEBT RESERVE NEEDS NOT TO EXCEED 25% OF REPLACEMENT TAX REVENUES; SECOND ALLOCATION OF THE REMAINING TAX REVENUES: 14% TO PARK MAINTENANCE; 18% TO PRESERVE MAINTENANCE AND PROTECTION; 7% TO POLICE PARK RANGER UNIT; 10% FOR FIRE FUEL MITIGATION AND TECHNICAL RESCUE TEAM; 51% TO PARK IMPROVEMENT NEEDS. MEMBER MCKEIGHAN SECONDED THE MOTION, WHICH CARRIED 9-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, MCKEIGHAN, SCHWEIKER, WINKLEMAN AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

2d. CONSIDERATIONS FOR A 0.15 PERCENT PRESERVE TAX EXPIRING IN 2034

Cynthia Wenstrom, Task Force Chair, with the assistance of city staff, will present for discussion and possible action on the Task Force’s recommendation to City Council on the 0.15% Preserve tax, which does not expire until 2034.

Task Force Action: Information, discussion and possible action

Chair Wenstrom read the item language: The 0.15 percent Preserve tax expiring in 2034 is currently restricted to land acquisition and capital improvements only and will not expire until June 30, 2034. Revenues from the 0.15 percent Preserve Tax are needed to provide for annual debt service payments on remaining Preserve debt through debt maturity in 2034. The remaining balance and surplus collections (balance after debt service payments, land acquisition and capital improvement expenditures) is currently projected to range from \$100 million to \$200 million (depending on future surplus collections and expenditure needs for land and capital improvements), when the 0.15 percent Preserve tax expires in 2034.

Options for Task Force action include:

- Recommend that; the Council take no current action on the 0.15 percent tax, which does not expire until 2034, because this tax is still needed; that the Council study the 0.15 percent tax annually to determine if the tax is still needed and; place this tax on a future ballot once it is no longer needed for Preserve improvements and land acquisition. As part of this process, the City Treasurer will provide an annual update to the City Council related to the 0.15 percent tax, which will include information on the fund balance and current and projected funding needs.
- Recommend a different action.

Member Carla noted the importance of including this in the presentation to Council, as so many Council Members have asked about it. She recommended the following wording change: “...determine if the tax is still needed for Preserve improvements and land acquisition, or if the debt service can be paid off early and this tax be placed on a future ballot to sunset early.”

Member Hartmann commented that the Treasurer provided the Task Force with information about the upcoming tax base adjustment that will go onto the ballot. It appears that there is an intent to constrain a future Council, which was not one of the charges of the Task Force. He is uncertain whether action needs to be taken beyond stating that the Task Force recommends that the 0.15 percent tax not be addressed, due to ballot constraints. Ms. Scott stated that while this does not appear to be a legal question, it does raise an excellent point. The motion can be modified to include more or less explanation as desired. Ms. Andrews stated that generally speaking, the current Council cannot take action to tie the hands of a future Council. Council will not be at liberty to act upon a recommendation to place a tax on a future ballot. Member Carla clarified that the language states that the Council will study the 0.15 percent tax annually to determine whether the additional suggested actions should take place.

Ben Lane, City Clerk, expressed concern regarding including the declaratory language of “be placed on a future ballot to sunset early” as it would limit the actions that future Councils could take.

Member McKeighan commented that Council has yet to decide what to do regarding the Permanent Base Adjustment ballot question, so at this time, this is an anticipated situation. He suggested limiting the language to: **RECOMMEND THAT COUNCIL TAKE NO CURRENT ACTION ON THE 0.15% TAX, WHICH IS NOT EXPIRING UNTIL 2034, BECAUSE OF ANTICIPATED BALLOT SPACE AND THAT THIS TAX IS STILL NEEDED.**

Ms. Andrews confirmed that the Permanent Base Adjustment has not yet been presented to Council. This Task Force does not need to take action on this motion at this time.

MEMBER SCHWEIKER MOVED TO TABLE THIS ITEM. VICE CHAIR ZUBIA SECONDED THE MOTION, WHICH CARRIED 9-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, MCKEIGHAN, SCHWEIKER, WINKLEMAN AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

Member Hartmann posed a suggested motion for upcoming discussion: Recommend that the Council take no current action on the 0.15 percent tax, which does not expire until 2034 and that the City Treasurer provide annual update to the City Council related to the 0.15 percent tax.

3. IDENTIFICATION OF ADDITIONAL TASK FORCE MEETING DATES AND OTHER KEY DATES

Cynthia Wenstrom, Task Force Chair, with the assistance of city staff, will consider additional meeting dates for Task Force business and City Council work studies.

- November 29, 2023
- December 18, 2023
- December –submit written report to Council with forthcoming recommendations
- January 17, 2024
- January 29, 2024
- February 27, 2024 Council work study start time at 4:00 p.m.

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

There was discussion regarding the upcoming meeting schedule.

4. 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:

- Review of draft ballot language proposed by Task Force Members
- Discussion on the differences between an ordinance and a financial policy

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

There were no items identified.

5. ADJOURNMENT

With no further business to discuss, being duly moved by Vice Chair Zubia and seconded by Member Winkleman, the meeting adjourned at 6:53 p.m.

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

NAYS: None

SUBMITTED BY:

eScribers, LLC