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CALL TO ORDER

[Time: 00:00:00]

Mayor Ortega: Hello, everyone. Welcome to the February 20, 2024, City Council Regular City Meeting. I call us to order. City Clerk Ben Lane, please conduct the roll call.

ROLL CALL

[Time: 00:00:15]

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

Mayor Ortega: Present.

Ben Lane: Vice Mayor Solange Whitehead.

Vice Mayor Whitehead: Here.

Ben Lane: Councilmembers Tammy Caputi.

Councilmember Caputi: Here.

Ben Lane: Tom Durham.

Councilmember Durham: Here.

Ben Lane: Barry Graham.

Councilmember Graham: Here.

Ben Lane: Betty Janik.

Councilwoman Janik: Here.

Ben Lane: And Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Ben Lane: Thank you. City Manager Jim Thompson.

Jim Thompson: Here.

City Clerk Ben Lane: City Attorney Sherry Scott.

City Attorney Sherry Scott: Here.

City Clerk Ben Lane: City Treasurer Sonia Andrews. And Acting City Auditor Lai Cluff.

Acting City Auditor Lai Cluff: Here.

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

Mayor Ortega: Very good. We have Scottsdale Police Sergeant Sean Ryan as well as Detective Dustin Patrick, and Fire Fighter Travis Radke if anyone needs assistance. Let's begin with the Pledge of Allegiance. I'll call on Vice Mayor Whitehead.

PLEDGE OF ALLEGIANCE

[Time: 00:01:00]

Vice Mayor Whitehead: 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'S REPORT

[Time: 00:01:32]

**FEBRUARY 20, 2024 REGULAR MEETING AND WORK STUDY SESSION
CLOSED CAPTION TRANSCRIPT**

Mayor Ortega: So, at this time, I do want to draw our attention to the wars in foreign countries, as well as our military personnel who are in harm's way. Last time we noted the loss of five American service people. So, we ask that we please join with me in a moment of silent reflection.

Thank you. Well, the Scottsdale Arabian Horse Show is under way at WestWorld, and it's an amazing opportunity to see the best-bred Arabians in the world. There are over 2,300 Arabian horses to enjoy here in Scottsdale. And on Saturday, spring training will begin. Of course, the San Francisco Giants are the home team for a month here in Scottsdale. So please be on the lookout for that.

PRESENTATION/INFORMATION UPDATE

[Time: 00:02:59]

At this point we'll have a presentation from Arizona Public Service with their peak solutions rebate, and the team representing Brian Biesemeyer, Water Resources Executive Director, and Tymothy Howitt, the Account Manager for APS. This is getting to be an annual recognition and we appreciate it.

Brian Biesemeyer: Thank you, Mayor. Brian Biesemeyer, Executive Director for Scottsdale Water, and it is my pleasure to be here to present you both with a large and large check, both in size and dollar value from APS through their Peak Solutions Program, which is a demand response program that APS put into play. And during very high usage times of the year, they call for voluntary shutdowns or voluntary reductions in power, and we are rewarded by the amount we are able to shed off our peak demand. I will let Matt Poole and Tymothy here talk to you about the part on APS's side and Peak Solutions, but we are very glad to get this check for the city.

Tymothy Howitt: Hello, everyone. Tymothy Howitt, with APS. First off, we would like to say thank you Mayor Ortega and your fellow Councilmembers for partnering with us on such a great program. I'm going to have Matt come up and give you some of the fun stuff, the numbers that go with it.

Matt Pool: Thank you, Tymothy. And thank you, Mayor Ortega, and esteemed City Councilmembers, thank you. My name is Matt Poole. I work for C Power, and we manager the APS Peak Solutions Program for APS. This is a no out of pocket cost program where we pay APS business customers to periodically reduce electrical usage in the summertime. We always ask how a customer wants to participate and then follow their lead. Ask them periodically during the summertime to reduce the electrical load. There were three times this summer that Scottsdale Water was asked to curtail electrical usage, and we are happy to deliver a check in the amount of \$168,000. I think that comes to 1.6 million.

Brian Biesemeyer: \$1.6 million over the time we have been involved.

Matt Pool: Scottsdale Water customer started back in 2010. One of the first ones to join, I'm happy to say we are going into the 14th year with a happy partnership. So, thank you, I appreciate it.

Mayor Ortega: Well, our rate payers appreciate that. As we continue with our budgeting and rate

discussion, rate discussion, why, this certainly is a big factor in, weighs heavily in smart decisions. It is possible during tonight's meeting that the Council may make a motion to recess into Executive Session to obtain legal advice on any applicable item which is 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 would resume following the Executive Session. Next per our Council Rules of Procedure, citizens attending City Council Meetings shall observe the same rules of order and decorum applicable to members of the Council, and city staff. Unauthorized remarks or demonstrations from the audience would just delay our meeting and are not permitted. Violations of these rules would result in, could result in removal from the meeting by security staff.

PUBLIC COMMENT

[Time: 00:08:02]

Our next portion of our meeting is a call to the public. Public comment is reserved for Scottsdale citizens, property owners, and Scottsdale businesses to comment on non-agendized items that are within the Council's jurisdiction. Advocacy for or against a candidate or ballot measure during the Council Meeting is not allowed pursuant to state law and is therefore not deemed to be within the Council's jurisdiction. No official Council action can be taken on public comments. And speakers are limited to three minutes to address the Council. If you wish to speak, some of you have already contacted the Clerk to my right, and you will be able to also check with the Clerk if you have a comment on agendized items.

At this point, we have requests from four individuals to come forward. So, I am opening public comment, and they are Hiram Champlin, and Bob Lettieri, and then followed by David Smith. So please come forward, state your place of residence, thank you and then, yes, to that podium to my left. Thank you. Welcome.

Hiram Champlin: Hi, my name is Hiram Champlin. And I would first like to thank you for the support, for the opportunity to speak about what may to be a great injustice. I live at, I own a home in Scottsdale House complex located at 4800 N. 68th Street. Scottsdale House is a condominium community of 263 homes located on 40 acres that was built in the 1960s. And I am on the board of our homeowner's association. In December of 2022, we reported a crime to your police department. The alleged crime was the theft of over \$1.6 million from our HOA by the general manager and the bookkeeper.

We completed the detailed embezzlement packet at the request of the detective and six subpoenas were issued to banks and credit card companies in April of last year. Since then, nothing has been done on the case from our perspective. We are told that one of the banks, Desert Credit Financial, Desert Financial Credit Union has not responded to the subpoena and that all we can do is wait. Even though it's been ten months since they received the subpoena. We filed an employee dishonesty claim at roughly the same time we filed the police report. We proved that claim and have collected over \$700,000 starting in February of last year. The insurance company did not dispute any of our claim. Our policy only went back two years, which prevented us from collecting more.

**FEBRUARY 20, 2024 REGULAR MEETING AND WORK STUDY SESSION
CLOSED CAPTION TRANSCRIPT**

My point is, that if we can prove our case in a matter of months to an insurance company, why is justice taking so long with the Scottsdale police? Let me be clear, I have nothing but admiration for Detective Steven Negron. But it is apparent that he has a work overload, and it is hurting our investigation. The purpose of my talk tonight is to respectfully ask the City Council to add more support to our case. It is not right that after 14 long months, the 500 plus victims of Scottsdale House, most of whom are elderly, are still waiting for justice with no end in sight. Thank you.

Mayor Ortega: Thank you. Next, we have Lizbeth Congiusti.

[Time: 00:12:15]

Lizbeth Congiusti: Congiusti. With justice. Honorable Mayor Ortega, City Councilmembers, and fellow citizens, thank you for the opportunity to make everyone aware of the recent debacle Pleasant Run experienced with the City of Scottsdale's Planning Department. As you can see, I'm a volunteer for the city, I'm a Scottsdale ambassador and have been a volunteer since 2006. But tonight, I'm here as a volunteer for the Pleasant Run Homeowner's Association. We are 195 town home community with a limited finite budget. In 2003, and like the previous gentleman, we have been around for quite a while. In 2003, one of our homeowners submitted to the Planning Department employee Jose Jesus Morello, a permit request. That permit request was denied.

After repeated e-mails, phone calls, and requests for additional information, which we received none of, and you have a packet there showing you more detail. It wasn't until we reached out to the Mayor that we finally got a meeting with the Planning Department. The meeting lasted 25 minutes, and the permit was approved with no additional changes to our previous process. But because we had to get our attorneys involved for review and zoning restriction review, it cost the community \$11,679. I'm here today as a volunteer for the Pleasant Run Homeowner's Association, to ask the city for some restitution via a credit towards our attorney's fees, or a credit towards our water bill, or even possibly some of that money you just got from APS. We are a community that has been in existence since the early 70's. Of our 195 homes, we have 180 patios. This is the first time we have run into a problem.

The city of Scottsdale's Planning Department goal is to make Scottsdale development process helpful, speedy, and smooth. Pleasant Run saw none of that. They weren't helpful, they weren't speedy, and it wasn't until five months later that we got that meeting with the Planning Department, and it's only, I believe, because we reached out to the Mayor and asked him to assist in facilitating that meeting. Any consideration you can give the Pleasant Run Homeowner's Community regarding this debacle is greatly appreciated. Thank you.

Mayor Ortega: Thank you. Next, we have Bob Lettieri, David Smith, and Mason Gates. Bob Lettieri. And then is David Smith here? Okay. Excuse me, sir. Are you? Are you Bob Lettieri?

Mason Gates: No, I'm Mason Gates.

Mayor Ortega: Well, we have David Smith coming up before you, sorry.

Mason Gates: Oh.

Mayor Ortega: Yes sir, so I meant to call them out in order, so that's how they would appear. I would also set a second call for Bob Lettieri if he's here, but he may be coming up later. So go ahead, David Smith, great to see you.

[Time: 00:16:30]

David Smith: Thank you, Mayor, and members of the Council, my name is David Smith. I'm here tonight to urge you to honor a promise that was made to citizens when they supported sales tax initiative almost 30 years ago. In the special election that we held on May 23 of 1995, voters were asked, and you remember this, to authorize a temporary 0.2% increase in our local sales tax rate to acquire preserve land. And in 1995, of course, nobody knew how long it might take to acquire preserve land, much less how much it might cost. And so, the voters were promised that the tax would remain in effect for 30 years or less. And that phraseology is in the ballot language, 30 years or less, it's in the descriptive title, and it's in the ballot that tells them what a yes vote would imply.

And then, of course, nine years later in 2004, voters were again asked to approve a temporary sales tax for the Preserve and this time it was 0.15%, both to buy land and to make improvements. Surely today we can conclude that the original mission to acquire preserve land has been accomplished. We enjoy a preserve of 30,500-acres, most of which was put into the Preserve ten years ago. And surely today we can also conclude the original mission to have the debt issued for this preserve land taken care of, that's been adequately provided for. And why do I say that?

This year's operating budget predicts that the Preserve Fund will have a balance of \$130 million of cash. And if we calculate that cash plus just two years of the 0.15 small preserve tax, that would completely repay all the debt that exists and, in fact, if we continue to calculate what that 0.15 preserve tax might accumulate to in the remaining life it has, the balance will grow to \$250 million by the time that tax expires and absolutely no debt. Our citizens were promised that the 0.2 tax was temporary. And more that, they were promised it was going to be for 30 years or less. We should celebrate the fact that the mission was met in less than 30 years, and I urge this Council to do what you have the sole authority to do, and that is stop the 0.2 preserve tax. Do it now and restore in the process the respect of our citizens for having honored a promise made to them many, many years ago. Thank you very much, Mr. Mayor.

Mayor Ortega: Thank you, sir. At this point we have, I'll just make another call for Bob Lettieri. So, I don't see him. Let's go to Mason Gates. Please state your place of residence and 3 minutes. Good to meet you.

Mason Gates: Hi there, my name is Mason Gates. I live off of 68th and Thomas. Good evening, Councilmembers and fellow residents of Scottsdale. I come to you today to voice my firm opposition to future nonsensical road diet propositions in the City of Scottsdale. As a resident of south Scottsdale located close to the intersection of Thomas and 68th, during my commutes both to and from work each day, I have the pleasure of witnessing unnecessary congestion on the newly renovated 68th Street

which costs Scottsdale taxpayers an estimated \$1.9 million. But it's not just me. After chatting with the owner of BEG Bakery, Rich Bonura, he stated he often sees buses, semi-trucks, and other vehicles parked in the bike lane that is intended for cyclists. This can pose a grave danger for cyclists who need to avoid parked vehicles by swerving into traffic lanes where drivers may not expect to see them.

