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CALL TO ORDER

[Time: 00:00:15]

Mayor Ortega: Well, good morning everyone. For those listening online, I am Mayor Dave Ortega. I want to begin our City Council retreat. Today is February 23, 2021. All of our council colleagues are here attending. As well as the charter officers. We really appreciate being out at the Scottsdale Airport. I do want to acknowledge also acting city clerk, Carolyn Jagger, who is a new grandmother today. So, this is an extra special day. Coincidentally we have the retreat the same day that Alexander Ray was born. I may give it over to the airport director.

OPENING REMARKS

[Time: 00:01:22]

Aviation Director Gary Mascaro: Good afternoon, thank you very much. Good morning actually. I feel like I've been here forever. Thank you for coming out to the Scottsdale airport. I think if all of you if you have been here once. Welcome to our beautiful venue. It should be not as noisy this time. Because we blocked off the area. We've been very, very busy. I wanted to talk for a couple of minutes and then let you go about your retreat.

We are rocking and rolling is the best way to describe it. We are very busy lately. We had 195,000 operations, which is over 10,000 operations more from last year. Gary Everett a lot of those business travelers, that would be fine on commercial airlines have now decided to shift over to the charter world. So we are seeing a lot more activity, aircraft sales, which is very good for the city of Scottsdale. We have amenities in place, you guys are all familiar with it.

I want to talk to about one particular project, that the Council will be seeing you shortly with the contract award. We are going to finally move forward with a full rehabilitation of our one runway. We have one runways. We have the busiest runway in the country and certainly, the largest with corporate aviation in the country. We've been working several years with the Federal Aviation Administration on a

very large grant, the city is going to receive. I've spent two years alone talking with those folks. In convincing those folks justifying the need for it. We are basically going to take this runway, shut the whole airport down in July, July 6 is our start time. You might've seen notifications already. We are already communicating with the residents and users of the airport. You can find another home for the month of July. This is the slowest month of the year.

We will be closed for about 45 days. We are hoping for earlier, but with weather, it will you never know. The operation is going to be a 24 seven operation. We are going to tear the entire runway apart. All the way down. Two inches. We're gonna bring it back to 3 to 5 inches. Particularly on north end where the runway needs to be higher. It's about equal or a little bit less. We're gonna be tearing all of that out, tearing down the associated connectors. Those are the connectors that off the runway. As well as the glass pads, at the ends of runways where you see the little hashmarks. We are redoing our shoulders and raising electrical. Huge project for an airport like us.

It's about a \$12 million project. The FAA has agreed to give us a \$12 million grant for the whole thing. That take significant amount of money for the city. We are very excited about that. We usually get about two to \$3 million a year. 12 million is a big chunk. In addition to that, I convinced the FAA region, which operates in LA, they operate in Phoenix. Arizona, California, Hawaii, Nevada, and Washington. And they are giving us the first grant. We beat everybody out for LA to LA and Tucson. They're gonna give us the full grant in discretionary dollars. We are excited about it.

We have a meeting tomorrow at 90 percent plan review. We're gonna get those numbers going and then get them to the Council as soon as possible. Because they are ready to issue the grant award. Which is very exciting for us. That's very unusual. We usually get that around the September timeframe. There really was plenty of notice so we can get prepared to close the runway. I want to talk about that project for you guys. I also wanted to thank you again for coming to the Scottsdale airport. I hope you guys have a great retreat and in fact, answer any questions if you have any.

Councilwoman Milhaven: I don't have a question, but I just want to share it with the new members of the Council. It's not impressive enough that Gary got us the probe and dollar grant to rebuild the runway. You've been here for 11 years?

Aviation Director Gary Mascaro: Yes.

Councilwoman Milhaven: The airport was a drain on the general fund. It is generally accepted that we could not fund the airport to cover its own expenses. Since Gary has been here, the airport has more than cover its expenses and is no longer a drain on the general fund. I just want to acknowledge the great leadership that you brought to the airport and having the right people in the right jobs during the group great thing. It's also self-sustaining. Thank you for all of your great work, Gary.

Aviation Director Gary Mascaro: Thank you councilmember, I appreciate that. Any questions? I appreciate your time. Thank you council.

2020 NATIONAL COMMUNITY SURVEY

[Time: 00:06:20]

Mayor Ortega: Well thank you. I would now turn to our next speaker. You were gonna give it over to Kelly? I'm sorry. Yes, Kelly course that will address us next. There it is.

Communications and Public Affairs Director Kelly Corsette: Good morning Mr. Mayor and members of the city Council. Thank you for having me here this morning. Thank you Shane for getting the slides up and running. I am here to speak about our community survey which we just completed. This presentation is not going to be a super deep dive. There's a lot of data in this survey. This will be highlights and presentations. Shane, if you can go to the next set slide please.

As you can see here, we've been conducting this particular survey and Scottsdale since 2003. It to only 20 version was the eighth time that we have -- it's not called the national community survey. Prior to this iteration was known as the national citizen survey. And so, you will still see the citizen mixed in here. We've tried to go through and scrub it to match the current terminology. That long-term commitment to that particular survey is great because it gives us some longitudinal data that we can then use to look back over time. In see trends. See our residents are measuring different facets of the community in different facets of what we as a city do for them. The other great thing is that because if this is the survey used throughout the country by more than 500 communities, we have benchmark data. We can see how we are performing in relation to peer cities. Those things are very useful to us as we attempt to understand how we are doing. What our report card is telling us. This survey was a scientific random sample of 1700 households in Scottsdale. We had 329 of the 1700 selected actually complete this survey. Which gives us a 21 percent response rate and provides a margin of error of \pm percent. That's very typical on what we see on a survey of this kind. An additional to that random sample, we then opened up an online version of the sample to anybody who wanted to take it. I'm very pleased to say that we had more than 1100 people in Scottsdale complete the online version of the survey. Which is about 10 times the number, as who completed it back in 2018. We just received that data and we are looking to see how that data compares to the random sample. And we will provide some information to you in the future. Shane, next slide please.

In summary, if these results were your child's report card, you would be very pleased. Scottsdale consistently earns high ratings from residents in many areas. Despite a very difficult year, nationally, and locally, the 2020 survey results in Scottsdale remain strong. Just a few summary highlights, continue to experience very high quality of life. With a sense of community on the rise. That particular facet is measured in the sense of community rose 13 percent in a positive direction from the 2018 survey. So, we are pleased to see that. The ratings of Scottsdale's economy remain very strong as well. In fact, of the 11 different facets of economy, two were similar to our benchmark communities. Three were higher than our benchmark communities and six were much higher than our benchmark communities. Measurements of economy and Scottsdale are among our strongest. Additionally, most residents appreciate their local government and the services that we provide. They give high ratings to the value of services for taxes paid. Which is a key measurement as well and I will talk about that later in the presentation. Please, Shane.

You could say that our product and our core product is quality of life. And once again, the 2020 survey shows that our product is rated very highly by our residents. Our residents enjoy high quality of life. A mercantilist order discussed each one of these measurements here, but you can see that we continue to be in a very strong position in the ratings themselves. And also, a higher and again, much higher than

our benchmark cities. When we look at the different facets of quality of life. Next slide please, Shane. This matrix is something developed by the national research center, the folks that put the survey together. This shows key facets of livability in comparison to our benchmark communities. Quality is on the X axis, there along the top with lower than benchmark would be on the left. And then higher than benchmark on the right. Importance on the y-axis with lower than benchmark on the bottom. Higher than benchmark on the top. In terms of quality, we are in a great spot. We don't have any of these facets of livability that are lower than benchmark segment of the matrix there in terms of quality. We have just the one in the bottom middle sector inclusivity and engagement. Which are residents rate less important than residents in other communities. Even that is rated similarly in terms of quality. And in the upper right quadrant is above benchmark in terms of both quality and importance. And those are where we see our economy and wellness ratings on the livability matrix. Again, I think we can see that we are in a good place in terms of where the city and where the residents see the community performing in these key facets of livability. Next please Shane?

