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## **CALL TO ORDER**

[Time: 00:00:02]

Mayor Lane: Good afternoon, everyone. Welcome to our June 30<sup>th</sup>, 2020, regular meeting. It is approximately 5:00 and I would like to call this meeting to order, and I would ask the city clerk, Carolyn Jagger to please conduct the roll call.

## **ROLL CALL**

[Time: 00:00:19]

City Clerk Carolyn Jagger: Mayor Jim Lane.

Mayor Lane: Present.

City Clerk Carolyn Jagger: Vice Mayor Solange Whitehead.

Vice Mayor Whitehead: Present.

City Clerk Carolyn Jagger: Councilmembers Suzanne Klapp.

Councilwoman Klapp: Here.

City Clerk Carolyn Jagger: Kathy Littlefield.

Councilwoman Littlefield: Here.

City Clerk Carolyn Jagger: Virginia Korte.

Councilmember Korte: Here.

City Clerk Carolyn Jagger: Linda Milhaven.

Councilwoman Milhaven: Here.

City Clerk Carolyn Jagger: Guy Phillips.

Councilman Phillips: Here.

City Clerk Carolyn Jagger: City Manager Jim Thompson.

City Manager Jim Thompson: Here.

City Clerk Carolyn Jagger: City Attorney Sherry Scott.

City Attorney Sherry Scott: Here.

City Clerk Carolyn Jagger: City Treasurer Jeff Nichols.

City Treasurer Jeff Nichols: Here.

City Clerk Carolyn Jagger: City Auditor Sharron Walker.

City Clerk Carolyn Jagger: And the Clerk is present.

**MAYOR'S REPORT**

[Time: 00:00:53]

Mayor Lane: Thank you. As we continue to conduct our council meetings by following the CDC public health guidance on social distancing, I appreciate that the councilmembers, charter officers and staff in attendance that are assisting in facilitating our meetings being televised on Cox cable channel 11 and being streamed online at [Scottsdaleaz.gov](http://Scottsdaleaz.gov), so the public can listen and view the meeting in progress.

We have police officers Ray Powell and Tony Wells right out in front of me here, about 12:00, as well as Dylan Gleason from the Scottsdale fire department, and he's right here just about 1:00 on the other side, in front of me. And they are here, of course to provide you with any assistance you might need from them.

Many people have been disturbed by the events of the last week and we have received thousands of emails from folks sharing different points of view. Some asking us to take action. I would like folks to know that the city council has no legal authority to remove or sanction any of its members, regardless of what an individual councilmember's opinion might be, we are unable to engage in any discussion on the events of the last week during this meeting.

**CONSENT AGENDA**

[Time: 00:02:19]

Mayor Lane: Next order of business would be consent items 1 through 24. Which we have had in our council packet and I see no cards on it other than what's been distributed to us. Any comments on the council on any of the consent items?

Hearing none, I would ask for a motion to accept.

**CONSENT AGENDA – MOTION AND VOTE**

[Time: 00:02:42]

Councilmember Korte: Mayor, I would like to move to accept consent items, 1 through 24.

Councilwoman Littlefield: Second.

Mayor Lane: The motion has been made by Councilmember Korte and seconded by Councilwoman Littlefield.

Seeing and hearing no further comments, other than yes, we are ready to vote. All those in favor, please indicate by aye and those opposed by a nay.

It's unanimous then on consent items 1 through 24.

Moving on to our regular agenda items, 25 through 27.

**ITEM 25 – FISCAL YEAR 2020/21 PROPERTY TAX LEVIES**

[Time: 00:04:39]

Mayor Lane: The first item in 25 is fiscal year 2020-2021 property tax levies. Our presenter is Judy Doyle, our budget director. Welcome, Judy.

Budget Director Judy Doyle: Thank you. Good evening. Let me get organized here.

On June 16<sup>th</sup>, we held a truth in taxation hearing and a public hearing on the fiscal year '20-21 property tax levies and rates. At that time, I mentioned that the state statute requires at least 14 days prior to actually assessing the levies and the tax rate.