When I asked Mr. Bonura his initial thoughts when the City Council approached him about this road diet idea, he stated he wasn't initially approached for preliminary conversations and that, quote, had he's not been vocal about it, then he would have been overlooked, end quote. He added, "The government is going to do what the government is going to do." Now, I don't know about the rest of you, but statements like that concern me immensely. As a small business owner myself, if I can't trust that my elected officials won't be consultative, why would I want to keep my business in the city? Moreover, it's crucial that we acknowledge the fact that according to a 2022 survey from Statistics Global Consumer Survey, 76% of American commuters use a personal vehicle to travel from home to work while on the 10% ride their bike and 11% rely on public transport.

This isn't merely an economic concern, it's a long-term logistical nightmare as well. If the same Councilmembers voting in favor of high-density developments are also prioritizing the reduction of traffic lanes, I have to ask what are we doing here? Unfortunately, the 68th Street project is just one of many symptoms of a 15-plus year activist campaign that is sought to impose road diets on Scottsdale's formerly highly efficient road network. The Council will quickly realize that they have made a significant mistake if they continue genuflecting to the loud demands of the bicycle lobby in exchange for the transportation needs of Scottsdale car drivers. It's high time that the Council starts focusing on common sense policy, rather than pushing random unwanted agendas onto the residents of this great city. Thank you.

[Time: 00:22:59]

Mayor Ortega: Thank you. We do have Mr. Bob Lettieri here. Hi, sir.

Bob Lettieri: May I?

Mayor Ortega: Yes, go ahead.

Bob Lettieri: My name is Bob Lettieri and I have lived in McCormick Ranch for 25 years. As I meet and speak with residents in McCormick Ranch and Scottsdale Ranch, I have heard them voice their concerns about the City Council's street reclassification also known as road diets. Eliminating car lanes in favor of bicycle lanes in their neighborhoods. So, to address the neighbor's demand that the City Council stop making traffic worse, I am presenting a citizens petition tonight signed by more than 200 neighbors. When Scottsdale residents are polled, they ask that their number one concern is traffic congestion, but the City continues to ignore them and fails to find solutions to the problem. City hall keeps making bad decisions that blight our town with plain Jane multi-story apartments that will further congest traffic on our streets. And to add insult to injury, the City Council has ignored road diets to remove car lanes and to add bicycle lanes. I'm afraid our quality of life is going to continue to deteriorate if the City doesn't

change their policy on road diets and find solutions to fix our traffic problems. We are requesting that the City Council consider our petition.

MINUTES

[Time: 00:25:11]

Mayor Ortega: Thank you, and we will address that later in our agenda. Good to meet you, sir. At this point, I will close public comment and next we have an Agenda Item 2, which is approval of the minutes. And I request a motion to approve the Special Meeting Minutes of January 23, 2024. Executive Session Minutes of January 23, 2024, Regular Meeting and Work Study Session Minutes of January 23, 2024. Do have a motion?

Councilwoman Janik: So moved.

Vice Mayor Whitehead: Second.

Mayor Ortega: Motion and second. And we will also be calling on Councilwoman Littlefield. Please record your vote.

Councilwoman Littlefield: Yes.

CONSENT AGENDA

[Time: 00:25:54]

Mayor Ortega: Thank you. We are unanimous. We will next move on to Consent Agenda Items 1 through 8. Please note that Item No. 4 was moved to the Regular Agenda and it will appear as Item 10A. At this point, we have the opportunity to open for comment to the public any items regarding the Consent Agenda. There are no requests to speak from the public. Therefore, I will close public comment on Consent Agenda Items. Next, we have Councilwoman Janik and then Vice Mayor Whitehead.

Councilwoman Janik: Thank you, Mayor. I have a question on Item No. 8 Monthly Financial Report, page 43. It is the Statement of Operations for December, six-month year to date, City of Scottsdale on the WestWorld. My first question, is it okay if I proceed? Sonia? My first question is operating transfer in, which is operating revenue at the bottom, and it's \$100,000, and I just kind of wanted you to explain to me what the transfer was and what it represented.

City Treasurer Sonia Andrews: Yes, Mayor, Councilmember Janik, Councilmembers, the \$100,000 transfer was budgeted as a transfer from the Tourism Development Fund. The 5% for destination marketing that the City has retained to contribute to WestWorld's marketing contract.

Councilwoman Janik: Then it was subsequently removed?

Sonia Andrews: That's right. What we decided to do, instead of transferring the tourism funds to WestWorld, which was to be a charge the Tourism Fund the 100,000 directly. So we can, it shows the expenditure in the Tourism Fund instead of showing the expenditure in the WestWorld Fund.

Councilwoman Janik: Okay. And then under contractual services, contractual workers, I see an 8%. It looks like it's a refund to expenses. Am I interpreting that correctly? The 8%, the \$8,329.

Sonia Andrews: Councilwoman Janik, that is a favorable budget variance that means we have to date spent less than what we had anticipated.

Councilwoman Janik: Okay. Do you think that will even out over time or do you think we are making progress on some of the savings for WestWorld?

Sonia Andrews: Councilwoman Janik, I believe that we will be at our budget for WestWorld.

Councilwoman Janik: Okay. And then, again, I think it's maintenance and equipment, rental and fleet, it looks like we have, we are 23,000 to our advantage. Is that just a timing difference again?

Sonia Andrews: Likely it's a timing difference, yes.

Councilwoman Janik: Okay. And then commodities and capital outlays, agriculture and horticulture and other supplies, 32%. Again, is that timing?

Sonia Andrews: Yes. To the extent that we are able to save funds, that would be great, but WestWorld is budgeted to, if you look at the previous page, WestWorld is budgeted to come in at an operating deficit of 553,000 for the year.

Councilwoman Janik: Okay.

[Time: 00:29:55]

Sonia Andrews: So, I wanted to make a comment on that. WestWorld currently has several debt issuances that were issued for land purchases for WestWorld. And because some of the land purchases were issued as tax exempt debt, I.R.S. does not allow it. The I.R.S. requirements for tax exempt debt, is that we cannot make a profit until the debt is paid off. We cannot make a profit on WestWorld until the debt is paid off. And the debt is scheduled to be paid off between 2031 and 2033. So right now, if you look at the WestWorld financials, the large negative operating is really the debt service. There's about 3-point something million in debt service that's causing the WestWorld revenues to not meet the total WestWorld expenditures. Now, also, keep in mind that WestWorld contributes over \$3 million in sales tax revenues to the city. That is not put into this fund to offset those expenses because we use those revenues in the General Fund.

Councilwoman Janik: Okay. That's very good information. I ask because I've had a couple of our citizens

question how the budgeting was going with WestWorld. But it seems like it's on an upward swing, that's good, thank you.

Sonia Andrews: Thank you.

Mayor Ortega: Thank you and Vice Mayor Whitehead.

[Time: 00:31:27]

Vice Mayor Whitehead: I want to thank Councilwoman Janik for bringing that up. That is something that it's so important for us to possibly put in a summary because we do get asked, and it's true the debt, once paid off, will make the venue much more positive in revenue flow. So, I just want to comment on Item 4, I think, nope, Item 3, the Quail Crest Estates Rezoning. I just want to thank the gentlemen that are here. And we get a lot of requests from residents to say no more development. Well as I often say, there's private property rights in the state, and that's a good thing. But I'm just really always impressed when we can negotiate with our developers to make sure that there's wildlife corridors, make sure there's trails, and make sure that the development we do have continues to make our community livable for people and for the wildlife, so thank you.

Mayor Ortega: I see no other requests to speak or comment from Council. Do I have a motion on agenda items?

Vice Mayor Whitehead: So moved.

Councilwoman Janik: Second.

Mayor Ortega: So, I hear a motion to approve Items 1 through 8, of course Item No. 4 is now on Regular Agenda. Please record your vote.

Councilwoman Littlefield: Yes.

Mayor Ortega: Thank you We have unanimous on Consent Agenda Items.

REGULAR AGENDA

[Time: 00:33:07]

Mayor Ortega: Next, we'll move to the Regular Agenda Items. And we have Items 9, 10, and 10a. And this case, also for Item 9, it will be the next one, it has to do with rescinding previously adopted resolutions related to funding to construct The Residence at Paiute. Our presenter is Judy Doyle, Community Services Assistant Executive Director.

REGULAR AGENDA – ITEM 9

[Time: 00:33:45]

Judy Doyle: Good evening, Mayor and Council. Thank you. Next slide, please. On September 19, you authorized resolutions related to the Paiute Community Center. First, a resolution to add funding to the Bond 2019 project to replace aging structures that comprise office space at the Paiute Center and a resolution to add up to 28 affordable housing units. Next slide, please. Specifically, Resolution No. 12928 fiscal year 23/24 transfer of 5.3 million from the General Plan initiatives designation to the Bond 2019 Project 25, replace aging buildings that comprise the Paiute Community Center. And Resolution No. 12913, which was an agreement with Maricopa County to receive 6.6 million of federal funds for the construction of affordable housing and bridge housing, which we were calling The Residence at Paiute. This then required a contingency transfer to ensure that we had the budget appropriation to spend the \$6.6 million of federal funding. The resolution also included a fiscal year 23/24 \$7.9 million general fund transfer from the General Plan initiatives designation to The Residence at Paiute capital project.

Unfortunately, Maricopa County did not schedule the approval of that contract with the city for the \$6.6 million in federal funding and advised us that the funds would not be made available to the city and instead would be reallocated to projects moving forward in the west valley. Without the \$6.6 million funding from the county, the project is not viable and will not be moving forward at this time. Therefore, we are requesting to rescind the two resolutions. I will note that while we are requesting to rescind Resolution No. 12928, which was the 5.3 million General Fund transfer to the Paiute bond project to cover the shortfall, we do still plan to move forward with the bond project. We are rescinding the resolution because we are moving the bond project back to its original timeline, which included design to begin in fiscal year 27/28 and the construction to begin in fiscal year 28/29.

We had moved up the timing of the bond funding, the bond project, because we had this opportunity with the county. By pushing the funding back to the original timeline, we don't want to tie up that 5.3 million of General Fund dollars for the 3 to 5 years. Before we are ready to begin the Paiute Project, we would bring forward to Council a request to cover that short fall. Next slide, please. You might also recall on September 19; you had approved a second resolution related to The Residence at Paiute. That resolution was for an agreement with Maricopa County for 1.8 million in funds from the Maricopa County Consortium, of that 1.2 million was going to be used for construction of The Residents at Paiute. That remaining 600,000 was going to be used for tenant based rental assistance program and a supportive services contract for those bridge housing units. Maricopa County did approve that \$1.8 million contract.

However, because The Residents at Paiute project will not be moving forward at this time, staff is currently considering alternative allowable uses for that funding. We plan to work with the County on a change to the scope of work. Once finalized we will bring forward to Council how we plan to use those funds, including rescinding this Resolution 12847. These funds do not need to be spent until September 30 of 2030, so we do have some time on that funding. Next slide, please. And that concludes the presentation for this item. You will find here on the slide the action that we are requesting of you this evening, rescinding those resolutions, and reversing those transfers, and with that, I am happy to answer any questions.

Mayor Ortega: Well, thank you very much. I do have one question from Councilwoman Janik, but I also have two requests to speak from the public. Do you want to go now, Councilwoman? Okay, yes. I would prefer to go with public comment. At this point we have Lee Kauftheil, and Neal Shearer and Judy can respond to perhaps questions as well and then come to us here. Thank you.

[Time: 00:39:16]

Lee Kauftheil: Hi, my name is Lee Kauftheil. I live at 78th and Miller on, sorry, Thomas and Miller. I just, when I was reviewing the agenda, I saw that there was a request to rescind the previous ones, and I was really excited about this project to begin with, I think I've come up here many times to talk about affordable housing and what the city can do about it. I know a few months ago, talked about another project that the city has been running to make housing more affordable for the citizens of the city. And so, I just wanted to come up here and say, if it sounds like this project is not being completely scrapped, but if there's anything else the city can do with the funds that are being rescinded, I would urge strongly that we look at some other way to help our citizens who need housing assistance. That's all I had to say, thank you.

Mayor Ortega: Thank you, sir. Next, we have Neal Shearer.