What do our residents consider priority areas? I think as a member of the city Council, that's probably a key question for you to consider. What do people think we need to focus our attention on? That's what these numbers are telling us. These are the percentage of people reading these as essential or very important for the city to focus on in the next two years. So, economic health, safety, natural environment, health and wellness, these are all among the priority areas that our residents consider the top things the city should focus on. In the great thing is that we are performing well in these areas. So, we have got residents that want us paying attention to these things and we are performing well in these areas. I think it's a good thing. Sense of community on the bottom. I mentioned that earlier. As one of our lower ratings at 69 percent. Similar to benchmarks. Something that we see on the rise as well. Next, please, Shane.

[Time: 00:14:09]

Mayor Ortega: Excuse me, Kelly, we have a question from Councilwoman Milhaven.

Councilmember Milhaven: On that last list, is that an all-inclusive list or is that an open ended question? Did we give them those?

Community and Public Affairs Director Kelly Corsette: We gave them those.

Councilmember Milhaven: 10 or 12, were then 50 of them are just 10 or 12?

Community and Public Affairs Director Kelly Corsette: I believe it's --.

Councilmember Milhaven: I don't mean literally, are those the top 12 of a number?

Community and Public Affairs Director Kelly Corsette: There were more on the list. There were a few more on the list that were not included on the slide.

Councilmember Milhaven: Okay, thank you.

Community and Public Affairs Director Kelly Corsette: It was preselected choices. They told us whether or not that particular item was something that we should focus on.

Councilmember Milhaven: Thank you.

Community and Public Affairs Director Kelly Corsette: Thank you councilmember. Okay, this slide provides data over time about the core functions of city government. Our services, our customer service. In the value that people receive for taxes paid. That last item as I mentioned before, is good for us to see because it experience a bit of a dip in 2018. In 2018, the folks rated that as excellent or good was down to 64 percent. Which was a drop of seven percent from the previous year, but bounced back in 2020 in a good way. As one of the rises that we consider, of a statistical difference to be significant. I think we are all pleased to see that would move back in a strong and positive direction. Next slide please, Shane.

These are the areas where we earned our highest ratings. Again, these are combination of people reading these excellent or good. Then we see that we've got a very strong performance in key city core service areas. Like safety, neighborhood, and quality of life. So not only are these ratings strong, but again, most of our higher or much higher than our benchmark communities. We feel very positive about the high ratings that the cities receive in these sittings cities. Please next Shane.

Here we saw the lowest ratings. With the exception of the last one, these are all ratings of an individual's activity. This is how often people report doing these things. And so, we see some low numbers here. There are only two that happen to be related to transit and transportation. That are below benchmark comparisons.

[Time: 00:16:54]

City Manager Jim Thompson: Mr. Mayor, if I may ask a clarifying question. Kelly, if you would, for a second, please talk about these -- obviously, the lower income ones, but these are what people utilize. And so, what they don't utilize is the transit and transportation opportunities here. So, it's not that we are performing bad, I don't want to leave that message, it's the fact that people are not using them or desire to use them. Again, these are the areas that come up that people have less desire to utilize versus the other ones that we've talked about. Not whether or not they like it or not, it's pretty much do they use it or not? If I'm correct Kelly, maybe you can explain a little bit further.

Community and Public Affairs Director Kelly Corsette: Thank you. City members of the Council. That is correct. These residents in these particular areas happen -- perhaps, not as interested as doing these particular things. As we mentioned, a couple of them are related to transit. One is specific to carpooling. And then the last one is a rating of the availability of the affordable quality house. These are not particularly negative about what the city is providing and the way that we are providing it, it's the measurement of what our residents are actually doing. Thank you.

And finally, this next slide is what I would call other ratings of note. We wanted to note these. It might be particular interest to you on city Council. In a report this literally filled with 90s and 80s. It

can be a little bit distressing to see some things in the 60s and even 50s. Even though these are all similar to our benchmark communities, we do see things like overall confidence in government. Overall direction of the city. Still 61 and 65 percent positive. Worth noting, because we are so strong in so many other areas. Those last two in particular are new questions. Those were not questions that were asked in the survey and previous years. We do not have a trend on this particular items. Being open and transparent and performing and informing residents in those issues. 50 percent definitely has my attention as communication and public affairs director. Even though those are similar to benchmark communities, it's certainly something we are looking at and interested to see if we can influence a positive trend in those numbers in the future.

And, with that, Mr. Mayor, members of the city Council? That is a quick highlight view of the national community survey conducted in Scottsdale. For anybody listing or certainly for any of you, all of the full survey reports are published online. Scottsdale.AZ.com. And you can find a number of different reports on this data. I'm happy to answer any questions that you might have.

Mayor Ortega: We have one question from Councilman Tom Durham.

Councilmember Durham: Thank you Mr. Mayor. For areas that have lower rankings, were people allowed to give any reason for their ranking that included that stash why a certain rating was lower.

Community and Public Affairs Director Kelly Corsette: Members of the Council, this kind of survey does not offer those sort of open ended questions. So, what we would need to do or be able to do is go back out to the community to try and dive a little deeper into some of those areas. If that's something that you desire. The new tool that we have as part of this survey this year is the online instrument through a company called pull call the 1100 city person is depends on the survey used. In doing that, they could opt in to get additional feedback or survey opportunities from the city. We now have an audience of 1100 residents, who we can go back out to. And ask them questions in any number of different areas. We are excited about using that tool this year, because that's a feature, a tool for resident engagement that we haven't really had before.

Mayor Ortega: Do you have a comment? Okay. Okay. I did have a comment. General public engagement and relationship to the government. The latest example of that was the city election. And I called mind -- in fact, Scottsdale outperformed all cities. In Arizona. We had participation over 86 percent, and it was higher -- I believe in Phoenix, it was 57 percent. Statewide, it was under 60. Other companion cities -- notably, Glendale, Gilbert had something. In the 80 range. That's another interesting measurement where we don't -- let's just say that there is no apathy in terms of people showing up to express their vote. And I think that's a positive sign. Although, the sentence that you gathered here, whether that's the resultant or if it's a motivator. I think it really expresses well how a sophisticated city can weigh in. On that. Ms. Thompson, did you have something for us?

City Manager Jim Thompson: Yes, sir. Mr. Mayor, and members of counsel, Kelly, thank you for your presentation. I think when you go through the data, it will be externally helpful. It's in your packet. Please do, and if you have any further questions, ask Kelly. A couple of highlights that I would like to address as well. Obviously, Kelly mentioned our new tool. Our new tool allows us to pinpoint certain areas of town. So, we can get additional people to sign up. We can pinpoint and ask a question. If we have a project in a certain segment of town, we can ask that specific area. And so, it allows us to

do much more than we ever had before to go out and engage the community with the new tool. Obviously address the new one. We had 54 percent. The lowest or the ones that we've received, the lowest ranking things, keep in mind that all other areas in the report, we either outperformed substantially other benchmark cities, and even improved upon ourselves previously. Again, we tend to want to look at the ones where we have shortcomings, so we can go out and focus on them. When you look at those and start to look into the data itself. The deep of it, we didn't not perform well. We in fact, performed at the letter of our benchmarks and in some cases, slightly higher. It's just a low number for us. We're not used to seeing low numbers on things like this, because we always excel. That's not to say that we are not excelling. We're excelling equal to our benchmarks in these areas. Lower numbers than what we see in all the other areas that we have excellence in. Again, those are the areas that we tend to want to gravitate towards so that we can make improvements and and that's our goal.

The other thing to keep in mind. This is a time with substantial turmoil in the country. Substantial turmoil because the pandemics and other things that have been transpiring throughout. Again, it was interesting to see that there were even less than that in some of those categories, because of the things that we just read about in the media or influence by that's out there in other venues. Again, I was thankful. But impressed with the results that we had. And we will continue to do a deep dive at the staff level. See if there are other areas that we need to address and influence and come back to the Council and Chairman. The tool in particular that I want to highlight, because I think it's can allow some opportunity to engage the community in ways that we haven't in the past. Hopefully give us some guidance on the concerns that it come from the community. Thank you Mr. Mayor and members of the Council.