Tonight is to formalize, be an ordinance, an action that you took on June 16<sup>th</sup> with the unanimous roll call vote to assess the secondary levy at \$33.4 million and the primary levy at \$34.9 million and fix the combined property tax rate at \$1.03 per \$100 of assessed value.

So, the action tonight is to adopt ordinance number 4458, assessing the fiscal year '20-21 primary and secondary property tax levy and fixing the property tax rates.

And that concludes the presentation.

**ITEM 25 – MOTION AND VOTE**

[Time: 00:04:39]

Mayor Lane: Thank you, Ms. Doyle. Do we have any questions of Ms. Doyle from the council? Hearing none this is an action item. We would ask for a motion to accept.  
The fiscal year --

Councilmember Korte: Mayor. I move to adopt ordinance number 4458, assessing the city of Scottsdale fiscal year 2020-21 primary and secondary property tax levies and fixing the primary and secondary property tax rates.

Councilwoman Klapp: Second.

Mayor Lane: Very good. We have a motion by Councilmember Korte and seconded by Councilwoman Klapp. Okay. Our next item -- oh, I'm sorry.

Yes, let's take a vote. That would be good. So the next item is to vote.

All those in favor, please indicate by aye and register your vote. The motion is unanimously accepted. 7-0. So, it is complete. Okay.

**ITEM 26 – FISCAL YEAR 2020/21 STREETLIGHT IMPROVEMENT DISTRICT PROPERTY TAX LEVY**

[Time: 00:06:14]

Mayor Lane: Our next item of business is the fiscal year 2020-21 streetlight improvement district property tax levy and the request to adopt an ordinance number 4448 assuming that fiscal year 2020-21 streetlight improvement property tax levy by district.

Budget Director Judy Doyle: Thank you.

Mayor Lane: Go ahead.

Budget Director Judy Doyle: On June 16<sup>th</sup>, the city also held a public hearing on the fiscal year '20-21 streetlight improvement district property tax levy. By a unanimous vote, you had a levy of \$526,791 on the city's 355 streetlight districts to cover the electric utility costs of operating the streetlights within those districts.

The action tonight is a request to adopt ordinance number 4448, assessing the fiscal year '20-21 streetlight tax levies by district.

And that concludes this presentation.

Mayor Lane: Thank you, Ms. Doyle. We have heard the presentation. Thank you very much, have we heard any comments from any members of the council or any questions?

**ITEM 26 – MOTION AND VOTE**

[Time: 00:07:21]

Mayor Lane: Hearing none, I would accept a motion to accept -- or I should say adopt an ordinance of 4448, assessing the fiscal year '20-21 streetlight improvement district property tax levy by district.

Councilmember Korte: Mayor, I move to adopt ordinance number 4448, assessing the fiscal year '20-21 streetlight district property tax levy by district in accordance with the Arizona revised statutes and the city charter.

Mayor Lane: Thank you.

Motion has been made.

Councilwoman Littlefield: Second.

Mayor Lane: The motion seconded by Councilwoman Littlefield. Hearing no further comment then, we are ready then to vote. All those in favor, please indicate by aye. Those opposed with a nay.

It's unanimous on the acceptance of item 26, fiscal year '20-21 streetlight improvement district.

**ITEM 27 – MONTHLY FINANCIAL UPDATE**

[Time: 00:08:04]

Mayor Lane: And item 27, monthly financial update. This is for information. Our city treasurer, Jeff Nichols is moving to the podium.

City Treasurer Jeff Nichols: The monthly financial update as of May 31<sup>st</sup>, 2020, I would like to remind everyone that this is for the fiscal year information through April 30<sup>th</sup> of this calendar year 2020, is the information contained herein.

As depicted on this graph, six operating sources have either no variance or a positive variance while four sources have a negative variance. While it's difficult to see, because it's ten items, shows a little bit better on this.

On the overall, the \$9.2 million increase you see in the bottom right-hand corner, most of that is driven obviously by the taxes local, \$6.3 million and I will discuss that slide in just a little bit. Toward the bottom of the chart, what I want to point out is some positives as we move forward, you see a \$2.5 million positive variance in building permit fees and charges. This is mostly being driven by some large projects, the nationwide project, the D.C. hotel, and the Hyatt at the crossroads too, all of those development projects.

