



SUMMARIZED MINUTES

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

**4:00 p.m. Monday, October 23, 2023
Mountain View Park
8625 E. Mountain View Road
Scottsdale, Arizona 85258**

CALL TO ORDER

The regular meeting of the Scottsdale Protect and Preserve Task Force was called to order at 4:03 p.m.

ROLL CALL

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

STAFF: Sonia Andrews, City Treasurer/Chief Financial Officer
Sherry Scott, City Attorney
Kelly Corsette, Communications and Public Affairs Director
Gina Kirklin, Enterprise and Finance Director
Nick Molinari, Parks and Recreation Director
Ben Lane, City Clerk

PUBLIC COMMENT

There were no public comments.

1. APPROVAL OF MINUTES

Request approval of minutes of the September 25, 2023, Regular Task Force Meeting.

Task Force Action: Discussion and action

Chair Wenstrom called for corrections to the minutes. Member Carla referenced page 3 of the March 15th, 2023 minutes, documenting that the Task Force was told they could review and revise survey questions before finalization. Page 9, first paragraph, she asked that her comment be revised to state, “Member Carla suggested adding ballot or ordinance language.”

VICE CHAIR ZUBIA TO APPROVE THE MINUTES OF SEPTEMBER 25, 2023 AS AMENDED. MEMBER ZIKIAS SECONDED THE MOTION, WHICH CARRIED 9-0 WITH CHAIR WENSTROM, VICE CHAIR ZUBIA AND MEMBERS CARLA, EANEMAN, HARTMANN, MCKEIGHAN, SCHWEIKER, WINKLEMAN AND ZIKIAS VOTING IN THE AFFIRMATIVE WITH NO DISSENTING VOTES.

2. FINANCIAL CONSIDERATIONS FOR UNFUNDED NEEDS: ADDITIONAL DETAILS

Sonia Andrews, City Treasurer, with the assistance of other city staff, will provide additional details on financial considerations and specific unfunded needs, including potential sales tax rate and revenue allocation options and other financial considerations and strategies.

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

Sonia Andrews, City Treasurer/Chief Financial Officer, provided a brief review of unfunded needs:

- Five Indian Bend Wash Parks/Citywide park maintenance
- McDowell Sonoran Preserve care and protection
- Expansion of police park ranger units
- Fuel mitigation and technical rescue team program.
- WestWorld improvements

Staff recommends a 0.15 percent sales tax for these based on the areas of unfunded needs and preliminary revenue projections. Final revenue projections are not yet determined. The 0.15 percent tax will provide sufficient funding for the five areas of unfunded needs assuming a 2 to 3 percent inflation escalation over 30 years. The plan includes the Task Force recommendation that funding include room for future unanticipated Parks and Preserve maintenance needs. Also as recommended by the Task Force, the plan will ensure funding for southern as well as central and northern parks, as these will face aging issues as well. A review of assumptions and projections was provided. Allocation of the sales tax was discussed. Clarification was provided that once debt is issued for capital improvements, the first allocation must go to debt service.

After debt service, the balance is allocated based on established percentages:

- 14 percent: Park maintenance
- 16 percent: Preserve care and protection
- 9 percent: Police park rangers and security needs
- 10 percent: Fire fuel mitigation and technical rescue team
- Remaining balance to parks for capital improvements

Three example scenarios were provided. Under the 0.15 percent sales tax, the average resident would be paying \$42.75 per year or \$3.56 per month. Also under the 0.15 percent sales tax, for

domestic overnight visitors in Scottsdale, the average per person per day spending is \$280 with \$0.42 cents collected.