Mayor Ortega: Thank you Mr. Thompson. Please Councilwoman Littlefield.

[Time: 00:25:53]

[Inaudible]

Community and Public Affairs Director Kelly Corsette: Councilman Littlefield, members of the Council, a quick look tells me that it was a pretty good distribution throughout the community for the online survey. So, the statistically valid version, Shane, if you can put the slides back up there. The statistically valid version works specifically to distribute the number of households selected throughout the community. I think it's like number two, Shane. A quick look at the online version, people were asked to identify if they live in certain or three different geographic in the city. I think the distribution is fairly similar. Keep in mind that these thoughts are the 1700 households selected. And I'm sure that we have one that shows the where the people were actually completed and submitted the survey are. Like I said, the online version, we literally just got the data from that. I think it was yesterday. And so, we've got some work to do there. I think one of the elements there showed if people lived in northern Scottsdale or central Scottsdale, or southern Scottsdale. It seemed to be a pretty even distribution in terms of where our population is. In relation to who actually completed the online survey.

Councilwoman Littlefield: Thank you.

Mayor Ortega: Councilman Caputi has a --.

Councilwoman Caputi: Can we set that last slide up with the sort of lower numbers for second? I just can't remember exactly. Keep going.

Community and Public Affairs Director Kelly Corsette: There you go.

Councilwoman Caputi: Yes, the ones in the 50s, the being open and transparent, and informing residents about issues. I think it's kind of interesting about -- low numbers are being open and transparent and informing residents. They were also very low numbers on people utilizing things like how many people had called an elected official? How many people had participated in a public forum? Many people had emailed one of their counsel people? We are always struggling on how to get more resident input. Had we hear more people's voices. This is more challenges, more people involved. There is also this challenge with we are doing lots of great things. At some point, people also, have to take some responsibility for getting involved in getting excited and reaching out. I don't know how you can say that we are doing an okay job informing or being open and transparent. Well, on the other hand residents are saying that we are not really engaging at all. Which is happy, things are great, we live in this amazing city. We are going to hang out and love it. There is some responsibility on the part of people as well. To get more involved in reach out to us and let us help them. Just a comment.

Vice Mayor Janik: A quick question. Are you still actively selecting input online from the citizens? From that side of me.

Community and Public Affairs Director Kelly Corsette: I think it closed two weeks ago.

Vice Mayor Janik: Might you open it up again for more comments?

Community and Public Affairs Director Kelly Corsette: We get a number of citywide surveys such as that. If the Council wished, we could certainly look at it doing it again in the future.

Vice Mayor Janik: I guess my comment would be -- I think in some ways that we can do a more robust announcement of these surveys. And their availability. And in doing so, may be advertised in local newspapers. I think we could get more input and the more input that you get, the more valuable the data. And I think we all know that. So, I think that would definitely help with the last two categories that we've seen and significant rise. We were a little bit more active and proactive in soliciting the input. Thank you.

Mayor Ortega: Councilwoman Milhaven?

[Time: 00:30:13]

Councilmember Milhaven: I wanted to follow-up on Councilman's comments. Push versus pull? Right? As a citizen, I don't want to go to the city's PNC website to see if there is something in my neighborhood. But if there's something in my neighborhood, I certainly want to know. I think it becomes a matter of how we -- we may have lots of passive ways that people can come and find information. Maybe we need to get better pushing the information out to the people know what's happening in the community. It's a huge challenge. We've all agreed, more citizen input the better, the more that we can do. The more

that we can -- the better decisions we can make in the better citizen input. There are things like, are we already? When there's a zoning case, we inform within this parameter and we already exceed that. So, it becomes -- I think we need to get really creative about how much more you need. It wouldn't be a reasonable amount of zoning cases. Everybody in the community, because it becomes noise. I'm not gonna pay attention to any of those either. There will be postcard from the city so it's I'm not going to pay attention. I think it's really conversation, not so much how do we make information available? Had we get in front of them that they see it. I think that's a great conversation to have going forward. So, thank you.

Mayor Ortega: Yes, go ahead Councilwoman Caputi.

Councilwoman Caputi: Based on the previous question. How did you decide on how many people to go out and interview for this? Because there's gotta be a statistically significant number where more is not necessarily better or different, right? I don't have a degree in statistics, but right? There's like a sweet spot of numbers where there's a percentage, right?

Community and Public Affairs Director Kelly Corsette: Councilmember --

Councilwoman Caputi: Accurate or not accurate. It doesn't matter if you ask another hundred thousand people. It statistically representative.

Community and Public Affairs Director Kelly Corsette: That's correct. There is a baseline number and that 300 number seems to be about where we live. In terms of the number of people who complete the survey. The statistically route valid random sample. That gives us that \pm percent. If we get 3000 to complete the survey, the data would not likely be a whole lot different, but the confidence level would be greater. That plus or five minus percent which went to -3 percent or \pm two percent. And so, the other thing that I will mention is the number of households that we select, the universe of people that are trying to reach with the random sample, is what has grown over time. Because fewer and -- you have to put forth more effort to get people to participate. So, I think when we started doing this, when I first came to the city a decade ago, I think it was 1300 households, maybe 1400. Now we are up to 1700 households. Back then, we would call people on the phone. That's not really a valid way of getting feedback anymore. This was a combination of mailings and other tools. It is a small number of people, but the survey experts, who we contracted to do this give us confidence that that 329 completed surveys give us this data from which we can get deeper insight and how our residents are feeling.

Mayor Ortega: So, probably to wrap up this topic, I would say that 2020 -- we also had the census. So, there's a lot of calls and outreach at a federal level and so forth. And then we will be able to look at those numbers, I believe from the census as well. Sometime in September. Still voices of people. That's how I view how we collect information.

EMPLOYEE COMPENSATION AND BENEFITS STUDY

[Time: 00:34:10]

Mayor Ortega: Will move on to the employee conversation and benefit study. At this point, I want to clarify for those that are listening and watching, that this is an informal conversation. So we are not voting on anything today. But, the staff should be listening, they are reporting to us. But we will also be

listening that if they see any direction coming from us, as feedback directly from the Council. Thank you, proceed.

City Manager Jim Thompson: Mr. Mayor members of the Council, we have asked this morning that Matt Weatherly and Bob Longmire join us today to provide us an update. Just quickly on some of the logistics for today, there are some items that we will spend a little bit more time on that we are going to try and have a more fruitful discussion. There are some that we are just going to provide you overviews and kind of the data. So, you can go back and take a look at it and we will go back and revisit it. These are the regular Council meetings in the study session. And so, there's a couple that we will get into the depths of. Some of these, obviously are issues that are coming forward that our major issues in the city. How we compensate our employees is major I think with the new members of counsel.

It's a good time to share how we share this and compare ourselves to other jurisdictions. Put ourselves in the marketplace to be competitive in the market place. And then also recognize the efforts of our employees. We do go outside every three years. We've been doing that as of recent, and we do an in-depth study that's going on as we speak. We conclude those discussions in the budget process paid we ask our consultants that we've hired to come forward and share with counsel, what they are finding and seeing where we are at currently. Obviously, as we continue to refine some things, we went with a much deeper dive. We will discuss that in the budget process. At least of an understanding on how this is conducted and so forth. Matt and his associate are some of the best in the business. And they work throughout the country. And so, this is their area of expertise and knowledge. And so, we appreciate them being here this morning. Thank you Matt.

Matt Weatherly: Very good Mr. Mayor. Members of counsel and Mr. Thompson, thank you for the introduction. What we have prepared we will go through fairly quickly. Speak to the methodology and some of the findings. This is really a deep dive update to the 2018 original citywide classification of compensation review. We took the opportunity over the last few months to update all of the figures. Benchmark survey a bunch of jobs or HR department is great to work with. They keep really close tabs on individual classifications, job titles, reclassification requests, so, they remain kind of as a on-call consultant in that regard as well. To ensure that the job descriptions are good accurate reflection of what people are actually doing as well. We can go to the first couple of slides as a brief agenda for our morning on this first slide, really just an overview of our firm. I will introduce Bob so that he can provide a review of the methodology.