Neal Shearer: Good evening, Mayor and Councilmembers, I'm Neal Shearer, longtime Scottsdale resident. I'm also honored to chair the Human Services Commission and Scottsdale Housing Agency Governing Board. Although, I'm not speaking on behalf of those Boards tonight, I think it's a fair bet that they agree with my comments and perspectives. When I spoke to the City Council on September 19 in support of the Paiute projects, I noted that far more times than not, the city gets it right. When you're pursuing bold initiatives to improve our collective quality of life. And the City Council got it right when you took bold action on September 19 to move forward with The Residence at Paiute project to create 28 high quality affordable housing units that would be made available to Scottsdale seniors, Scottsdale disabled residents, and other Scottsdale residents who have fallen on hard times. It is very disappointing that the City Council is put in this position this evening to rescind funding resolutions.

But there's no need to dwell on why we are here. What's important is that The Residence at Paiute project was the right project, in the right location, in full alignment with the voter approved General Plan in September and it is still today. So please do not let this project die. You have an amazing staff. Take this opportunity to reevaluate, to be resourceful, to be creative as Scottsdale is, to downsize, if needed, and to consider other partnerships and funding approaches for keeping this project alive. I will help any way that I can, and I thank you again for your service to our community.

Mayor Ortega: Thank you. Next, I will go to Councilwoman Janik and then Councilmember Graham.

Councilwoman Janik: Thank you, Mayor. Lee, Neal, I totally agree with everything you said. What we were doing, there was a big need, it's unfortunate that hopefully it's just a delay and that we can continue in the future to accomplish the goals which is to help our homeless, perhaps to help with bridge housing, which is essential in keeping our families and people off the street, and do the best we

can to be good neighbors. Now, my question to you, Judy, is can we reapply for some of these funds in the future? What is the, can we do it next year? Do we have to wait a couple of years? Can you give me an idea what the path forward would be?

Judy Doyle: Mayor and members of Council, my team is always looking for grant opportunities with the county, with the state, federal funds. So yes, we will continue to pursue other funding sources to support, yeah, and an identified need in our community.

Councilwoman Janik: Thank you.

[Time: 00:43:44]

Mayor Ortega: Thank you, Councilmember Graham.

Councilmember Graham: Thank you, Mayor. Hi, Judy, good presentation. One of the public commenters mentioned that the loss of the project is a loss for Scottsdale residents, Scottsdale seniors. Part of the reason that I was opposed the project was because it wasn't dedicated to Scottsdale residents, it wasn't dedicated to Scottsdale seniors, it was open to anybody, even out of state. And I didn't like the strings attached from the Federal Government grant. And so, is that correct? There were open eligibility, is my memory correct?

Judy Doyle: Mayor and members of Council, well my recollection of September 19 is we were going to offer this program to seniors and disabled Scottsdale residents.

Councilmember Graham: Okay, I'm saying, did the contract limit to that or was that sort of a policy guideline that staff was going to pursue?

Judy Doyle: Mayor and members of the Council, I don't recall if the language was specifically in there. I do know that federal funds can only be used for U.S. citizens. They could not be applied to, say, Title 42 immigrants.

Councilmember Graham: Okay. You mentioned that the County just withdrew the 6.6 million. Did they expand on that or give you a reason, did they explain why?

Judy Doyle: Mayor and members of Council, unfortunately, no, they did not. The county did have the contract on their agenda for their September 27 meeting. It was rather last minute. The agenda item was pulled from their agenda, and we had waited to see if it would be put on future agendas, and it was not. We did receive word on January 26 from the County that the funds would not be given to the city, and instead would be reallocated to other projects moving forward in the west valley. And the county also asked us that we would come back to our Council and rescind the resolution.

Councilmember Graham: So, they told us a whole lot of what, but not a whole lot of why?

Judy Doyle: Mayor and members of the Council, yes.

Councilmember Graham: Okay. After we voted on the project, the Council there, the City put out a press release and the press release it was very specific about the Bond 2019 Bond Project 25, replacing Paiute buildings was separate project was separate funding from The Residence at Paiute, the 28-unit project. So that led me to believe that they were truly separate financially. So, in your presentation, you said that, you said that we moved the bond project forward because we had this opportunity with the county. And so considering the city said the projects were separate, what was the opportunity?

Judy Doyle: Mayor and members of the Council, the opportunity was the original concept of The Residence at Paiute, was going to have the bond project on the first floor, the 28 affordable housing units on the second floor, and again this was the original concept. We had thought this would offer an economy of scale allowing for savings with the project, only having one roof, for example. So, we saw it as an opportunity to save costs, but it was two distinct separate projects.

Councilmember Graham: So, when we voted on it in the Council meeting, was that vision still the second floor, was that still in place?

Judy Doyle: Mayor and members of Council, all of the material that had been submitted, yes, referred to a second-floor concept. However, it was just a concept. It was not something that, we would be coming back and having a very public process, and ultimately what we would have done.

Councilmember Graham: Okay. Okay, and then because the press release came out, I think one or two days after that. And so, at that point they said it's separate projects, separate funding, I guess maybe in that window of time there was a decision?

Judy Doyle: Mayor and members of Council, with that initial concept, it was still two separate projects. The first floor was the bond project, the second floor was the affordable housing. Two separate projects.

[Time: 00:48:14]

Councilmember Graham: Okay. Partners for Paiute, did they have any feedback about the rescission of the money?

Judy Doyle: Mayor and members of Council, Rachel Smetana, our Community Services Manager, did share that we were going to be requesting to rescind the resolution for The Residence at Paiute with the Executive Board. Rachel also plans to share tonight's results in her update with the entire Board later this week. But there were two comments that were made from the Executive Board. The first one, one Board Member asked if there were other opportunities, to which Rachel replied that not with this particular funding source, unfortunately the funding was reallocated. And then a second Executive Board Member did just express their disappointment.

Councilmember Graham: Did you get any feedback; I think there's a couple of schools on site that rent

facilities. Did that have any feedback for your staff?

Judy Doyle: Mayor and members of Council, I do not know but I would be happy to get back to you with that.

Councilmember Graham: Okay, I would be interested to know. Because it seems they have a longer runway between now and whenever construction was hypothetically scheduled. Judy, thank you very much.

Judy Doyle: My pleasure.

[Time: 00:49:31]

Mayor Ortega: Well, thank you, and I'll make a few comments here. You know, there isn't a day when someone mentions to me that housing affordability is a crisis, especially for seniors, veterans, whether it's in Scottsdale or any other place and any other city in the valley. In this case, the understanding was acceptance of over \$6.5 million, which would be distributed through the county. And we, at one point, looked at the business plan, which would have paid back into this reserve fund and which would have had a results conceptually of a housing approximately 28 seniors and veterans. And at some point, you have to recognize that Scottsdale is a major donor, a major donor to the federal level, state level, and certainly the county level. We are a high-performance city, we are a donor city, that means we get back less than what we pay in, and value and what our citizens would expect.

Any discussion about a hypothetical and concept, I think I made myself clear that night, that the concept could be a side by side, where an office building was here and there's a fewer wall between them and the second housing situation, I made that very clear as an architect that's certainly stacking bathrooms over offices wasn't a great idea. And that was, again, a concept when you really are required a fire wall between them, rather than a horizontal fire wall between office spaces. So, what's happened is I became aware that the county was dragging their feet, and this was, we looked into it at a staff level, and we even counter offered if there was some holdback as to how this could move forward so we could meet the need of our seniors and veteran population. We did not get any response; we did not get any response from Supervisor Thomas Galvin.

In fact, he blocked the funds, and Supervisor Galvin actually ghosted us, he did not respond, he did not represent the people of Scottsdale, and therefore, it was not agendized. Well, when other Council and Supervisors in the rest of the valley who have pending problems with senior housing and veteran housing and all that, saw the opportunity for an agendized item to sweep the money into their jurisdictions, that brought a lot of smiles and certainly the result was that Supervisor Galvin basically defunded this effort. He defunded the effort to provide housing that we were certainly due, that we could have represented, again, it wasn't an obstacle of whether one was stacked on top of another, those details would have been worked out, it was a question of whether or not they would be trenching one sewer line and one water line at a time, that would accommodate both projects. It would have been done and could have been done in a sensible manner, so that the operations would work.

Now, so the bad news, so the good news, I'll start with that, the good news is this Council is confronting the crisis, and we put money in our budget for two years in a row. It may be a public-private sector solution. We have had a series of people who have had successful affordable housing solutions come through my door and make proposals on properties and so forth, so there are other options. That's the good news. The bad news is, of course, the action tonight, the action tonight is to rescind the resolutions, which were, we got shorted on. We got shorted on and it's unfortunate when county officials or state officials become the problem or part of the problem, not part of the solution. These funds reduced the ability for us to act quickly, and we will continue in our efforts to make sure we have funds within our budget and means.

I don't know, Judy, that we need you up there but thank you for staying there. But the results today show that, in fact, I think reaffirm that this Council has budgeted and wants to do something that will necessitate action on our part. We can't turn our backs on seniors, we cannot ignore placing it on the agenda when the veterans, in many cases seniors who have downsized who grew up, raised their families here, and then downsized into apartments are getting shoved out basically without much notice. Essentially, great performing families have been coming to us and that's all of record. So, with that, I'm certainly ready, willing, and able to hear a motion on the agenda item as stated. I have one from Councilwoman Whitehead and then you're back, sorry.

[Time: 00:55:42]

Vice Mayor Whitehead: Yeah, you know, I agree with Councilman Graham, I wanted to have Scottsdale residents, but I think that not having a unanimous vote enabled the County to take our tax dollars, make no doubt about it, these were our tax dollars, and send them to the west valley. So now we are guaranteed that Scottsdale residents will not be helped. And we have got to stop playing politics instead of helping people. We know that the number one group that is falling into homelessness are our seniors, and I see this all the time in my volunteer work at Granite Reef Senior Center. So, I'm deeply disappointed that we lost this opportunity. I'm deeply disappointed with the county Board of Supervisors for giving Scottsdale tax dollars to other cities and leaving our seniors high and dry, especially when we have a Council that was committed to helping our senior citizens. I do, Councilman Graham, you mentioned strings attached, other than the Federal Government not allowing the city to house noncitizens, were there any other strings attached?

Councilmember Graham: Judy?

Vice Mayor Whitehead: No, it's fine Mary. Please come on up, thank you.

Mary Witkofski: Mayor, Councilmembers, there were strings attached. It had to be open housing to all, so we had to accept applications.

Vice Mayor Whitehead: That's what I thought. I have been in the real estate business for ten years, and so there's a federal law, the Fair Housing Act. And so, I think that is what prohibited us from saying, we only want these people, other than requiring that they be American citizens in this housing. So, when

this City Council has good ideas, we also have to fall within, those ideas have to meet state, federal, and city laws. And so, I think that was the limitation with the allowing only Scottsdale residents. So I just wanted to point that out, that this idea of strings attached is used often and usually means met the federal government wants to us have American-made products or it's usually for our own good. So, I just wanted to point out that that, I don't think that was the challenge. And we all wanted to help Scottsdale residents first.

So with that, I'm going to go ahead and make a motion on Item No. 9 to rescind previously adopted resolutions related to funding to construct The Residence at Paiute, request adopt Resolution No. 13052 to authorize the rescinding of previously adopted Resolution No. 12913. Number 2, fiscal year 23/24 return of \$6,570,000 of budget appropriation from the construct The Residence at Paiute capital project to the capital grant contingent budget. 3, a fiscal year 23/24 return of \$7,909,173 from the construct The Residence at Paiute capital project to the General Plan Initiatives Designation in the General Fund Operating Fund balance. Number 4, the rescinding of previously adopted Resolution 12928. Number 5, fiscal year 23/24 return of \$5,316,186 from the Bond 2019 Project 25, replace aging building that comprised Paiute Community Center to the General Plan Initiatives, designation in the General Fund Operating Fund balance.

Councilmember Durham: Second.

Mayor Ortega: Thank you, we have a motion and second. Would you like to speak to your second, Councilmember Graham?

Councilmember Graham: I didn't second it.

Mayor Ortega: Sorry, I just thought I'd ask for the second to speak to the second. So then, I have you Councilmember Graham, next.