Potential Task Force recommendations for City Council include:

- Recommend approval of 0.15 percent sales tax effective July 1, 2025
- Allocate tax revenues collected for parks, Preserve and open space through Council ordinance and financial policy
- Ensure that the appropriate allocation for all areas of the city with an emphasis on restoring and updated aged parks
- Include a broad question to ensure that revenues can be spent on future parks, Preserve and open space needs currently unknown and unidentified

In terms of the second 0.15 percent Preserve tax schedule to expire in 2034, the Task Force may wish to recommend to Council, approval of a second ballot question for voters to allow the City to expand the use of the tax for protection and maintenance of the Preserve. This would reduce the replacement or extending tax from 0.15 percent to 0.13 percent. Alternatively, the Task Force may recommend that there be no second ballot question, as this may be confusing to voters. The Task Force may wish to recommend that Council address any surplus fund balance from the second tax that may come into question as voters are considering the expiring tax.

Ms. Andrews reviewed upcoming tasks for the Task Force. During November and December:

- Approve the unfunded needs to be funded by the sales tax
- Approve the sales tax rate and allocation of revenues
- Approve ballot question(s)
- Development recommendations to Council for the above items
- Review survey results, which is expected to be available in December, and consider changes to the recommendations
- Approval of final recommendation to Council (in December)
- Prepare for January work study session
- Deliver final recommendation to Council (on January 9th)

Staff seeks Task Force direction on interests they have previously expressed, such as:

- Report from the Parks Commission
- Additional presentation regarding the 18 full-time positions needed for park maintenance
- Update on the park master planning process
- Report from Applied Engineering on visitor impacts
- Further explanation on the difference between ordinance and policy

In response to a question from Member Winkleman, Ms. Andrews stated that allocation percentages for Parks and Preserve can be adjusted by Council as needs change via ordinance and financial policy.

Member Carla stated that the Task Force must make a decision in terms of referring to the tax as a renewal or replacement. Ms. Andrews stated that an agenda item will occur in November where the City Attorney and City Clerk can address outstanding issues regarding ballot language.

Member Carla asked whether improvements at WestWorld can be included under parks in the ballot language. Sherry Scott, City Attorney stated that WestWorld is not technically a City park. It is a facility included in the municipal master planning process. As such, it must be called out separately.

Member Carla stated that if the specific allocations are included in the ballot language, they are legally enforceable. She asked about a scenario where the allocations are put into an accompanying ordinance, where they would be legally enforceable until changed by City Council. Ms. Scott confirmed that if specific percentage allocations are included in the ballot question, Council would have no authority to change them. This would not be a practical option, considering the restrictions it would impose and also considering the limitations on the allowable length of the ballot question. If the ballot language indicates that the percentages are to be designated by ordinance, Council will have flexibility to make revisions over time and this requires a referendum. A more nimble approach would be to have the percentages designated by policy.

In response to a question from Member McKeighan, Ms. Andrews stated that the City has very conservative debt issuance policies. Additionally, for anything funded by a sale tax revenue stream, there is a 3 to 1 coverage ratio covenant. This means that debt service can be, at most, one-third of revenues.

In response to a question from Member Zikias, Ms. Andrews stated that as part of the projections, the City sets aside 20 percent of revenue collections as a revenue stabilization reserve. It is anticipated that the stabilization carries the City through a potential recession, which typically lasts approximately two years.

Member Zikias expressed concern regarding the ambiguity of recommendation number 4 on page 13, "Future parks, Preserve and open space needs." Going forward, the Task Force should work to narrow the scope of "open space needs." It might also be helpful to note the savings to the General Fund. He asked whether the ordinance could contain language that places limitations on the allowable adjustments to the percentages. Ms. Scott stated that the ordinance can be written as complicated or simple as Council wishes.

In response to a question from Member Schweiker, Ms. Andrews confirmed that any earnings derived on the sales tax revenue stream remains with the fund.

In response to a question from Vice Chair Zubia, on slide 10 under housing, the calculation represents the average consumer expenditure on housing costs.

In response to a question from Member Carla, Kelly Corsette, Communications and Public Affairs Director, stated that the website would provide the public with objective factual information regarding elements funded by the proposed sales tax revenue stream. There will also be a questions and answers portion, included in an election publicity pamphlet.