We have those slides? We can advance their? Really, the implementation options will be something that we will work with your staff closely on as you craft your budget, there are always options when it comes to paying benefits. And how many levers you can pull before you either get laughed out of her room for a dollar figure or at least kind of come to a conclusion as far as your state of philosophy. Or policy in relation to paying benefits. You see those and certainly any questions that you may have, Bob and I will try to answer those.

Just briefly, it's exciting because it's a home game. We're used to traveling around. That hasn't happened for the last 12 to 18 months for obvious reasons. It's kind of an exciting excuse to put on our jacket and not just use a WebCam, but we appreciate the opportunity to be here as a firm. We have

been at it for better than 35 years. Almost 40 years I think. National office came to the office in 1982. The gentleman that founded the firm decided that Scottsdale was much warmer than Chicago. Scottsdale was the official headquarters for a good 20 years or so. This is all that we do. We did classification and compensation, specifically for counties, states, K-12 schools, colleges, and universities, who had a chance to work with now, hundred and 50 public employers in the state of Arizona. Everyone of these is a little bit different. Everywhere that we go, we walk into our own history from the 2018 original study.

If any of you were on counsel at the time, we certainly had a goal of adopting a market philosophy or reinforcing a market philosophy, with respect to those that we are competing with to attract and sustain staff. Being able to identify where we are. Our goal is to be objective, our goal is to be a party, your staff is easily to work with. A good handle on budget and priorities, planning, and so, makes our life very, very easy when we come in with a lot of data and a lot of findings. So all that has been vented to rapid at this point. Before I turn it over to Bob, when I turn it over to Bob, individual job descriptions that require updating and review, the creation of different titling here and there. And then methodology was, when we conducted a survey, we really set about to use your job descriptions as a baseline. We look at your job duties, your job titles, your organization charts. We turn around and collect like data from the nine agencies that have historically been utilized by Scottsdale to position and maintain your salaries and benefits. Chandler, Gilbert, Glendale, Goodyear, Mesa, Phoenix, surprise, MPs, we have supplement data from the state as well as from the county. Very targeted in spots where we either identify tenancy or trend, to get people from or lose people to some very specific kind of local and regional agencies. The comparators, really arm our out to collect data.

The answer these two main questions on that last bullet. Where we are, how do we look? How do we stack up? How do we compare? However, it drives the conversation on where we want to be. Where do we want to lead the market? Do we want to be right at the average of the market? So, it helps inform that policy statement as the budget process. To say okay, if we want to position ourselves at the average market, what does that look like? It's one thing to do it on paper, the next two slides when Bob jumps on here, Bob will stop, he can jump in. It moves from being a paper exercise to a people exercise. If we need to update the paper, what impact does it have on the people? If your pay range is low and I need to move your pay range, do I move you right along with that pay range? So, there are options that come into play, when we talk about the budget, when we talk about orientation. I will let Bob jump in with the next few slides as well as wrap us up in case there are any questions. Certainly high-level findings and then some of the options that will be addressed with your staff we talk about implementation.

[Time: 00:42:01]

Bob Longmire: My name is Bob Longmire. I conduct the study here along with Matt. Maybe to borrow a phrase from Kelly that I've used before. You are pretty pleased with the results of this. I think to oversimplify a little bit of the complex process that we went through, you know, if I were to give a one sentence take away, I would say that your competitive at the salary only level for about 90 percent of your job. That's a very strong, positive, encouraging result in my book. Like Matt said, we were tasked with going on answering the question. You know, if the employee does not sell their house, they don't pull their kids out of school, they just commute in a different direction, what's the going rate? So, we

found that a salary, scheduled to salary standpoint. Your competitive for more than 90 percent of your jobs.

When we take total compensation into account, so, we at retirement, health benefits, any ad pay, certification pay, basically, all those additional factors, that going to an employee's compensation, we find that you are little bit ahead of the market in that standpoint, because you have a very healthy offering for the health insurance benefit. And also, the contributions to the Social Security program. So, when we look at total compensation into -- and take that into account, your position to the market strengthens. So, again, that's a positive and healthy thing. We would try to balance those two factors. At some point in time, the value of the benefits that the employee gets, really starts to sink in. There are some employees that are just trying to put food on the table, make the truck payment, and the value of those benefits don't really sink and paid all their looking at is that salary schedule, salary to schedule comparison. There's a point in time where if the value of your benefits start to sink in. Maybe that's 2.2 kids, and you are about 12 years away from retirement. You're starting to understand that these things really matter. We want to make sure we have a competitive offering in both of those factors.

So, you can go to the next slide, I want to try and visualize this a little bit. To put this into a a little bit of a visual format. So, you can see in the horizontal access, we are looking as we go higher in your salary schedule, the midpoint of the range is on the horizontal access in relationship to markets on our vertical. If we put some goalposts in there, to say, you know, which jobs are falling behind market? Which jobs do we want to increase the salary ranges so we can get them caught up to market? One of the things that's interesting about that is that your overall trendline. It's not uncommon for us to find that may be as you go higher in the organization, you might be a little bit more behind market or as your more entry-level, your little bit be kind market. It doesn't change up and down the schedule, which is good news for us. You're not getting a hometown reduction on your directors. Taking advantage of people working in the streets. As a really healthy relationship to market up and down the salary schedule.

What you can see from this is that there are some jobs that fall below market. We've got blue dots that are behind this line, when we want to recommend a putting them into a different salary range. So, we will start to talk about options and what that looks like, but really helpful visual here is that there are two thoughts on this that we want to keep in mind. What's our target? You know, will me talk about market, how do we define market? So, the way that we did that in the salary studies, we looked at what is the salary range midpoint? Every range has a minimum, every range has a maximum. Those range -- sorry. Distances between minimum and maximum are going to vary based on agency. We look right down the middle the ranges then took the average of the middle those ranges to establish market. In this past, how is the middle of your range line up with the market average? And you can see that there are some jobs that might need to move into a higher salary. The first decision we had is how aggressive do we want to be in relation to market? And then what do we do with the people? We kind of keep that in the back of our minds, because we will come back to that in a second. A way to think about that is how aggressive are we in moving some of these blue dots, closer to market? Do we want to be off market, do we want to lead the market? Do we want to be the employer of choice that says, we want to be five percent ahead of market? Because we want to be the place that is known for higher salary, were we can recruit and retain quality staff. We want to be at market average and not the benefits are little bit ahead of market? So, we have a competitive benefit package so that we know that

we are ahead of market. Those are some different kind of policy statements that we can help translate into where to put the jobs on the salary range.

If you go to the next slide here. One item of note that's a little bit unique about the way that you structured in the way that you do things are the charter officers. That exists. You more charter officers than the market offers. More charter positions here than we would generally see out in the market. I don't get necessarily a surprise. But inside of that, what's unique is that you don't provide benefits for those positions. In the benefits, as you tend to go higher up the food chain, those benefits become a bigger percentage of your total compensation standpoint. The trend that we had been describing here, where you are competitive on salary, head on total compensation. That picture flips a little bit when you talk about the charter officers. That picture flips where we are behind market from a total compensation standpoint, simply, because they are not getting the benefits. That's an item of note, yes, go ahead.

[Time: 00:48:11]

Mayor Ortega: I'm sorry to interrupt with the question. Are you saying that the charter officers cannot participate in healthcare dental, vision, plans just like any other employee?

Bob Longmire: So, the contribution, the amount that the city contributes towards that, is different from all of the different employees. The amount that they contribute is different from the other employees that are non-charter. And that affects the overall contributions as well as the retirements.