[Time: 01:00:13]

Councilmember Durham: Sure. I 100% agree with what Councilmember Whitehead said, we have had this conversation before. If we don't want the strings, that's great, but if you don't want the strings, you don't get the cash. And as a result of rejecting that, you know, it's possible that we may have forfeited housing for people who need it, including seniors and veterans. So, I think there's a lesson that can be taken from this. Thank you.

Mayor Ortega: Thank you. Councilmember Graham.

Councilmember Graham: Thank you, Mayor. So, I'll just respond. The thing about strings attached is that you can't just dismiss that and say, "well, maybe theoretically it can do so some good. Hopefully it can do some good." Strings attached are strings attached. They decide for us. If we don't want the strings, we shouldn't take the money. So, you know, the reason why I talk about, when I asked about, Miss Doyle about eligibility and strings attached, is that there's a lot of rhetoric up here about not being able

to serve seniors and veterans, and that's just not, that's not the reality of the program. The program is open to anybody. It's absolutely open to anybody. And so, you know, is this just a theoretical because what they're saying is theoretical. It's not theoretical.

We have a precedence in our city right now. We have an 8-unit housing project on Bellevue just south of SkySong, we just talked about it a couple of meetings ago, a meeting or two ago, and the majority of people that have been housed in that, we had strings attached when we took that. That was built by county money, I think, through a conduit of circumstances. Strings were attached to that and the majority, 3/4 of tenants that have been served there were not from Scottsdale. Not from Scottsdale. So, we can look at the actual there, and we can project that out. I'm looking at the actual. And I'm also saying when we have the strings attached, we should think twice. We should look at them closely. We should ask questions and think critically. It's not some exercise about, "Well, hopefully this will help." So that is the point I was trying to make, those are the overarching message I was trying to make when I talked about that. Thank you, Mayor.

Mayor Ortega: Okay, thank you. And we are talking present tense. So, present tense is that we have a waiting list of over 400 City of Scottsdale residents and others that have these needs. And it's not, and if we build 20 units or 5 units, unless we build over 500 units, we are still going to have a documented waiting list. So, and I would remind everyone that once somebody moves to Scottsdale, they are our constituents. So, demonizing somebody that is fortunately, there's many people who can afford to build and buy multi-million-dollar homes here, there are other people that rent here. And all those are a full spectrum of people, real people, with real needs of housing. With that, I hear the motion and the second. And Councilmember Durham and then we'll take a vote. Excuse me, let me call on Councilwoman Littlefield, if you had a comment on this. Because she is remote, and I do need to give her an opportunity.

Councilwoman Littlefield: Thank you, Mayor. I really don't have a comment per se. I'm sorry that it's ending this way, but hopefully we can work on it and come back and make something happen that's better.

Mayor Ortega: Great, thank you. Councilmember Durham.

Councilmember Durham: Just to repeat, the only string here was that the residents had to be American citizens. And we may have lost \$6 million over the fear that someday, somewhere somebody won't, we don't like would have moved into this. And I also agree with what the Mayor said, The Residence at Bellevue, which Councilmember Graham referred to, some of them have lived there four or five years. If you've lived here four or five years, you're a Scottsdale resident. So, the notion that somebody can live here four or five years and not be a Scottsdale resident because they lived somewhere else is just absurd. And so once again, I repeat, I hope we learn a lesson from this tonight about strings and we are free to reject the strings, but that means we reject the money too, and that's money that all of you will have to make up for in one way or another. So, thank you.

[Time: 01:05:21]

Mayor Ortega: Thank you. We'll call, let's, please record your vote.

Councilwoman Littlefield: Yes.

Mayor Ortega: Okay, that's unanimous.

REGULAR AGENDA – ITEM 10

[Time: 01:05:40]

Mayor Ortega: Thank you, we'll move on to the next item, which is Item No. 10. Item 10 is a presentation of the consideration of Case 5, General Plan 2021 No. 2 and No. 1 Text Amendment 2021, Phase II review of Old Town Scottsdale Character Area Plan and Zoning Ordinance update. Adam Yaron presenting, thank you, sir.

Adam Yaron: Thank you, Mayor, members of the Council. Adam Yaron, City of Scottsdale Long Range Planning Department. My counterpart, if he's not already down here, he is in the back, Brad Carr with the City's Current Planning Department will be here to present 5-GP-2021#2 and 1-TA-2021 relating to the Old Town Scottsdale updates initiative. To provide some background and context as you're all familiar, City Council provided direction to review, conduct public outreach, and potentially bring update to the city's Old Town Character Area Plan, related sections of the city zoning ordinance that affect Downtown, address the Downtown Infill Incentive District and Plan, and finally, bring update to the Old Town Urban Design and Architectural Guidelines following the conclusion of the effort.

To provide timeline and background on the process, this effectively was started in June of 2021, with City Council's adoption of the community's General Plan. At which point Council provided initiation to this update process. Then in November of 2021, the city received ratification by its voters to the community's General Plan, which really started our public outreach process back in October of 2021. At that point, we went on a series of open houses both in person and virtually, as well as had a number of nonaction meetings and work study sessions with Planning Commission and City Council that brought us to the plan and updates that we are bringing to you this evening. City Council also took their first big step in this process with the repeal of Downtown Infill Incentive District and Plan in September of 2023. And then specifically focusing on our policy-oriented sections of this update process within the Character Area Plan adoption of the Phase I updates within the Character Area Plan in October of 2023.

Now throughout this process, we have had public notification in writing, we have had robust public outreach, and we have met with community groups along the way just to test every scenario that we have brought before Council for their review and consideration. And as I mentioned, we have had a number of steps and policies that have kind of interwoven throughout the process, but, again, it really is rooted in the General Plan adoption that took place in 2021. And as I stated, the Phase I updates that were adopted by Council in October of '23. Now tonight's updates that are going to be presented really focus on the Old Town Scottsdale Character Area Plan as a policy document and then those corresponding sections of our city zoning ordinance that affect portions of the Old Town area.

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Our outreach topics that were discussed with the public and again they're going to be discussed more in focus this evening, are those items that were directed by City Council, those are all presented on screen, available for folks that might be watching at home, but the ones that are really going to be discussed and implemented through this Phase II update are those highlighted in yellow, and we'll cover those in greater detail in the next series of slides. And similar to past discussions with the City Council, I'll take appropriate pauses along the way to answer any questions if necessary.

[Time: 01:09:55]

To start with development types, their designations, locations and transitions, Old Town Scottsdale Character Area Plan, a policy document has used development types to guide location and intensity of development, building height, and building transitions. This typology and how we apply these development types have been around since 1984 in the adoption of the original Downtown Plan. The Downtown Plan was, had its first major update in 2009 with the identification of the regional mixed-use area and downtown medical campus near the southeast corner of 2nd Street and Scottsdale Road. And then in 2018, we had another update to formalize the creation of a Type 3 area, as well as modify and expand upon the Type 3 area, and also, add in our Type 2.5 development type. Now throughout this public outreach process, what we heard was specifically focused around development type support to continue to use the development types to guide development in Old Town. Support to maintain the existing character of the downtown core and historic Old Town. And support for providing more sensitive building transitions between development types. Specifically for those building transitions adjacent to the Type 1 areas or those least intense areas of our Old Town area. Finally, there was support for Type 2.5 to be removed.

Now, with respect to these Development Types Map and the changes that are going to be considered by Council this evening, there's five keynote areas on this map, and I'll cover them each on the next series of slides. The first being the deletion of a Type 2.5 area. That is that portion of the property, of Old Town rather, at the northwest corner of Indian School and Goldwater Boulevard to be replaced with Type 2. It is important to note that there are no properties that have downtown Type 2.5 zoning. All of what's being proposed this evening is not changing anyone's specific entitlements. This as a policy document is guiding future development. The Keynote 2 area on the map is adding the notation of the historic Old Town boundary to the Development Types Maps. There's a corresponding connection to our zoning ordinance, where currently heights are treated differently within this portion of our Old Town area. We're just acknowledging some significance to this area on the Development Types Map so we can show that there is special consideration in this part of our Old Town area.

Keynote 3 is an area adjacent to the Arizona Canal being amended from Type 3 to Type 2. And you'll see on the top portion of the inset map on the left that this change is going back to what was put forward in 2009, which was, again, a change at that time to go from Type 1 to Type 2, so we are going back to Type 2 with this proposal. Finally, Keynote 4 is an amending Type 2 area at the southeast corner of Indian School and Scottsdale Roads to be Type 1 and to be incorporated within the historic Old Town boundary. And then, I'm sorry, finally, we're amending Type 1 area at the northwest corner of Indian School Road and Marshall Way to be Type 2 as per a previous case approved by City Council in 1993 as a

cleanup item to reflect existing conditions and entitlements afforded to that specific property.

Now, how we are managing these changes in the Character Area Plan and then the dovetailing, implementing portion of our zoning ordinance is that we're creating effectively two maps with this proposal within our policy document of the Old Town Character Area Plan. And within the zoning ordinance we're affording property zoned to the downtown district prior to the effective date of the updated changes being adopted, can elect to comply with either the Existing Development Types Map on the left, or the Future Downtown Development Types Map on the right within a specified time period within the ordinance. We have worked in a three-year time window in which developments that may have been in development and have yet to be submitted could seek submittal within a time period for them to have a determination made by City Council.

[Time: 01:14:26]

Again, parcels with downtown zoning in those areas that are proposed to be changed with this proposal are shown on the screen before you, and that Type 2.5 area notably, there are properties that are zoned Type 2, but not Type 2.5. And in that area on the top right portion of the screen is an area that's designated to change from Type 3 to Type 2 in an area where there are only a couple of properties that have Type 1 zoning and all the other properties are designated with, were the antiquated with the historical zoning districts of C2, historical only in name, not in actual designation, but aren't, as don't promote as much of an urban environment as a Downtown D District does.

And so, Mayor and City Council, we have just reviewed development types, their designations, locations, and transitions, deleting Type 2.5 and replacing it with Type 2, adding historic Old Town boundary to Development Types Map, amending Type 3 at the Arizona Canal to be Type 2, amending Type 2 at the southeast corner of Indian School and Scottsdale Road to Type 1, amending the Type 1 area of the northwest corner of Indian School and Marshal Way to be Type 2, and managing prospective amendments to preserve those property rights again as these changes are solely focused on the policy-oriented sections of our Character Area Plan. And again, are not changing anyone's entitlement with this proposal. Mayor and City Council, I'm happy to take a pause at this time to entertain any questions or comments otherwise I can move forward.

Mayor Ortega: Thank you. I see Vice Mayor Whitehead.

Vice Mayor Whitehead: I just want to say wow, this has been such a puzzle to put together. How do you amend this Downtown Character Area Plan that did have some pretty obvious flaws in it from 2018 in a way that protects private property rights and gives ample time for any property owner to speak up or take action? So, I've been really impressed with staff's ability to take an awful lot of stakeholder's interests and balance it. That's all, I don't have any questions.

Mayor Ortega: Thank you, Councilwoman Janik.

Councilwoman Janik: Thank you, Mayor. I just wanted to reference slide 13. The reason I wanted to

reference it was just to show that there were inconsistencies and that the way different areas had been designated adjacent to the canal. You can't do a proper transition when you're going from a 3 down to a 1. It just wasn't possible. And this goes back to what Councilwoman Solange Whitehead said, some of these things weren't doable and so we corrected some of these situations that became very ticklish. And I think you have done a wonderful job pulling together so many different opinions and so much data. So, thank you.

[Time: 01:17:34]

Mayor Ortega: Okay. I see myself and then Councilmember Graham. You know, one thing up to this point, which I do want to point out, is that there's been nearly 150,000 outreach contacts made in our community. They have spoken with the Board of Realtors, Chamber of Commerce, Scottsdale Leadership, Old Town Partnership, et cetera, so that is a very thorough vetting of this whole process. We started approximately 18 months ago, and this is the second part of this discussion, as we are moving forward. With that, I'll also mention that we don't have any requests to speak on this. So, there's no opposition that we see, and none appearing tonight. Councilmember Graham and then we'll continue with the next portion of your presentation.

Councilmember Graham: Thank you, Mayor. Adam good presentation. We have gone through this ad nauseum, no complaints, you've done a good job. What was the, just out of curiosity, what was the inception of the carveout, cutout 2.5 there?

Adam Yaron: Thank you, Councilmember Graham. Mayor, members of Council, in 2018, that designation was intended to try and promote redevelopment of an area in Old Town in which, since 2018, it's that designation we haven't received any proposals or Council hasn't approved any.