3. TASK FORCE WORK STUDY SESSION

The work study session provides an opportunity for Task Force members to discuss specific topics at length with each other, and for staff to receive direction from the Task Force and for the public to observe these discussions. Chair Wenstrom, with the assistance of Vice Chair Zubia, will lead the Task Force members in discussions of the following topics related to the Task Force work plan.

3.1 Discussion and possible direction on needs and priorities to be funded by a new tax, and other financial considerations.

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

Chair Wenstrom stated that there is a strong possibility that the Task Force will not have the survey results back before they must finalize the presentation to City Council and discussion ensued around this topic. Member Carla noted that important feedback will be reflected in the results of the Scottsdale School District override. Member McKeighan commented on the value and volume of the data collected and reviewed thus far. Gina Kirklin, Enterprise and Finance Director, clarified that it is hoped that the survey results will be available in December. As the Task Force makes its presentation in January, there will be little time to thoroughly review and revise the presentation. Member Schweiker added that the survey results will be most beneficial to those running the actual campaign. Member Hartmann commented that the 0.15 percent rate is tremendous in that it represents a proposed overall decrease in the sale tax rate.

In response to a question from Member Carla, Mr. Corsette stated that the survey is currently in process (active) as of late last week.

Member Zikias asked whether, in light of the finalization of the 0.15 proposed rate, there will be an update of percentages to northern, southern and central Scottsdale.

Member Carla suggested the Task Force discuss the potential inclusion of ordinance and fiscal policy recommendations in its presentation to Council. If approved, this would provide certainty to the voting public when considering the measure. Ms. Scott stated that it is possible for a draft ordinance to be provided to Council for discussion. Member Carla referenced the bed tax, noting that Council specified how the funds would be delineated prior to the approval of the tax. This provided assurances to members of the public as they considered their votes on the measure. Ms. Scott noted that typically, a group would obtain feedback from Council before drafting an ordinance, however she was not opposed to undertaking this effort based on direction from the Task Force. It would not be presented to the Council for action, but included in the Council packet for consideration.

Member McKeighan stated that it would be helpful to see sample drafts of a proposed ordinance. Member Schweiker stated as a voter, he would have more confidence in an ordinance than a fiscal policy. Ms. Andrews noted that the City currently has an ordinance and policy to allocate the bed tax, and the Task Force may wish to review it as an example. Member Hartmann commented that it would be helpful to have advice from the Treasurer regarding the benefits of considering allocation limits. There was discussion on the need for clarification on the difference between parks and open spaces. Mr. Nick Molinari, Parks and Recreation Director, noted that the General Plan includes definitions for both open spaces and parks.

Member Hartmann suggested discussion regarding the allocations and whether setting the specific amounts falls under the Task Force purview, whether percent ranges should be considered and whether these determinations fall under the discretion of City staff or City Council. Member McKeighan stressed the importance of providing the voter confidence that the money will go to the identified unfunded needs and that this can only be accomplished via a predetermined percentage. Member Hartmann asked about the dividing line between unlimited Council discretion and too much restriction on the allocations. Chair Wenstrom stated that the Task Force can only work with and present to Council the allocations it has determined. Member

Carla added that Council has charged the Task Force with making the recommendations. The voters must be provided with as much certainty as possible and this is in large part accomplished by providing percentage allocations. Proposing a range in percentages would result in uncertainty and decrease the possibility of voter approval. Chair Wenstrom noted that the percentages are based on solid numbers provided by City staff.

Discussion ensued regarding whether the ballot should contain one or two questions. Member Hartmann recommended a keep it simple approach and limiting the ballot to one question. Member Carla stated that failure to include two questions guarantees a loss of support by three Council Members, who have made it clear that they want to see the 0.15 percent Preserve tax addressed. Failure to address the forecasted excess collections resulting from the 0.15 Preserve tax and allowing it to build up and remain restricted to land acquisition and trailheads will likely lead to defeat of the ballot question. Member Hartmann commented that the Preserve tax issue is distracting from the principal job of the Task Force, which is to consider the tax for unfunded park and open space needs. Member Carla stated that Council directed the Task Force to also look at that 0.15 tax in the Council work study.