Mayor Ortega: But the percentage, what you're saying though is are you agreeing that people can participate in 401(k) and health benefits, choose or not to choose, if they had a spouse or another employment location, that had a better health plan, they could choose to not – not pay for the one here?

Bob Longmire: Yes.

Mayor Ortega: The benefits that you are discussing coming about general employees, whatever level of compensation or 50,000, they have options in benefits. So do the charter officers have options, right?

Bob Longmire: Yes.

Mayor Ortega: I am somewhat disagreeing with whether or not you are saying that there are no benefits, because the city does pay a portion of dental, eye, or healthcare, if any employee decides to participate in that. I am somewhat not puzzled, but you are saying that they don't get any benefits, when in fact they had the same benefits that are available. Now, obviously, if you have a salary position, and that might be \$200,000 as a charter. You know, your dental, if you chose it or eye vision plan or whatever, is a very small – a much smaller percentage. But it still offered to equally to all employees.

Bob Longmire: Yes, I think I may not have been explaining that correctly. Yes, you are right. They still the option to participate that and pay it themselves. Whereas a lot of employees have a different amount of the non-charter employees receiving contribution from the city towards those health and dental vision internment programs. Where the charters – it's different out of pocket.

Mayor Ortega: It's not partially paid by the – that's okay. I need to clarify that, because I understand that they can participate in all of the co-pays or whatever, but there's really no co-pay by the city. For charters? I'm just asking for clarification.

[Time: 00:51:11]

City Manager Jim Thompson: Members of Council, a couple of things that are oddities in this, I will start my comments real quick, there is no perfect system. So, either pay or evaluation systems. They all depend. As you know, three years ago, Mountain and Associates were involved in our analysis. The graph that was previously, were much further off. And so, we made some adjustments, some positions were moved substantially. We did over three years to get us back into the market. As we see today, we were very successful in doing that. We were out, we had different classes of employees getting different increases versus others. Changes to the marketplace. One of the other things we did three years ago, we placed the charter officers, which have historically, not been in the class system outside of that.

We know that recently in the recruitment of clerk were to place the successful candidate, we asked them to look at charter officers and place them input ranges. They done that now. They are in the same system as all employees. That was the goal, pretty much from the administrative standpoint. I wanted everybody in the same system. Not different systems throughout. Each employee will want a different system and a different review. That's just the way we are. We we are human nature. That's why there's no perfect system.

Again, the specific question, this question comes in because years ago, in the city, your charter and department directors, for the most part, leadership team have different benefits. I give an example, and some of the but competitive scenarios, those contracts, with charter officers, the directors usually have more aggressive, which you find out in your discussions, probably in hiring a clerk, they have different benefit packages that normal employees don't receive. Because it's her leadership team. That's the competitive issue that we also have them look at in this scenario. What we've done traditionally, is roll those benefits into the compensation side of the charter officers. We said okay, you don't have different comps now. You don't have what they offer or maybe Glendale or some of the others. We don't have those, so we're going to increase the pay. The problem with charter officers, particularly when you increase the pay, all the other cities run to the paysite and the benefits side they still have that host of benefits. We ask again, through those benefits, are there benefits that are not being inclusive and those for those upper tiers of management. We don't have that – – those packages available as you have a tier system and Phoenix is an example. If you're a certain level of tear in an organization, you've a different benefit package than the tier below and above. And that's just the attractiveness of it. When they look at this question, what they provided data back, we don't have this benefit packages that other communities have. An hour pay, even though we've increased it a few years back and put everybody in range, we didn't look at all of the benefit packages that were on the marketplace.

And when they went back, because I asked them to do deep dives on everything, this year, including some changes, potentially, we were going to recommend vacation leave. That's been one thing that we have less than others. They desire more vacation that we have been showing them. They did a deep

dive this year, rather than deep dive conversations, we have compensations in entirety. Which you should always do. And that's what we've done. This is one area that they noted that at least in the senior management, we don't have the benefits of others. Even though our pay might be slightly higher than others, they caught up again. And so, the benefit side is where we don't have the value. I know in recent discussions, at least in this level, and other activities that you had, in hiring some of the other charter officers, that became very apparent that others might have stipends that we do not have. And so, when they make the consideration to come here, maybe get paid slightly higher, however there's a great value in these benefits.

Not getting in the depths of that, same with department directors and in a lot of cases, there's the auto allowances, there's the deferred comp matches, there's even housing allowances in some cases for certain because of that. The cost of housing here is so much more substantial. Charter officers have to live in the community, where others don't have to live in the community. When you look at the difference, when you look at the pay, your cost-of-living is substantially higher. None of those are included or are they included in the last deep dive. We just put them in the pay ranges. We made a slight adjustment for those benefits added to it, but what we found this time, when they did the deep dive, we did not include a lot of this benefit from it did that did last time. We included some that are the basic ones that all employees receive, but we did not get the ones that are outside of that one or contractual in that. Not required to pull contracts. In the depths of the analysis. That's where process today. I wish it was simpler. This is one of the things that they brought to me.

We also did the deep dive on vacation. We'll be talking about that on the vacation process. I have to be careful that if I have justifications a bunch, when we are already slightly above in the medical side, we pay 80 percent for all employees, inclusive of charter, inclusive of everybody. 80/20 match. Some cities are at 7525. Or different number. We get to the depths of that, we have multiple options. We are playing with that to move people in certain directions at one time. Now it made consistent throughout. Which is always a better thing to do. We treat all employees equally and fairly. In this case, we found that we are a little bit ahead in the medical, but maybe a little bit behind in vacation. If we move vacation up, it puts us a little higher in the marketplace. That might be a place that we want to be rather than at the norms average of all the cities that we've mentioned. Whether it be West Valley and East Valley. At the norm, you want to have the talent. Maybe bumping that will open the door for us. We are seeing some challenges. The first thing that we hear about is vacation time more vacation where they are currently at. We're gonna have to address that to be competitive in the marketplace. In doing so, do we go around to the other employees to reduce medical down or do we adjust the on the salary side? It becomes very complex.

I love these discussions. I would love to go to the depth of them. Not right now, but I think that's the point. At least what's been shared with us right now. What they found is that there are some the upper management can positions that traditionally have different benefits than the rest of the classes. That were not inclusive in the study. Try to make it consistent, but we found they made some challenges for us in the market place. Which I think you found it more recently. Where you're at with the look. And I think we have one coming up in fact, tomorrow. The treasury are probably can have some similar discussions as well. For us, it was very key and important to make sure that we analyze all of the classes in the organization.

Again, I want to note that three years ago, or four years ago, charter officers in particular were not in the pay system. They were excluded from that. Historically, when you look at back on the annual basis, and might've been different adjustments that were not poor to the employees. We've been keeping that consistent. Opportunities from top to bottom in the organization. That was the goal. To keep consistency in the organization. We wish to continue that tonight. We don't want to allow ourselves to get outside of that. In doing so, we have had a look at that. I know an example and I don't want to pick a specific city, but there's quite a few of them out there. There's different tiers of benefit availability in different tiers of the organization. Might that be deferred comp matches, may that be postretirement medical establishments. We don't have many of those things at those upper tiers. And so, I think that's what they found in the survey. That's the numbers that they did.

[Time: 00:59:39]

Mayor Ortega: Thank you Mr. Thompson. Councilwoman Whitehead? Please.

Councilwoman Whitehead: I just have a question, so I just want to understand on the health insurance, if I'm an engineer at the city, or city charter officer or city Council person, do I have the same health insurance coverage?

Bob Longmire: You have the same access to the health insurance covered, it would be the difference in the contribution from the city that changes. So, when you are -- when you are the like the engineer at the city, the city comes in with 80 percent of the contributions towards that premium. Versus when you're the charter officer. You're paying for it out of pocket. You still getting the same coverage, you still have the same car, the same plan. It's a difference in where the contributions for the premium comes from.

Councilwoman Whitehead: The vacation is that the same?

Bob Longmire: The vacation?

Councilwoman Whitehead: How much vacation you get, is that the same?

Bob Longmire: Yes. To my understanding, they are the same.