Councilmember Graham: I'm sure you protested at the time and now it's realizing your true vision, correct?

Adam Yaron: I'm sorry.

Councilmember Graham: I'm sure you protested it at the time and now realizing your true vision?

Adam Yaron: I wasn't part of the process of 2018.

Councilmember Graham: That was the last guy, right? Okay, very good. Thank you, Mayor.

Mayor Ortega: Yeah, I think it's, you know, very important to point out the positives of the process, and I, in reviewing the history of this original document, basically starting in January of 2018 and then becoming the new ordinance, the same year, six months later, was a very rushed aspect in my opinion, and certainly is being, let's say, right sized and corrected with almost three times more deliberation, which I think is very good, and I say that in a very positive way. Also, I like the idea of a 36-month transition period, which is just, again, an opportunity as any questions arise, as we move forward. So,

continue with the rest, please.

Adam Yaron: Thank you. Moving on to zoning ordinance base and bonus development standards, when we spoke and had outreach with the public concerning such, there was support for the existing base height maximums that we'll cover in the next series of slides. There was some support to maintain the existing bonus maximum height standards while others expressed that the current bonus maximum height standards are too tall for the community. So, what's proposed with these amendments is that we will be maintaining the base building height maximums afforded by one's entitlement and zoning ordinance, but with respect to amending maximum bonus building heights for prospective cases that are, again, predicated on the size of development that's brought before Planning Commission and Council to review and consider, is that for the top tier development size projects, designated Type 3 maximum building height is being reduced from 150 feet down to 115. For the mid-tier Type 3, it is being reduced from 120 feet down to 102.

And then for those Type 2.5 designated areas as top tier greater than 200,000 square feet in size or larger, it's being reduced from 120 down to 102. Now, as I previously discussed, there is a correlation between the Development Types Map and where height or bonus height could be achieved. And so, the slide is really intended to communicate where these amended prospective cases could be considered based on potential timing, as Mayor, you just made comment to. But again, these updates are anticipated to be prospective in order to preserve those existing property rights. We just covered the base and bonus development standards, Mayor and City Council, I'm happy to take another pause or I can move on as your direction.

[Time: 01:22:22]

Mayor Ortega: Okay. We have Councilmember Durham and then myself.

Councilmember Durham: Thank you, Mayor. I've reviewed the tape of the 2018 Council meeting, which established these bonus heights several times, and what the Mayor said about these being ill considered and without deliberation is entirely correct. I don't, the heights were adopted without much discussion or debate or what the purpose of the bonus heights was, and so I'm glad we are revisiting that. Sometimes people think compromise is a dirty word in politics. But I think that's what we have done with a huge amount of citizen input, has brought us to what is a much better spot, I think, than what was adopted in 2018. So very appreciative of both the process and the results that are coming before us today. Thank you.

Mayor Ortega: Okay. And I will add a comment here just, you know, generally speaking, in trying to simplify this a bit, you know, we are setting policy and reviewing and testing what perhaps was, well, what was approved in 2018, and there was some acrimony about heights and some things that were granted and such. But it's sort of like, you know, having like a speed limit. Say there's a speed limit of 60 miles per hour, and that's common, and then someone says, "Gee, let's make it 160 miles an hour." Now, that can cause a lot of acrimony, and someone might say "I have got a Porsche" or I have got a Lambo, and I can drive 200 miles an hour. Thank you, I want to be able to drive at least 160 miles." Well,

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it's not workable. And that's a good thing because we had the purview to just right size it. And I think it was tested in terms of not being agreeable with our Old Town, and as certainly the energy that we have seen in Old Town is attributed at every scale. It's not just because big money and big heights are coming to Scottsdale, it's the investments people are making in single stories and two-story projects that give us the character that we all appreciate.

The other improvement that we have since 2018 is we have a General Plan, and it has a statement about Old Town, it has a statement about having a legacy, and you can't rebuild 70 years of character, right? It certainly needs replacement here and there, but it continues to thrive. So that's why in speaking, I think, having this great conversation, even though there was quite a bit of turmoil and other things we don't want to go backwards, I'm just saying that then reevaluating and saying, x speed on this corridor or whatever is really where it should be. So that's why I think we have had this healthy conversation in a positive way. Councilwoman Caputi.

[Time: 01:25:43]

Councilwoman Caputi: Thank you, Mayor. Great presentation, Adam. We have seen this so many times. I can't imagine how many other times we have to see this., so we all have had a lot of time to give comments. We spent three years, as you pointed out, making these changes. We have had plenty of time to have our say. I just wanted to, I'm listening to the comments and the only thing I really want to say, I agree this was amazingly difficult. We had to land a plane taking into account all sorts of different private property rights, tweaking little things. I think I was making the note of 1 through 5, the different little things we have done, took a huge amount of change, sort of narrowed it down to not being, in my opinion, wildly impactful, just sort of correcting some of the things that didn't work.

But when we had our private meeting, I kept asking you, "Why were these changes made in 2018?" I can't, maybe it was in the moment, it seemed quick. I know Councilman Durham just said he watched the Council meeting and seemed like it happened on sort of without much thought. But I can't believe that the previous Council would have just said, "Let's just bring up the heights." And so, I asked you over and over why, what was their thinking? And I just, your answer was always because we had nothing coming at that point. We were scared, investment was slowing down, and we were trying our best to encourage redevelopment in our downtown. So for me, I just am a little bit leery about moving guardrails down too far so that, I would rather have all of the great projects come to us and we can always say, you know, the speed limit was too high on that. But I would rather have all the great projects, filter them out, and be able to be so picky like we are on this Council, rather than have people say, "I'm not going to bother because I'm being limited down now."

So, again, I just, I'm very nervous about decreasing flexibility. I'm comfortable with this because I know at the end of the day, this Council has the ability to say yes or no to anything that comes before us, but it does give me pause to put ourselves into a box where we are decreasing flexibility. I never want to decrease flexibility. I always want to see the best of the best projects, so I'm just a teeny bit hesitant. So far nothing here is alarming to me, so I'm ready to move on. Thank you.

Mayor Ortega: Councilwoman Janik and then continue with, oh, Councilwoman Janik and then Councilmember Graham.

Councilwoman Janik: Thank you, Mayor. I know that there's a lot of people that are fearful of the changes we are making, especially the development community, but I think what this does is it adds predictability and clarity to our policies. I think we have landed in a good spot because we have had so much advice from staff, they've listened to us, they've responded. Legal has done a great work. Planning has done great work as well. For the present we have the three-year window, we will listen to what people bring forward, what they have concerns. And then in the future, what we have done is we have indicated we do want to lessen some of the height and density. So I think that we are in a really good spot and I think that as we proceed, it will be a benefit to the developers to know where we are, why we are there, and where we want to be in the future, so thank you.

Mayor Ortega: Councilmember Graham.

[Time: 01:29:29]

Councilmember Graham: Thank you, Mayor. I just want to agree with the couple my colleagues. I thought that in 2018 I was on the Transportation Commission, so I was following Council closely and then I got on the Planning Commission in 2020, and we had to deal with some of this especially with some of the downtown zoning applications that we were dealing with. Plus, we redid some of the parking code there that really related a lot to downtown. And so, I looked at this very closely and the Downtown Character Plan was, it was breezed through. And it, I would say inattention, it was something that I think that the deliberation at that point was not what it deserved, and this Council is back filling a lot of that attention that it deserved, so I'll make that comment. Thank you, Mayor.

Mayor Ortega: Thank you. Continue, please.

Adam Yaron: Thank you. Mayor, members of Council, we'll move on to the consideration of development flexibility in the plan. The zoning ordinance and ultimately our urban design and architectural guidelines. With respect to the provision of development flexibility what we heard from the public was support for maintaining development flexibility provided within the Old Town Character Area Plan and zoning ordinance. Participants also expressed that noncontiguous parcels should not be considered for plan block development requests. And so, what's proposed is parcels within a proposed plan block development request must be contiguous. We have an example on the top right portion of the screen being one that is not contiguous, based on what's proposed and one on the bottom right portion of the screen that would be considered contiguous and adjacent right-of-way with an alley would be considered as contributing to the contiguity of parcels with what is proposed. We just covered what's being proposed in this provision of development flexibility. I'll take another pause, Mayor and members of Council, to entertain any commentary or I'm happy to move on at your direction.

Mayor Ortega: Thank you, I like what's happening so far. I just want to bring up another point. In some developments in Old Town, when you say noncontiguous, some of them that I saw, in particular

Southbridge 2 or whatever, not only was it not contiguous, it hopped from one block to another, but it didn't even have ownership, or even semi options on some of these properties. So, there's a little bit, there's a whole sale speculation that goes into some of these so called assemblages, and that's where fact has to be separated from speculation, that's just, you know, trying to garner the highest density and the highest height and all that stuff when there's really no direct ownership that starts to complicate things. I think this is moving in the right direction, but just makes sure that all of those parcels, you know, are looked at, the contiguous nature has to occur, but I'm also cautious about it. I know that projects can come forward when they're not even owned by the full developer, but they end up being part of the speculative deal. Councilmember Durham, Councilwoman Janik and then we'll move on. Thank you.

[Time: 01:33:03]

Councilmember Durham: Thank you, Mayor. On another project I did some research into what the definition of a PBD was or should be, and I totally agree with this new approach, I thought that the, the action of the prior, well, under the prior Council, this was allowed to classify as a PBD even though these projects are quite separated, as you can see from the map. And that was completely contrary to what my understanding of the PBD should be based on research I did. The PBD is really designed to master plan a certain plot of land or contiguous plots of land into kind of a master plan. When you have property scattered all over like this, that's just not the purpose of a PBD. So, I'm very happy about this change, thank you.

Mayor Ortega: And, you know, at this time, let me just call on Councilwoman Littlefield and then we will get to Councilwoman Janik. Councilwoman?

Councilwoman Littlefield: Yes, thank you, Mayor. I have read over this, and I totally approve of it. I think it takes a lot of the problems that were in the previous set of plans and removes them. This is, this is something that's needed to be done for quite a while, and I think it's going to make a much smoother and more complete downtown area that we can work with, and that will be better for all of our citizens. I like it very much and I think it's a very good deal, so I like this Character Area Plan.

Mayor Ortega: Thank you, Councilwoman Littlefield. Next, we go to Councilwoman Janik.

Councilwoman Janik: Thank you, Mayor. I want to really thank Councilmember Durham for his work on this. You looked at the map and blew the upper map and right away you said these parcels are not contiguous, and it seemed that had not been mentioned prior to what you said. And unfortunately, we were not on Council then. So, I also looked to see if you defined the word contiguous because I looked in Websters and a couple of different definitions. To me I thought it was properties that border each other. Other definitions were if points of the properties are kitty-corner from each other, I would ask if you could please define contiguous in the glossary. I think that's a key point here.

Adam Yaron: Thank you.

Councilwoman Janik: Thank you.

Mayor Ortega: Well, thank you and I think these illustrations also support the dialogue that the public saw. Next continue with the bonus provisions, I suppose or continue.

Adam Yaron: Thank you, Mayor. Moving on to ensuring that bonus provisions within the ordinance if maintained provide greater and better-defined public benefits. With respect to bonus provisions what we heard was support for public benefits to continue to use public benefits as a consideration of bonus development standards and flexibility, that would be, again, for amended development standards, additional FAR, density, or height. Participants favored public open space, major infrastructure improvements, pedestrian amenities. There was support for expanding the definition of public improvements within the zoning ordinance as well as adding new, a new list to the public benefits that would contribute to the provision of public safety in Old Town, renewable energy, and elevated quality design. What's proposed with this amendment is that for those PBD proposals that include requests for bonus development standards, again, additional height, FAR or density, there will be a requirement to provide public open space.

And again, it's predicated on the size of a development proposal whether it be 100 to 200,000 square feet in size would be required 2.5% of its overall site to be allocated towards public open space or those greater than 200,000 square feet or more in size be required to provide 5%. These public open space areas would provide public access to the public, but would be determined through development agreement between the property owner and the city, so as to not burden the city with long term maintenance on such areas. Additionally, with respect to the current bonus provisions that can be considered by City Council which are those eight items shown on the right-side portion of the screen, we are also right sizing our current public open space minimum requirement from, will be reduced from 18,000 square feet to 10,000 square feet in size. Again, when considering the fragmentation and size of overall parcels within our Old Town area, we have yet to have a proposal that utilizes such bonus provision, and we feel that we are right sizing this space so that it can be used and considered over time.