Vice Chair Zubia asked whether the second question has to be asked in an even election year or whether it could be a standalone question in 2025. Ms. Scott stated her belief that it has to be an even year, however, because it is not a new tax, rather an expansion of a tax, she would need to review this to provide a final answer. Vice Chair Zubia commented that separating the questions in this manner could reduce confusion and increase the possibility of approval. Member Carla commented that campaign consultants will advise that separating the questions, the 0.15 percent will pass and the other may or may not. However, if all questions are addressed together as a yes-yes campaign, there is a greater chance of success.

Member Schweiker noted the importance of Council support. A four-three Council approval will garner less public support for the ballot question than a six-one or seven-zero vote. While he once supported a one-question approach, his viewpoint has evolved and he now recommends a two-question approach.

Chair Wenstrom posed the following question to Task Force Members: As a body, what information would you like tonight that would help you decide the pros and the cons of this issue?

Member Carla said she would ask staff to provide specific suggestions on conveying to Council Members that there are ways to deal with the 0.15 percent tax that will limit challenges for Council.

Ms. Andrews stated that there is the option to pay off the remaining debt as quickly as possible, which is projected to be 2030, at which time the 0.15 tax would sunset. The remaining debt balance currently is \$216 million with \$100 million collected thus far. Based on current revenue projections, the \$100 million could be set aside for land acquisition, land bridge and future trail and capital improvements. The remaining funds could be used to pay off the debt as quickly as possible.

Chair Wenstrom asked for input on whether the Task Force should hear from the Parks & Recreation Commission. Mr. Molinari commented that the Parks and Recreation Commission asked about their role early in the process. Ms. Kirklin presented a work plan to the Parks and Recreation Commission. The work plan indicates that needs that the Task Force will be evaluating will be done in collaboration with the Parks & Recreation Commission. As such, the Parks & Recreation Commission is inquiring as to what this collaboration would entail.

Chair Wenstrom again asked the Task Force what information they would like to receive from the Parks & Recreation Commission that they have not already heard from staff. Member Carla commented that given the large number of presentations the Task Force has received from other bodies, it would be respectful to offer the same opportunity to the Parks & Recreation Commission. It would be helpful for staff to advise the Parks & Recreation Commission on the process of the Task Force to date prior to any potential presentation. Mr. Molinari clarified that the Parks & Recreation Commission has not contemplated providing a formal presentation. Member Carla suggested a similar approach as the Preserve Commission, which receives regular updates from Mr. Ekblaw. Mr. Molinari stated that the Parks & Recreation Commission has been kept updated as to the activities of the Task Force and have made no specific recommendations.

4. IDENTIFICATION OF ADDITIONAL TASK FORCE MEETING DATES

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

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

Discussion ensued regarding the potential for additional meeting dates. There was consensus that the Task Force should not take a break during November and December. The upcoming meeting calendar was reviewed, with the updated schedule to be provided to Task Force members subsequent to the meeting.

5. IDENTIFICATION OF POSSIBLE FUTURE AGENDA ITEMS

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

- Review of draft ballot language proposed by Task Force Members
- Discussion on the differences between an ordinance and a financial policy
- Provide an estimate of the overall cost of the tax to users (i.e., cost of a cup of coffee, et cetera)
- Possible presentation regarding impact of visitors on sales tax

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

There were no items identified.

6. ADJOURNMENT

With no further business to discuss, being duly moved by Vice Chair Zubia and seconded by Member Eaneman, the meeting adjourned at 6:46 p.m.

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

NAYS: None

SUBMITTED BY:

eScribers, LLC