Councilwoman Whitehead: Vacation adjusted based on other things. Okay, thank you.

Bob Longmire: And then yes, and then it's how much do you get on kind of day one of hire. It's not uncommon that we see tiered benefits out in the market. As you move up the organization and as you're getting higher up there, it's like three weeks flat. Just across the entire organization. Whether you have one, five, or 10 years. As here, you have to kind of spend the time to work it.

Mayor Ortega: Councilman Durham?

Councilman Durham: I understand what you're saying about tiered things and vacations, that's normal, I don't understand the logic in -- maybe it's just tradition for not having the full range of benefits. For charter officers. They pay health benefits out-of-pocket.

Bob Longmire: I don't know the history of why that is.

Mayor Ortega: Counsel?

Councilmember Milhaven: I can answer that. We had a charter officer that said Gee, I don't know if I want those things. Just pay me and then I can opt in or out. So, the intention was that the total compensation would be competitive and that the charter officers could opt in or out whatever benefits they wanted. Our intention was to stay market competitive. As a policymaking body, it's tempting to jump in a lot of detail, which I really want to stay at the policy level, but when it comes to charter officer compensation, I do think that we need to get the specific details so that we can make decisions to try to decide whether or not we want to close the equity gap. But the intention was not to deprive them of benefits, but give them a cafeteria plan that they can choose that they what they wanted. Pay the salary and benefits, to us it should be the same number. To be competitive.

Mayor Ortega: I realize that you are kind of in the middle of this presentation, but you know, to also be clear, charter officers are reviewed yearly or annually. That means in June, we have look again that whether or not the performance of a charter officer might be in line or whether or not the scope of the work has changed. Somewhat. We will take that into considerations as a first-person relationship. I get the drift of where you're going here, but again, we have immediate action on that. I don't know whether or not we want to strip down to a base salary, because that's what we saw with the clerk's office. We had numbers out of Phoenix and so forth that were substantially less than what we were offering here. Substantially, it meant 30 or 40 percent. About 30 percent more than what we were offering. We were blind or we did not know what the full benefit package or participation might've been by any of those individuals in Phoenix, Glendale, or elsewhere. I don't want us to run short on time, if you want to wrap up on the topic, Mr. Thompson, go ahead.

[Time: 01:03:37]

City Manager Jim Thompson: Mr. Mayor and members of counsel, we can quickly get there. I think we went a little bit deeper into this area. I think it's to bring it to your attention. I will during the budget process and during the evaluation process bring back as I have in the past with the detail analysis. As Councilmember Milhaven pointed out, perfectly that historically what was decided was to do include the base benefits or the benefits package plus the additional benefits into the salary compensation of the charter officers. That was the decision that was made. It wasn't whether there was a shortcoming in that process. Here, what we did is to do a deep dive into that, like we did all benefits for all employees. In one area that they found at least a study that was done a few years ago, we may not have been all-inclusive. It's not that charter officers or department directors don't get the same benefits of other employees, it's just that in other jurisdictions, as you go higher in the chain and in an organization, there are tiers of additional benefits. And so, what was compared here and in our current system is current benefits package spread across all employees. Maybe a philosophical process of where you desire to continue to be. When they did the deep dive into the upper tiers of management, there are different benefit schemes in different organizations.

As you found and noted with the City of Phoenix. In City of Phoenix, when you hit certain leadership tiers, they had alternative tiers. Each one of those tiers added additional benefits beyond the base

employee. May that be additional vacation, may that be the matching of deferred comps and other things, like the car allowance. Right now, we reimburse for miles. And things like that. Where other jurisdictions don't. May it be technology benefit that you receive to have technologies available to you. Last time we did this analysis, we didn't do the deep dive on that. This time, we did a deep dive on everything. That's why these things are being presented and coming up as you experienced with recent recruitment.

Again, not to bog ourselves down, if I would like to ask right now that we exponentially at the next few slides. I think it's important. I never got bogged down, and this to me, is one of the minor issues. But it was one of the areas that kind of like the survey, where are those 50s versus the 98 and 96 is. This is where it hit. That's why they carried it. Again, I think overall, we are in great shape. I think the numbers we will bring back, will make a recommendation of the change to the vacation benefits. We analyze that, but of number two, so, we have some of that data coming forth. If we can exponentially move through these real quick so that we can get through them and said that you guys can get to at least the rest of the overview of where we are at.

Mayor Ortega: Thank you. Councilwoman Whitehead please.

Councilwoman Whitehead: We spent a lot of time on charter officers. Do we have the data, there are some minus forty percent, do we have data on other specific positions that are being underpaid? Are the specific people being underpaid? That data, who gets that data?

Bob Longmire: So, we've been working with staff on not to make the recommendations to implement the study. So, one of the recommendations that we had is to implement the study to remove those jobs into a higher salary range. So, we move them from the range the air and to the range that they should be in. On the next slide, one of the things away for talk about is if we move the range, what do we do with the person? So, that range moves and we go up to Ranges to a higher range, and let's say that we find that we are a percent behind market or 10 percent hind market, does that transition to they get 10 percent? In some instances, if an employee is maxed out an employee of the old range, and that old ranges behind market, we can move the range and the employee goes from being maxed out and not eligible for any salary increases in future years, to lower into the new range and other have future earning potential. So, we don't need to give them all of that movement. All that change. Right up front. So, we can correct for market without breaking the bank in year one.

Councilwoman Whitehead: I guess what I'm interested in, from the highest level, do we have -- where are those positions. If all department heads -40 percent. That's where we are looking at. I'm looking for both. Thank you.

Bob Longmire: There was not one department or number one job series that stuck out -- they were just kind of like one job here are one job here in this group. This field is moving faster than the rest of the jobs around in the department. So, you did not have any structural defaults. One department was getting crushed and the rest of the city was okay. So, they were kind of spread out.

Councilwoman Whitehead: Thank you, thank you very much.

Mayor Ortega: Councilwoman Milhaven?

Councilwoman Milhaven: I'm gonna see if I can help, because I was studying ahead. From a policy perspective, what I would want in my two cents was that my colleagues agree or not, in terms of how aggressive do we want to be? I would suggest that we are out or above market. Our human resources deliver the amazing services and quality that we see here. Even though salaries are big part of what the city budget is, they are the people that deliver the services to our community. I think we want to be at or above where we want to pay people where they are at. Sometimes the leading edge is the bleeding edge. We don't want to lead the market up because everybody's looking everybody else. We want to stay in a reasonable range. We don't want to be above the market. Outer above market. In terms of how aggressive do we want to be, moving employees through the range, I would leave that to the city manager looking at what other communities do. Because just as certainly, everybody should be within the range. If anybody is below the minimum, certainly, they should be moved to the range. Not below or above. How quickly they move, I think we need to leave that to the city manager. In terms of cost of living, within the budget that allows. Which specific economic communicator we can use? We need to call stay, leave that to the city manager to decide let's be thorough with the economic indicator. I just checked the CPI for the consumer index. It was less than half percent. Right now, it's not a lot. It could be in the future. From a policymaking perspective, that's my two cents.

Bob Longmire: Excellent.

Mayor Ortega: Please proceed or did you have a wrap up? Is that it.

Bob Longmire: We have the wrap up. Basically, I think you understand the factors that we can meet any budget that we have or going to work with staff the kind of model some of those options. To bring back some of the things that kind of balance it out in all this factors. I think you guys understand the task and effort that's before us.

Councilwoman Milhaven: And we need to detail on the officers so that we can revisit that.

Mayor Ortega: Thank you. Probably one last factor would be how many people are applying to the city of Scottsdale for a job? And I believe that we have 7 to 1 or 10 to 1. That bodes well for our packages. Let me move on to the -- okay, go ahead.