So with respect to open space with what we have just covered, we've talked about when we'll require open spaces within our Old Town area for those applications that seek bonus requests, predicated on the size of development and then we'll, we have discussed adjusting the minimum requirement for excess open space within those bonus requests to be used for an offset to public benefit for those bonus provisions. We have just reviewed ensuring bonus provisions within the ordinance if maintained would provide those greater and better-defined public benefits. Mayor and City Council, happy to take another pause at this time.

[Time: 01:39:11]

Mayor Ortega: Vice Mayor Whitehead.

Councilmember Whitehead: I would like to thank Councilwoman Janik and Councilman Durham. They took on that contiguous problem, so I do want to thank them. Also, I think all of us, I also I was at the

meeting and I watched the 2018 meeting, I think it's the most watched meeting in the history of Scottsdale. Over and over again, the people on the Council said that this is a height for open space trade, and they did not deliver because they didn't require open space, and that's how we got projects like Southbridge 2, which when I asked is there any open space, the response was that's not required and clearly that was a monster project. So, this is a fix that I think is just crucial. I always point to the Waterfront, that was our first height for open space trade, and it has made our downtown so incredibly valuable. So, I just want to thank staff and all of my colleagues up here for helping to ensure that in fact if we say we are going to do a height for open space trade, we are actually going to require open space, public open space.

Mayor Ortega: Thank you. Let's see, I have a comment, and then Councilmember Durham. It's kind of a refinement, but I think it's very important one that may follow with the ordinance adoption at some point. And that is the bonus does provide flexibility and we can agree with that. The problem that I have is one of the bonuses on height is basically a fee paid for the whole project, I don't think that is correct. I think if there are buildings towards the edges, so in other words, I believe it should be a bonus and that incentive should be per building or that cost per building because, as you get closer to a transition period, point, with another type, then, and if it's prudent to allow that one height at that level, great, but if it can step down, and if it's paid per building and not just for the whole project.

So, I noticed that in several of the cases where the height allowance was just spread over the whole site, even though there may be multiple buildings, when in fact that refinement, I think, could be considered. It still allows flexibility inward as you're inside of a Type 3 or whatever, but paying whatever it was, x dollars per foot, I think it was 13,000 or whatever, was very minimal to get height bonus on multiple buildings. That's just one of the refinement points that I agree that the open space is very good and valuable, and adjusting it downward from 18,000 down to 10 is a nice, is suitable in this case because it recognizes the conditions out there. Councilmember Durham and then we'll continue with the program.

Councilmember Durham: Thank you, Mayor. One of the projects that came before the Council before I was on the Council, the developer offered a public benefit which was prettier trash cans. And I always thought that this is Scottsdale, we should have pretty trash cans, as a given. It shouldn't be a benefit that you get extra height for. So, the clause for major infrastructure improvements, I think, would cover that. You know, pretty trash cans aren't going to be enough anymore under these bonus provisions, as I view it. It needs to be something more substantial than that.

Mayor Ortega: Okay, well I see no other questions, let's continue and as we move forward with Item No. 10. Go ahead.

[Time: 01:43:37]

Adam Yaron: Thank you. Mayor, members of the City Council, just to bring to your attention, some of the recommendations that were brought forward from the January 24 meeting of Planning Commission, in which there was a recommended approval 6-1, there was to be some very specific recommendations, which weren't as part of their approval, but were included in your agenda packet that I just want to

address, not only for you, but for the record. And that was to include language within the ordinance that sunsets the Type 2.5 development type within the Downtown D Zoning District after the established time period for City Council to make a determination has expired. They requested that we establish additional standards to qualify properties as contiguous in the application of the planned block development overlay district.

And to that point, if I may just ask that the Elmo be used for just a moment. I hope this may address Councilwoman Janik, your question, which within the ordinance, excuse me, within the ordinance, that could be zoomed in. We have defined those qualifying parcels and I'll just read it if you may not be able to see it, is that for development projects with multiple parcels such parcels must be contiguous and under single ownership or control to meet the gross lot minimum adjacent right-of-way and alleys will be considered as contributing to the contiguity of parcels. Parcels with offset boundaries must have a minimum of 20 linear feet of adjacent boundary to be considered as contributing to the contiguity of the gross lot minimum size. If you have any questions on that point, happy to address it, but just wanted to make sure that satisfied what you're looking for.

Councilwoman Janik: You know, I don't want to add more to this presentation, but if you could go back to your example of contiguous and noncontiguous, which is slide 26. And this is what I understand you would be saying, referring to the upper diagram in blue, that that parcel that is very irregular shape between Camelback and Shuman Lane on the left side of the slide, that could not be included in the calculation of square footage for bonuses, is that correct?

Adam Yaron: If that, if the property at Camelback and Shuman met the minimum size by itself, it could be used as a single parcel that would request bonuses. If this application needed to depend on those properties that are not at Camelback and Shuman also shown in blue on the screen, based on what we have written within the zoning ordinance amendment, we could not repeat a similar application.

Councilwoman Janik: That's what I thought. So that lower rectangle off of Stetson, south of Stetson, you could not add that to your application?

Adam Yaron: Correct.

Councilwoman Janik: Thank you.

Mayor Ortega: Thank you, I see Vice Mayor Whitehead, then Councilwoman Caputi.

[Time: 01:46:58]

Councilmember Whitehead: Thank you, Mayor. I want to make a motion on Item No. 10 Old Town Scottsdale Character Area Plan Phase II and the Downtown and Planned Block Development Zoning Districts updates 5-GP-2021 No. 2 and 1-TA-2021. I request that we adopt Resolution No. 13008, authorizing a minor amendment to the Scottsdale General Plan 2035 by amending and updating the Old Town Character Area Plan. Number two to adopt Ordinance No. 4629 amending the City of Scottsdale Zoning Ordinance for the purpose of amending section 5.3, section 6.1, section 6.1300, section 7.12, and

other applicable sections of the zoning ordinance to prospectively update specific names, definitions, district size requirements, subdistricts, use regulations, development types, development plan requirements, property development standards, the ability to grant discretionary bonus provisions and/or bonus development standards and related citywide requirements as provided in Case No. 1-TA-2021. And number 3 adopt Resolution No. 13058 declaring the document entitled Old Town Zoning Districts Text Amendment to be public record.

Mayor Ortega: Second. And I'll just speak to my second. Also thanking staff and all the participants, everything is of record. And it's a trip to get here and it's a trip to enjoy Scottsdale that we know and love, and I think it's a tribute to everyone who's studied and participated. Councilwoman Caputi and then we'll have a vote.

[Time: 01:48:51]

Councilwoman Caputi: Again, in general, I think we have done a really good job. Of course, making an area designated as historic Old Town, we have wanted and needed to do that. Again, I really don't have any major objections to the slide, that just described the little highlight with the contiguous, you don't necessarily have to bring it back up, but we are talking about how many folks would even. I mean, so hard to qualify for that. It's written so carefully now, you're probably talking about less than a handful of projects that would ever fall into that category. Right?

Adam Yaron: Councilwoman Caputi, it's a fluid, it's fluid and it would be based on ownership or control. And so the intent was to, as Councilmember Durham remarked upon, it's really to make use of the purpose of the plan block development district. So, making sure that those properties are close together and master planned.

Councilwoman Caputi: Right. Which makes a lot of sense. Again, it's not going to impact a whole lot of different developments, and 2.5 getting rid of that, as you pointed out, no one has ever used 2.5. So, great, it doesn't impact anything, so again, it's not a big deal. The slide you had up talking about no one has ever taken advantage of our offer to put in that extra amount of open space for, right, trading off for more open space. So, we're going to lower it down to see if we can't get someone to bite. So again, I just want to point out that the original intent was to make sure that we had good projects. That we had the ability to be flexible. That we encouraged redevelopment and development in our downtown area. It didn't necessarily, some of the things they suggested didn't necessarily work. We are in great place right now and the economy is in a good spot at the moment. Again, let's make sure that we're not short sighted. We might want more tools in our toolbox at some point in the future, but nothing in here really makes a huge amount of change and so I'm comfortable agreeing with the motion. Thank you.

Mayor Ortega: Okay. And I did hear an affirmation from Councilwoman Littlefield. Anything to add and then I go to Vice Mayor Whitehead, and we'll vote.

Councilwoman Littlefield: No. Thank you, Mayor, I think this fixes a lot of the problems that were embedded in the current plan, and I that this is a big upside to what we can do with our downtown. So,

thank you.

[Time: 01:51:31]

Mayor Ortega: Thank you. Vice Mayor Whitehead.

Vice Mayor Whitehead: One little correction for Councilwoman Caputi. I just want everybody to make sure that I personally and a lot of my colleagues were not waiting for developers to come and offer open space. We have been negotiating it for the last five years, and we have had great success. Museum Square is one project that has 30% of the total land as open space because of negotiations from Council. So, thank you, and I think we are ready to vote.

Mayor Ortega: Thank you. We have a motion and second, please record your vote. Councilwoman Littlefield. I heard her say yes.

Councilwoman Littlefield: Yes.

Mayor Ortega: Thank you, we are unanimous, and we will move on to Item 10A in our regular agenda.

REGULAR AGENDA – ITEM 10A

[Time: 01:52:45]

Alison Tymkiw: Hi. Good evening, Alison Tymkiw, City Engineer. The item you have before you, Item 10A, is the Gravity Sewer Tournament Players Club (TPC) Golf Course to North Pumpback Station, Project Construction Phase Contract Amendment. Okay, so this action is actually in two parts. The first purpose of the action is to authorize the second guaranteed maximum price, GMP2 for construction phase services of the first segment of the gravity sewer TPC Golf Course to north pumpback station. The second purpose of the action is to request fiscal year 2023-2024 budget transfers of up to 25 million to the Greenway Hayden Loop Sewer Improvement Capital Improvement Project. So, if you recall, on December 4 of 2023, Council approved the construction manager at risk construction phase services with Achen-Gardner Construction, and that was for purchasing of the long lead materials, namely the pipe for the project.

This award is for the construction manager at risk construction phase services contract modification with Achen-Gardner in the amount of \$18,301,994 for GMP No. 2. And that's for the construction of the sewer line. And then the third GMP will be presented to Council later in 2024 to complete the pipeline into the north pumpback station. Okay, on this map, if you look on the lower right-hand corner where it's that lime green colored line, that is the location of this construction, and it's going across the TPC. It will go from Hayden Road until just about the Pima Frontage Road, it's about 4500 linear feet of pipe in that area. And then again, mentioned previously, the third GMP will be that short red section that's on the lower right-hand corner of this map and that will bring it north to south into the existing pumpback station. And then with that, I'll turn it over to Brian Biesemeyer who will present the budget transfers.

Brian Biesemeyer: Thank you, Alison. Brian Biesemeyer, Executive Director for Scottsdale Water. And as you know, the City Engineer and CPM group, they construct our projects, but obviously the budget comes out of Scottsdale Water. So, the original budget was set with the 2021 Infrastructure Improvement Plan and that's a plan for development that is used to set our impact fees. The budget was based on 2019/2020 estimated project costs and dollars. We have seen accelerated inflation. There is also a large increase in the size due to the development in the area of this particular pipeline. I showed this last year when we talked about budgets just to kind of emphasize what's happened with construction CPI and how much construction costs have increased. Just a little reminder of the inflation that we have seen in construction.

[Time: 01:56:37]

In addition to that inflation, there has been a higher density in the area which caused us to increase the size of the pipeline. Not only increase the size of the pipeline, originally, we were going to take a 24-inch pipeline and just replace it with a 36. Now we are using that 24-inch and we are introducing a brand new 36 on top of that, so it's significant more cost. And there's complexities of going through the berm on Pima Road that's next to TPC, which is a Bureau of Reclamation berm. And it's a dam basically and there's some complexities that we are basically going to have to jack and bore underneath that to ensure that we can get the sewer line in there. So, for those reasons, we have seen the budget go from originally planned \$6 million to close to \$31 million.