So, we have some activity going on, as well as some upticks in residential development as well. Then you will notice on the \$2.4 million Midway charges for services other. That variance -- the favorable variance is related to the activity at WestWorld.

We have not been able to activate our stadium yet, although it's complete, but we did have a rather large event at WestWorld this year and some payment from last year that pertained to last fiscal year made in this year and that's what's driving that positive variance. So one was the timing and the other is activity.

You will note as depicted 80% of our sales tax revenue sources remain positive. I don't think you will be surprised by the next slide to see that dining and entertainment, negative variance of 400% and hotel/motel, negative variance of \$600,000.

One thing I would like to note on that when you look at the column for the 2019/20 actuals, and you see dining and entertainment at \$10.1 million and hotel/motel at \$6.1 million, that represents approximately 4% of that total source. So those two are not that great when looking at this.

As depicted on this slide, six of the seven separating sources or uses have either a positive

variance or no variance at all. You notice the savings and personnel services, I will talk about that a little bit later.

But on the contractual services, 2.1% -- or \$2.1 million or 4%, these are actions that the city manager has taken, and they are starting to show and I think as I go through this presentation, we will get towards the end, you will see the positive impact with the end of the year forecast.

The operating budget transfers out that \$1 million negative variance or 39% negative. That's related to the restrooms at McCormick ranch, the improvements to the jail facility, the dormitory area that needed some additional funding from the general fund and an increase in the stormwater fee being transferred out.

As depicted on this slide, six operating use categories related to personnel services are split evenly with half having positive variances and half having negative variances. And, again, you look at the salaries, the \$2.4 million, over time, we -- when positions become vacant, we fill them with people being paid less than the amounts budgeted and so those savings accrue because of it.

On this is depicted all but one division has a positive variance. Public safety, fire and all I would like to note is that's a small variance of \$100,000, when you consider the budget of \$46.3 million. They are doing their best to contain that.

I think some of the programs that the city manager has either held back or cut back are having a positive impact on this. And so as of the end of May, like I said this is -- it goes through for revenue purposes, goes through April of 2020, we're looking at a \$13.1 million favorable variance when we are looking budget to actual for the performance and I say at this time, because now I'm going to go into the forecast for the end of the fiscal year, and some of these numbers may remind you where we told you we would end up when we came back with the tentative budget adoption for fiscal year '20/21.

So right now, '19/20, the forecast, we are forecasting a \$6.4 million negative variance. You will see the tax is local. They are a negative \$2.3 million. What I would say to this slide is one thing, we budget conservatively, and so we're not seeing as big of a variance if we budgeted more aggressively, I think this would be much more negative.

On the uses side, you see the personnel services, \$20 million positive variance. This has to do with the programs that the city manager has held back this year, but it also has to do with the Arizona cares funding. The \$17.2 million is in that \$21.6 million number.

So, we took those salaries under the governor's program from both police and fire and we transferred them out of the general fund into a grant fund to match up the revenues and the expenses we relieved during the year. That will free up the general fund.

What the city manager talked about before and I shared with you, we felt we could still have a positive build to our fund balance at the end of this fiscal year, even without that \$7.2 million we would have had about \$8 million positive change in fund balance for this fiscal year.

Again, conservative budgeting, the cutbacks that the city manager has ordered and the programs and the spending are having an impact. And with that, I would take any questions you all may have.

Mayor Lane: Thank you, Mr. Nichols. Any questions from the council? This is for information only. So there's no action taken.

City Treasurer Jeff Nichols: Thank you, Mr. Mayor.

Mayor Lane: Thank you very much. That completes our business for the day. We are now at mayor and council items.

#### **ADJOURNMENT**

[Time: 00:15:18]

Mayor Lane: Hearing none, we are finished in near record time, but thank you very much, all. So I will ask for a motion to adjourn.

Councilmembers: So moved. Second.

Mayor Lane: Motion and a second. All those in favor of adjournment, please indicate by aye.

[Chorus of ayes]

Mayor Lane: We are adjourned. Thank you very much.