City Manager Jim Thompson: Members of the Council and I know our next item is the one that we are probably going to go into greater depth. We also have our outside discussion point in that. Thank you both. I appreciate it. And we will come back with the request of data and the charter officer. Again, I appreciate what we have done here. The traditionally -- in some cities call it cold, but we traditionally call a market adjustment. We do a market adjustment. That's what we've done. What we've done in the last three years is really put us in a good spot. We are in a good spot. We've got a few below, a few above, will just have to adjust those few that are below. Will do that as we have every year we take a look at this. In great detail. And so, with the assistance of consultants, they have come in and really analyzed it.

Again on the high note, we are where we need to be. It's not a huge budgetary issue that we had three years ago. Three years ago we did have to adjust up to 15 percent. That were outside of that. We did over three years. When we look at the numbers, how long do we want to do it over? We were doing it over three. We took a big bump in the next year, and next to lesser bumps to bring everybody back to

market. As we found today, we are within market. So, we did a fabulous job. And so, I did not want to be lost in numbers and some of the things that stood out in the study. We are in a great place. And for me, as I think many of you know, taking care of our employees would be a wonderful thing every day for our citizens came out the survey that we are above our met benchmark in so many areas. We've got great people. We need to recognize that and ensure that we are in the marketplace. Which we are. And I am happy with this and the study. I will come back in the budget and talk about the few refinements. Again, thank you.

PUBLIC SAFETY PENSIONS

[Time: 01:13:01]

City Manager Jim Thompson: Thank you. Next, we are going to do something a little bit different. I want to prep this because we are going to have video conference in Ira. Ira, what he is -- what we've done with governor vest, Governor best is a company out there that specializes in software product that allows us to deep dig into a product that we had to acquire, because we knew we had this issue that was acquiring. We had been talking about it for a few years. We started to set aside funds to take care of some of our pension constraints and concerns. The governor vest does, even the PS PRS payment with the software that they have. It's not as flexible as ours. The treasurer's office now has some staff members that have been trained to utilize it. Basically the software that allows us to go and every day on an actuarial. It changes sometimes by the minute. If you have one person retire, one go on medical, one per certain leaves and one person comes in. All those things going to your calculation of pension. And it changes rapidly. And so, to have a software that allows us to really go in and look at, what if X happens, what if Y happens.

Are we gonna be in the displacement? What we have found, there are two major pension systems for which the city utilizes. You have opportunities for other things, which is a defined contribution plan. We have defined benefit plans of the new tier 3 and fire, police, you have tier 3 is either defined benefits or defined contribution. I won't go into the mixing of all those good things, but we're gonna have Ira come online. Organ of Irish share with you his analysis. This is limited to police and fire. The PS PRS which is where we have the greatest concern. Police and fire under PS PRS. It's done by individual jurisdiction. Where is a SRS, which is the civilian employees, retirement system, though they are statewide. You are grouped in the greater pool if your civilian employee. That's how they look at the plan and the funding of the plan. PS PRS is by jurisdiction and by type of public safety. Whether it be police or fire. And then there are tiers in each of those brackets that have recruited over the years. It becomes very complex. But we did a few years ago, we started taking the designation, it's an administrative action. And so, want to talk about that before a pirate talk. It's a little bit more complex. You'll understand the budget process, some of you haven't been to the budget process.

So, in our budget, traditionally what we used to do is set aside or reserve every year, 10 percent of our operating operations. We set aside and put it in our balance. I have a slide for this. In our fund balance, we have our operating reserve. And so, what we did 10 percent for is simply to cover concerns of bond cover if we had an emergency, could we dip into that? Right? A lot of cities do. 10 percent keeps the bomb happy in our reserve. We used to run and a half a million, now we are at 300,000. My tenure dipped into either of those. Even with the Covid pandemic and all the concerns that we have a budget, we decided to not dip into this. We did not. But we did a few years ago, any unreserved used to go into

that undesignated and unreserved. And that can be observed in the next fiscal year in operational side or in Z. Or other things. We chose not to do any of this anymore. Started to use those additional funds in the PS PRS.

Unfunded liability, that's a whole another discussion. It grew. It's not a liability because we pay hundred percent of what we are billed by PS PRS. If they bill is \$10, we pay \$10, but when you pay \$10 on your liability, continues unfunded, it continues to rise and your percentage for which you have to pay, continues to rise every year. It's just not the right formula. Does that mean PS PRS is doing the right thing by billing us? That's questionable. I'm gonna leave that to its own discussion. I have my own viewpoint on that, but I'm gonna leave it alone. What I do know is that it's gone. Our percentage is growing. What does that mean? If we did nothing different and gave no compensation changes, if we did nothing in the city, the amount that we pay continues to go up. We have liability going up. If we did nothing different right off the bat, any 200 million to pay for the increase. Which is not biting down the liability. What we did conscientiously, and I really appreciate the Council taking this move, because it's hard move to do. We're gonna move this undesignated and unreserved over to a designation, which is done administratively by Councilman. In the depths of discussion in balance right now. Unless you want me to. Jim, that's enough.

With that said, we can get more into the budget process. We started to set aside, we are at \$80 million in that fund. Even though we have 180 million, we've grown to unfunded and police pension alone. Fire is not a huge issue yet, but it's can become a huge issue. As to do it staffing and reps and all that. Not me took over the fire services, from rule, we took it over and we created a new pension. We didn't buy the service that they had and put in the pension plan. We started at 0. When we hit 20 years, you're gonna have a large number, two thirds of our fire department eligible to retire, which is in the next few years. We've been talking about, how do we prepare for that? A lot of expertise in other things, so, it's not really the budget issue. And all of a sudden you have two thirds of your fire department, nobody was collecting a pension of very few of them were now in the medical, now you're gonna have a bunch of them collecting a pension. And so are we funded adequately? We're gonna say huge drop drop in that. He's very familiar with everything that goes on at PS PRS.

We asked him to run a bunch of scenarios. What's our best fix? What we did a year or year and a half ago when we were looking to invest, we sat down with Bill Davis, who is in our FAS advisor. He comes us and recommends the refunding of bond's. He is an expert in financing. He brought forward and we had a discussion at the time, myself, Jeff Nichols, Treasurer at the time, and Bill. Bill sent back a response. The best thing for the city today is to buy down some of this liability. And so, we're gonna show you some of those options today. If we buy it down, paying \$10 today is like paying \$30 in the future on the other end. And so, we want to look at that because of the time value on the money.

The other thing is PS PRS, even though they are not earning what the guarantee, another discussion, which I will cover a little bit. It's much better than what we can invest in. And earn because of our limitations of how we have our conservative fiscal policy and so, by paying down at this point, because we stockpiled the money, it's a much utter equation press. It gives us a chance to solve a problem that's kind of --. Pushing out and pushing it in. If set aside money to fix it. I know it's going to be very challenging and difficult discussion. It's time to really take a look at it.

I read online and make a quick -- this is not the fault of anybody who serves in any of these positions in the organization. When you are hired, you know you are going to be allowed a certain pension or otherwise, that's why you get into this professions. It's not the police or the fire, it's not any of them that caused us to be in the place that we are. His decisions made at the state level for a board that may have over the years, has continued to look at things and see that rise. Years ago, I've been in the state for long time, years ago we did not see numbers like we see today. The participation was seven or eight percent.

Employees on the employer. One thing at PS PRS, they locked in the employees and then except for the new tiers. The older tiers, that number was locked into the employees. Where the absorption had occurred is on the backs of the cities. In this case, our taxpayers. And so, as the unfunded group, because of certain obligations or indoor settings of interest rates that they failed on. All that did was continue to increase that number every year. We are on 53 percent. Which is less than many of our other neighboring jurisdictions, which is a good thing. Some of her neighbors are at 90 and 80 percent. We are in better shape than most. I want to be in a place where future generations don't have to worry about this. Both on the employee side, but also on the Council side and the community site.