So how are we planning on getting there? Well, we have several projects we would like to just close out, which you see on the left. And then we have one, the Rio Verde 128th Street transmission main that we would like to transfer the, basically we are going to transfer the budget approval and then we'll reestablish that authority next year as I come to you with the CIP budget later this year. And the net would be 0. The plan for this was originally development fee project with getting the funds back from development that occurs. To ensure that development pays for this, there will be additional paybacks set for development as it comes into the area. So as development occurs, this cost addition or this delta, this change in costs, will be transferred to those developments on a per capacity basis. So, as each development comes out, there will be additional sewer charges placed on that development as it goes into the area, and that's the way we plan to pay back this increased cost over time. So, with that recommendation to Council is to authorize Resolution 13040. Pending your questions, that concludes my briefing.

Mayor Ortega: Yes, I see Councilmember Durham and Councilwoman Janik and I'm just going to point out I don't see any requests for the public to speak. So I'll be closing public testimony on this matter. But Councilmember Durham and Councilwoman Janik.

Councilmember Durham: Thank you, Mayor. On the slide number 9, the transfer impacts, all of the amount of shown as negative, what does that mean? Does that mean we are not going to build or fund the various things that are listed there?

Brian Biesemeyer: All those listed there, except for the new pumpback station, all those projects we can

close out, they have been accomplished and we don't need that funding. The first one is the new pumpback and we are wishing to close that out as we reevaluate the need for an additional pump, sewage pumpback station in lieu of the City of Phoenix's plan for their direct potable reuse and their ability to get us water back. So, we would like to pause that, take the funding away from that, pause that until we can correctly analyze what the City of Phoenix is planning with their new facility and what potential water we can get back from that.

Councilmember Durham: But at some point, does that imply we would need that money again, depending on what happens in the future with Phoenix?

Brian Biesemeyer: We may, I just don't know the timing of that and instead we would just like to pull that over now and we would reestablish that funding, obviously, we would have to get Council approval to reestablish funding for something either that or contributions to the City of Phoenix plan.

Councilmember Durham: But the others that are shown here, are the situations where the project has been closed out and we have surplus money remaining from the project?

Brian Biesemeyer: That's correct.

Councilmember Durham: Could you just show us on the map exactly how this is going to work and what's going on here, where the flows are going? I guess we are voting on the green piece tonight, but I?

Brian Biesemeyer: This is the green, the other segments are being currently constructed as part of the Optima development. So those orange phases are currently being under construction. This piece here is the green as Alison pointed out, this is the green leg and the red leg. So, this is starting on the far side of, on the west side of Hayden and then proceeding all the way through the TPC to the Pima Road, the 101 Access Road and then down towards the north pumpback station which shown in white at the bottom right corner of the map.

Councilmember Durham: Okay. And then from there it goes down to?

Brian Biesemeyer: From there it's pumped up to our water campus. That station was originally constructed with the capacity to take all these flows, designed with extra capacity and this is just getting those sewage flows there and back to our water.

Councilmember Durham: Up to the water plan, okay, all right. Thank you.

[Time: 02:02:32]

Mayor Ortega: Councilwoman Janik.

Councilwoman Janik: Thank you, Mayor. For the most part, I had the same exact question that Councilmember Durham did. But I'm going to ask you to go back over slide 9 again. So \$25 million is the

adjustment. We need that money to pay for this project. The new pumpback that's 6 million, we are getting that back, the project is done, we are happy with it.

Brian Biesemeyer: No, that's the one project that has not been done.

Councilwoman Janik: Okay.

Brian Biesemeyer: But that's the project we would like to pause. We think we can take it off our books now because if the City of Phoenix direct potable reuse project proceeds forward, and we are in discussions with them, that would alleviate the need to build that pumpback as well as the intense amount of road disruption and pipeline coming back north from center part of Scottsdale. So it alleviate that need, that \$6 million was purely just for the land and preliminary design of a large pumpback station, which we'd like to pause and we think there's other alternatives right now instead of that.

Councilwoman Janik: Okay. And then the next one, 3,267,000, that is a project that then is completed, and the money is there?

Brian Biesemeyer: That is correct.

Councilwoman Janik: And then the on after that, the East Dynamite Area Transmission, same thing.

Brian Biesemeyer: Correct.

Councilwoman Janik: And State Land Near Legend Trails.

Brian Biesemeyer: State Land at Legend Trails, I've got Gina or Scott Mars. Is Scott still here?

Councilwoman Janik: I mean, no offense, but I don't want us to be kicking the can down the road looking at the numbers and saying this is great. But then a year or two it comes back and probably more expensive.

Brian Biesemeyer: I'm going to have Scott give you the detailed answer on that one.

[Time: 02:04:29]

Scott Mars: I'm Scott Mars, Water Resource Engineer. The project you're talking about is being deferred, it is not completed. We plan to establish that budget and funding down about five to seven years from now.

Councilwoman Janik: Okay. So, five to seven years in the future, there may be a need, but right now, we can, there is, the need does not exist right now?

Scott Mars: Councilwoman Janik, that's correct. The development and growth has not hit that particular

parcel of state land, thus the infrastructure is not needed for many years in the future, we project.

Councilwoman Janik: Okay. And then the Rio Verde 128th Street transmission, that one is going to go to the next year's budget? That's what you are saying there?

Scott Mars: Councilwoman Janik, that project is partially built by a developer, which we are going to reimburse, but the majority of that project is, again, out into the future because development hasn't yet required the need for that infrastructure.

Councilwoman Janik: And when do you anticipate that there will be a need for that infrastructure?

Scott Mars: When would we need it?

Councilwoman Janik: When do you anticipate? Yeah.

Scott Mars: Right now, Preserve Ranch is the only development that's out in that area. That is building part of the infrastructure, a small segment of the water line. Other developers that might come in for residential housing would be the next need. Our best guess on when that might be would be three to seven years.

Councilwoman Janik: Okay, all right, thank you.

[Time: 02:06:00]

Mayor Ortega: Thank you. I want to point out a couple of things. First of all, that these improvements, of course, water goes with the sewer, and water in and recapturing the recycling water is very essential. I do want to point out that although these state lands which are in our city limits, they are providing planning, so we excavate the road once. We don't have to re-dig, upsize put another pipe in, as projects come forward. These are planned areas with assets and water and sewer that we expect. I do want to point out that none of the improvements which our rate payers are looking at involve any land in on the Phoenix side of Scottsdale Road. And I say that because there have been some questions coming to me about the possibility of a hockey arena and another fashion square size project on the west side of Scottsdale Road, there is no infrastructure on the west side of Scottsdale Road.

And we have no responsibility or obligation for that area, nor do we in the county areas towards Rio Verde. And as projects come online, they start paying back these fees, as soon as they get an occupancy permit, then they're flushing toilets and using water and we are ready for them. With that I would move to adopt Resolution No. 13040 authorizing first of all, CMR, construction manager at risk construction phase service contract, 2023-201-COS-A1 with Achen Gardner contracting amount of 18,301,994 to provide phase two construction services as stated. The second item for FY 2023-24 capital improvement plan CIP budget transfers up to \$25 million for the Rio Verde 128th Street Transmission Mains as stated in our packet. And all these to be funded by sewer rates.

Vice Mayor Whitehead: Second.

Mayor Ortega: Thank you, we have a motion and second. Do you want to speak to your second Vice Mayor?

Vice Mayor Whitehead: Just a quick question. The pumpback, was that to get our wastewater from Indian Bend? Is that the pump back?

Brian Biesemeyer: Vice Mayor, yes, that is correct.

Vice Mayor Whitehead: Okay, thank you.

Mayor Ortega: We have a motion and a second, we have comment from Councilmember Graham and then Councilwoman Caputi.

[Time: 02:08:52]

Councilmember Graham: Thanks, Brian for your presentation. I'll be a little more critical here. The 423% cost overrun, and we are seeing reason for cost increase is budget accelerated inflation, increased size of sewer due to development demand. It was put together just a few short years ago, and the numbers in the construction inflation is 7%, 30%, 18%, but it's not 400%. Can you say just a little more about some of those increases? Because it's just not adding up to me.

Brian Biesemeyer: Councilmember Graham, yes, it's obviously not just an upsizing of a single sewer, it's now building a parallel sewer through that entire area. So yeah, it's a tremendous upsizing in that in that sewer. So, it's not just the inflation, basically building that project plus a new project of equivalent size through that. It's really the upsizing of it.

Councilmember Graham: Okay. And was that decision made in 2021 about we were just going to replace it and then we were going to add a second one? When was that decision made, was that in 2021?

Brian Biesemeyer: That was made, that would have been made in planning probably post 2021.

Councilmember Graham: Okay. And do you have any idea why the judgment between, what changed between at that point and now about adding a second one? Because we kind of knew what, we kind of knew, right, what kind of development would go in there, what kind of need there would be. Or is this because we, or is this because Council rezoned certain land?

Brian Biesemeyer: There is some rezoning, there is additional changes in the types of industry going into some areas. Some may require rezoning, some may not. We also have to, when you put a sewer in the ground, we want to look for the ultimate case and not something less. So, if we don't, then you're stuck having to do a third sewer in that place. So, we undoubtedly there is some conservatism in there to allow us to take development that is larger than the current zoning.

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CLOSED CAPTION TRANSCRIPT**

Councilmember Graham: Well, I do agree there is conservatism because we can pull from so many projects that we don't need the money for. And we found Legend Trails, that was in the budget, we thought we needed that, but that's going to be deferred. We conservatively budgeted for a lot of these projects, but we didn't really seem to conservatively budget for this one. And I guess maybe it was 2021 there were changes, rezonings, a clearer picture of what the need was. It's just a tremendous amount. I mean, I think about, "Okay, well, we missed it by 10%, missed it by 50%." But 400%, so Scottsdale Water is world class, I believe when it said, when you guys say it's needed, I believe you, I'm a little bit uncomfortable with 400% increase, because this is a tremendous amount of money. It's so much money I think that it kind of shakes confidence a little bit in the City. But I believe that it's needed, which is why I'm going to vote yes, but maybe there was something at some point we didn't in the planning stages or the conceptual stages. I mean, is there some, was there some step where we can point to and we learned from and said aha?

Brian Biesemeyer: We are constrained, Mayor and Council, Councilmember Graham, we are constrained. When we set up the impact fees, when we do that, that's a state requirement that we have to go through a certain process. We tie that to our General Plan, we tie that to zoning, we tie that to known development and the amount of wastewater coming from those known developments. We go through the process, we try to match those, timing is always a difficult thing for a water utility to figure out because we are the tail part of this. And so, we do as best we can, we put that together, that plan and bring it to Council as our plan going forward. When things occur, we bring them back. Again, I would like to go back to the part that while these increases are there, our intent is to get that back from development as it comes in. So, development continues to pay for that delta in that price.

Councilmember Graham: Is that future development or is that all development, I guess from current existing rate payers but also when the developers come in and they pay those impact fees?

Brian Biesemeyer: That's not impact fees, that's development from that area that services that sewer specifically. So, as development in that area occurs and a development connects to that sewer, they would be charged additional fees.

Councilmember Graham: We are not borrowing money, this is all, we are all paying cash, this is kind of a pay-go process.

Brian Biesemeyer: This is pay as you go.

Councilmember Graham: Yeah, okay. Well, like I said, I mean, it's a tremendous variance, maybe at some point we can learn more, not comfortable with it, but I trust Scottsdale Water, which is world class institution. And you know, it seems like there's some changes that happened between when this was planned and today, as far as rezonings and other things that have changed, circumstances and some changes in the ground. Thank you, Brian for taking my questions. And I don't know if the City Manager, just because of the size or scope override has anything to add?

[Time: 02:15:23]

Mayor Ortega: That's not the subject right now. They have quantified things, we have a construction manager at risk, those are the experts, it's not for you or me to say that we will now question. They're all stipulated as to the process through the state law. So, we are not going to tinker with the numbers, and short change and cause problems in the future because the developers are going to pay the bill. Okay? That's the way it's written. And that project is a risk factor in terms of water sourcing which we have charged a fee for that since 1987. We were the first city to charge them so they, we could bill for that.

Second thing is that's all going to be cash as it is developed with the least. For instance, the Princess there, we don't want to keep digging up every time and ask for, let's save half the money by putting in a smaller line there and disrupt the Princess two years from now with another line. Okay? This is the best practice that has already been established. And I'm not really, I don't think we are here to now discuss how we can chip away at the process that's prepared for us. The motion is to approve funding transfers so that this can get built in a timely manner not whether or not you feel uncomfortable about it or not because the developers are going to have to pay the price. They are going to have to pay the price for every part of this. And we have to cause the least disruptions to our citizens and their businesses along that way. That's the whole benefit, cost benefit that we have. I'm going to have to, you're starting to wander into another area that.

Councilmember Graham: Mr. Mayor, I'm simply asking questions about the item that's on the agenda, that residents may want to know about.

[Time: 02:17:23]

Mayor Ortega: Well, we have already all the backup material, there's a contractor ready to go, and we have a process for that. The question I think is asked and answered. The question is are we going to transfer funds to cover the cost. That's what's on the agenda. Not to what extent it could be altered from the dais right now.

Councilmember Graham: That's not, that's not, that wasn't my line of questioning. My questioning was, how did we get here?

Mayor Ortega: We are here because we have, as I said, an obligation for certain land uses and to build in our right-of-way that make sure that there's the least disruptions and that they plan ahead. And those costs are not to be, frankly, construction manager at risk, they have to report to us constantly if something comes less, like asphalt is going down in price, we'll have a savings of that.

Councilmember Graham: We can cut off discussion, Mayor, if you like. Thank you, Brian.

Mayor Ortega: Okay, well I think we are ready to vote on this. But please I had one other comment from Councilwoman Caputi and then I think we should call for a vote. Go ahead.

Councilwoman Caputi: Thank you, just really quick because actually some of my points have already been mentioned, but I just want to reiterate so I'm clear. I liked the point that the Mayor made, we're

going to excavate once, which makes perfect sense. We're going to lay in enough infrastructure to make sure that we have the capacity for our future plans. And then as these developments go in, development is going to pay for development. So this is a really decent plan, again, the costs are large, but it's pay as you go, so development is paying for development and we are adding infrastructure is growing as we grow. So I have that correct?

Brian Biesemeyer: Councilwoman Caputi, that is correct, that's the intent. I do share in Councilman Graham's concern, I don't want to be up here pitching to somebody with this large a cost. It is. It is disconcerting, I understand.

Councilwoman Caputi: It's big.

Brian Biesemeyer: It's big. Our intent, however, is to allow development to pay for development as we go and not put this on our rate payers, but it is a big project. It has had some scope, large scope changes, as well as a lot of inflation.

Councilwoman Caputi: But better to do it once and right than to have to go back and make it bigger later especially since we are being reimbursed.

Brian Biesemeyer: It is so costly and painful to go back later.

Councilwoman Caputi: Correct. Okay. Thank you, I'm comfortable.

Mayor Ortega: Okay. I have last remark, Councilwoman Janik, then we will vote on the agenda item. Thank you.

Councilwoman Janik: Thank you, Mayor. Brian, about how many years do you look into the future to project the need that we're going to be paying for, 10, 20, 30 years?

Brian Biesemeyer: When we set our impact fees they look 15. When we do our master plans, they look between 40 and 50 years in advance when we do these. But our impact fee look was just a 15-year look, that set the original project.

Councilwoman Janik: So, one would expect this money would be paid back within 15 years.

Brian Biesemeyer: That is the normal projection, yes, that the development occurs to pay that in 15 years, for impact fees, in this area, I would anticipate even faster.

Councilwoman Janik: Okay, thank you.

[Time: 02:20:52]

Mayor Ortega: Okay. We have a motion and a second, please record your vote.

Councilwoman Littlefield: Yes.

Mayor Ortega: Okay, we are unanimous. Next, we will move to the next.

PUBLIC COMMENT

[Time: 02:21:16]

Mayor Ortega: At this point we are moving to the opportunity for public comment. Public comment is when someone can come forward, speak for 3 minutes and we have two requests to speak. In this case, you will come forward on any non-agendized item. I have Brent Bieser and I have Lee Kauftheil.

Brent Bieser: Good evening, Mayor, City Council. Brent Bieser, 7317 East Vista Drive. I think this is my fourth time I've been here talking about this. And I've been including you all in the e-mails I've been working with Erin Perreault as a Zoning Administrator on this little office building property located on the northeast corner of Vista and Scottsdale Road. I just live a few doors down the street from it. Just to give you an update, because three of the Councilmembers actually Councilwoman Janik, Councilman Graham and the Vice Mayor Whitehead, basically said the key to these kinds of problems is persistence, so I'm going to be a pain in the keister for you all here.

I'm going through the Board of Adjustments process, I received some unusual interpretations from the Zoning Administrator regarding zoning applications, the application of the zoning ordinance for the SR and the parking ordinance. And I'm going to the Board of Adjustment basically not asking for an exception, I'm asking for enforcement of it the way that it's written. So, I have my first meeting coming up here Thursday. So we got that moving forward. I did want to bring you up to speed here, and I did include this, if I can get the overhead. I did track down this document. This is the easement that is the kind of the poison pill that has done the most damage to our little neighborhood here.

And this thing was put in place in 98. And I did send this, I did ask Erin about what the status of this was as far as Scottsdale, because this was actually written and approved by Town of Paradise Valley, basically helping themselves to Scottsdale land. And one of the things that was written in there that was included as an attachment was the Scottsdale SR zoning ordinance. And it's actually, you can see it right there, it is a legal attachment to the document, and what was included in it is the clouded paragraph basically this is back when the city of Scottsdale actually required by ordinance that all SR projects, whether it's today new construction or a remodel has to go before the DR Board.

And for whatever reason, the city of Scottsdale got rid of this and allowed the staff to be able to make these kinds of adjustment calls, and they have not done well with it. So, we think we have the ability to actually have this go before the DR Board. The Zoning Administrator Perrault did say even though Scottsdale was not a party to this easement, that she did consider it as valid in an e-mail that she did send to me on the 30th. I thought somebody had a question there. So, I think that probably the, I got to move fast here. Okay. This was what was approved by the City of Scottsdale by the DR Board, and this is what was basically proposed by the applicant. And I'm an architect, Mayor, I know you're an architect as

well, there is no way that anybody could say that this that was approved by the DR board is in keeping with this new design. This is a massive change in the design. And according to the ordinance, if a design proposal for SR substantially alters what was approved by the DR Board, it has to go back to the DR Board.

Mayor Ortega: Thank you, sir. And you had an extra half a minute there, so appreciate it. We cannot respond to you here because it's not agendized. And we'll move on, Lee Kauftheil.

[Time: 02:25:44]

Lee Kauftheil: Lee Kauftheil, hi. Thanks for letting me come back again. Last name is just cough and tile, nice, easy. I know it looks weird but appreciate the effort. Again, I live at corner basically at Thomas and Miller, 7726 East Thomas Road. I just was listening to some of the comments that came up here talking about traffic and I just, it's something that I care a lot about. I'm on the Transportation Board, but just to be clear I'm not representing the Transportation Board here. And I just wanted to bring, first to say whether you're a pedestrian, a cyclist, a transit rider, or a driver when you're using Scottsdale roads, you all want the same thing, which is less drivers. You know, just makes it easier to get around.

I also wanted to bring up the idea of something called Braess' Paradox, there have been many examples worldwide where actually taking away road capacity increases, decreases congestion time. And the way it works is when you see a big wide-open road, you want to use that road and that pulls all the volume from the side streets that you would normally use to go towards what you think is the easiest way to go. And so, there have been, as recent as 2008 in Boston, when they closed down a major artery, congestion times actually decreased in there while they did roadwork.

And so, as somebody who lives on Thomas, I look at the traffic and I hear people talking about how they just, we need more lanes in order to solve the traffic. And when I look at it, the only way to have zero traffic, zero congestion on Thomas would be to take my house away from me and just add another five lanes on each side and then we would and that way there would be enough capacity for everybody to not have to deal with that. You know, which I don't think is a reasonable solution for dealing with congestion. Just like we were talking on Paiute, this Council and this city has done innovative outside the box thinking, and I think the issue of traffic deserves some outside the box thinking because we have been, in this country, we have been adding lanes for 70 years, and it has not resolved the congestion problem, it just continually makes it worse for people.

On the issue of safety, I heard somebody talk about 68th Street and how that puts people in harm's way. I used to ride 68th before the work was done on my bicycle, it was not safe to ride that road either on the sidewalk because they were narrow and weaved and you would conflict with pedestrians, who get priority on there, as they should. Or if you rode in the street, people because that was a four-lane road, would pass you quickly and close and I have been pushed several times with that. The other thing I just want to say is just about history since the freeway, since the loop system has been put in, we see at least 20 years of history, that volume on our streets has stayed steady as our population has increased. So, thank you, I have a lot more, but.

Mayor Ortega: Thank you, sir. Well finally, now I will close public comment, move on to citizen petition, Item No. 11.

CITIZEN PETITION

[Time: 02:29:26]

We were provided with a petition provided by a gentleman, and he made a quick presentation earlier. So, we have accepted at the Clerk's Office his written petition. With that, the, we are not to discuss the particulars of the case, but at this point, we have accepted a petition and I think there's some clarification that there are three actions that we could take. One is direct City Manager to agenize the petition for further discussion, the other is to direct City Manager to investigate the matter and prepare written response to the Council with a copy to the petitioner, and take no action would be item number 3. In this case, there's an entire process regarding actions by other committees. So therefore, I would move item number 2 direct City Manager to investigate the matter, prepare a written response to the Council so that we would be better prepared.

Vice Mayor Whitehead: I'll second that. There is a lot of misinformation about what the city is doing with roads. The word flexibility was used I think by many of us the dais today. So for instance, 100th Street, there's no lane reductions proposed. But because there's so much misinformation, I do think it would be good to take the road sections in this petition and clarify what those options could be in the future, include some timelines, like is this something that is within.

Mayor Ortega: Well, excuse me, I just, at this point we are just going to direct the City Manager not discuss it.

Vice Mayor Whitehead: I'm getting tired. Okay. I would like clarification and I second it, thank you for keeping me on track, Mayor.

Mayor Ortega: Okay. Councilmember Graham?

Councilmember Graham: Thank you, Mayor. So, my question, I, you know, I think this is an interesting petition. I haven't had a chance to review it closely. So, if we directed the City Manager to investigate the matter and prepare a written response to the Council, number two, my question is can we then, can the Council then take it up? And go and choose to go with option one at that point? Is that?

Mayor Ortega: This is a two-step process.

Councilmember Graham: Mayor, mayor, I'm asking a question about because I'm going to make an alternate motion for number one if the answer to that is no.

Mayor Ortega: Well, the motion is to.

Councilmember Graham: I can make an alternate motion.

Mayor Ortega: There's no answering the first motion because the motion is as directed, and we would vote on that.

Councilmember Graham: Okay, City Manager, City Attorney and parliamentarian.

Mayor Ortega: Okay, if you would like to make, the three points that we can make is to direct so more information can be prepared for our benefit. As you said, you barely got it, and you still need to study it.

Councilmember Graham: City Attorney just motioned to speak.

Mayor Ortega: I'm respecting what you're saying and I'm saying that you admitted this just came to us and we could use more information. Now, the projection of whether or not, if and when that is prepared, it goes to the next step of consideration, that's just the natural progression of things. Whether it.

Councilmember Graham: So, we can, you're saying yes.

Mayor Ortega: I'm saying that the motion is to direct the City Manager to provide more information to you and at that conclusion of that, then you would have more information to propose further agendizing of it or to cross check with the transportation department or whatever is involved. So that's the fulfillment of the motion as we go.

Councilmember Graham: Okay.

Mayor Ortega: And I don't see any other clarification.

Councilmember Graham: And I'm seeing a head nod in the affirmative from the City Attorney which I appreciate.

Mayor Ortega: Well, I don't, yes.

Councilmember Graham: Thank you.

Mayor Ortega: Thank you. We have a motion to get more information and provide and direct the City Manager to provide that for us. Please register your vote.

[Time: 02:34:02]

Councilwoman Littlefield: Yes.

Mayor Ortega: Okay. Councilwoman Littlefield, it's unanimous. Thank you very much.

WORK STUDY SESSION

[Time: 02:34:17]

Mayor Ortega: Just for the record, there had been a possible work study, however, that since we just had the quarterly report last meeting, we will look for an update and other presentation. With that we are concluded with our business, and I hear a motion to adjourn.

Councilmember Graham: Second.

Mayor Ortega: Thank you, please record your vote.

Councilwoman Littlefield: Yes.

ADJOURNMENT

[Time: 02:34:41]

Mayor Ortega: We are unanimous, thank you so much.