The chance to do that, because we took a very hard action. And so, we are going to limit some of our operational expenses of growth and then we are going to limit some of our Capitol growth and really focus on this issue. And that's what we've done in the last few years. It's easy, because the request we have the budget every year exceeds just the continued high level of service that community demands. We have tried to take care of what we have first before adding anything new. In doing so, we are able to build this fund up to a point in particular to take care of this problem. In the future it will free us up to do those other things, because we took care of the problem that was building. And so, not that anybody ignored it or -- it's a hard discussion to have. It's a very expensive discussion to have. And so, I appreciate all the leadership that's coming towards me from Councilman in the past to allow me to work on this issue to the extent that we have.

Now, it's time to talk about it. Unfortunately, for new councilmembers, welcome. You get to deal with this issue. But we've been dealing with it and that's why we set aside the funds. The good news is he got money to address it now. We may not have had it 10 or 20 years ago when decisions were made. That said, I don't know if Ira is out there. He is. Great. Let's bring him on. He's gonna walk you through the slides. This is the issue that we will want up until lunch. When we hit the lunchtime, I will raise my hand and take a short break for lunch. And then we will get back to the rest of the issue. So, thank you.

[Time: 01:24:09]

GovInvest Representative Ira Summer: Okay, I will pull up my screen right now. Thank you for the introduction. And thanks for letting me join you. For this meeting and presentation. I especially appreciate being able to do this from my home by zoom. I've gotten in the practice of not committing anywhere. So, this is just much faster for me. One of the things that I have learned in discussing patient issues for the last 30 years is that it's important that if you have questions early, but you asked those questions. If I lose you on slide two or three, the rest of the presentation is going to be worthless to you. So, I want to make sure that if you have questions, if you -- if something does not make sense, that you asked those questions and that way, everybody can understand where we are, and what's going on.

I am going to start by focusing on the police. The pension within PS PRS. What we are going to do is that we're going to show you where you are and where you will be if things go as expected. And you follow the funding that PS PRS requires. Then I will do the same thing very quickly with fire. And then, we will go into potentially taking in control and taking some steps. That staff, you know, has put together. To see how that will end up helping you. Moving forward. So, okay, one more thing that I need to do here. Figure out how to -- there you go.

So, I am starting off with a seven year projection. The reason we we've got a seven year projection is because we are focusing on two years that are in the past and then five years moving forward. You can see where things are going. I'm starting with your unfunded accrued liability. This is an amount that -- with accounting changes that took place is a few years ago. Actually goes to your balance sheet. It is the difference between the target liability, where PS PRS says you should be funded if everything had always gone according to their assumptions. And where you really are in terms of the test test your assets that are in the plan. For that. This is the reason we are starting with the police, you are currently -- or as of 2019 evaluation, you were 180 million unfunded. The increased slightly with the 2020 evaluation. And I will discuss why. The main reason is that their investment return well short of their target.

Over the next few years as we move forward, the unfunded liability is projected to relatively stay flat. It's increasing a tiny amount over the next couple of years. That is due to the way that PS PRS advertises the unfunded liability. The way they ask you to pay that off. For the bulk of the unfunded liability. In doing so, what that means for the next few years that the required contribution is not enough to cover the interest. That's expected to accrue. It's close, but not quite there. And then, starting at approximately 2022. Your payments keep increasing and then you start paying off the unfunded liability. Currently, with the 2020 evaluation, your unfunded liabilities post be paid off, I think there are 16 years remaining for the police and fire plan.

This is what happens in terms of dollars of the unfunded liability. That amount is supposed to stay relatively steady for the next few years. If you locate it as a funded percentage overall, how well do the liability and assets match the liabilities of the unfunded part stay steady? You're liabilities themselves are growing, your assets are growing. So, the funded percentage will be increasing. As you go along. Your 52 percent in 2019 53 in 2020. 64 in 2024. The goal here is to get to 100 percent funded by 2036. You are moving in the right direction. That's the way that the PS PRS policy is set up. And you are following the policy. You are doing everything you are required to do. In terms of the contributions, the dollars you are paying.

Let's start off by looking at this. The dollars are projected to increase. Each year. Now, if you look at this, they come in two pieces. The bottom in the green is referred to as the normal cost. That's the cost for each additional year of service that your employees are currently accruing. That amount is staying relatively steady in dollar terms. The reason for that, it's designed to increase as a percentage of payroll. But, your workforce, is split as was mentioned before. Between the tier 1 and tier 1 higher level benefits and tier 3 for the higher level employees. As your current employees leave the workforce and are projected to leave the workforce, you are projected to replace them with new employees that are in tier 3. They have lower cost, that in terms of normal cost.

And so, as a percentage of pay, and we will show the on the next screen, your normal cost is projected to decline slightly. At pretty close in the same rate at least in the short term, that your payroll is projected to grow. That keeps your normal cost relatively steady. In the long term, once you pay off the liability, your normal cost is the cost of your -- going to be the cost of your pension moving forward. The big part of this is the blue. That's the payment to pay off the unfunded liability. To pay off that hundred million dollars. The amortization is designed as I mentioned before, to increase along with your payroll. So, that it is projected to go up for each of the next 15 or 16 years. So, the amount is increased and keeps increasing. That it is the majority of what you are paying. It is roughly 3/4 of the payments right now and it is going to keep increasing to be a bigger and bigger part. This is for many cities in Arizona, that are funded at about the same place as your pension.

Your police pension plan. This is a common projection. This is something that we are seeing all across the state. So, you follow the rules, these are the rules that are currently in place. And this is what you can expect to see moving forward. As a percentage of payroll, you will loose that the normal cost is declining slightly. The unfunded liability is targeted to increase slightly. Before it starts going off and then growing a little bit more. That is primarily because the, and I will get to it in a moment, the main reason for the unfunded liability were created were due to investment returns that were less than what PS PRS was assuming. They would get in the long term. And even in this past year, this past year was a very, very difficult year in the market. The year ending June 30, 2020. If you remember approximately a year ago, although, it probably feels like a decade ago at this point, the markets were doing relatively well.

Last year in early February. PSPRS was doing well, the stock market was up. And then, between mid February and the end of March, the stock market took a dive. As the economy shut down. As Covid hit all across the country and around the world. The Dow dropped about 30 percent in that six week.. The S&P dropped about 20. NASDAQ dropped about 10. Pension plans all across the country went from being in a good position for the year two scary position for the year. After that, the stimulus package was passed. The federal was giving the option to pump equity into the market. The markets responded, interest rates dropped close down to zero., Which is what you are seeing in your short-term money on in term reserves. So, the losses from the fact that they did not hit their targets the last couple of years are adding to the unfunded liability. Those amounts are being phased in over time. The cost of that, which I will talk about just a moment, so that's why we are seeing the unfunded liability. The contribution requirement overall. Projected to increase. As a percentage of payroll. So, this is where we are for the police plan. Are there any questions so far? On anything you've seen?

[Time: 01:35:00]

Mayor Ortega: Mr. Thompson?

City Manager Jim Thompson: Thank you Mr. Mayor. Members counsel, and Ira. Not so much a question, but the slide in particular the one that triggers on the operational side. Every year, if we continue to rise, even though we are meeting all of our obligations, and that's the question that we hear sometimes, what we are paying 100 percent of what we are asked to pay. Even if we pay hundred percent of what we are being asked to pay, which we are doing, we continue to have to come up with more money every year. Just to do everything the same. So, the point being that I made earlier, here's the depiction of that. We are at 53 percent now we will grow to 63 percent in 2026. Even if we do

nothing different, the amount that we have to pay every year, so, seven percent growth of that number, millions of dollars. Every year, we have to come up with money that is now – – I think I will get to towards the end.

Once you watch the police and fire, some options that we have of buying this now and then keeping the rate either the same or slightly less. When we make a lump sum payment, when we decide to do that the PS PRS, they will come back and say well, in our formula, you should only have to pay 30 percent now. We might say that we will continue to pay 50 percent, and so, at your 16 that Ira shows here, that would be paid off. We would be paid off quicker. Now, the problem with your 16 is that we have seen this for decades. When they say you will pay off in 16 years if you do this. We won't. I will just be frank about it.

Even with that, they have changed actuarial thought processes. They have a guarantee of 7.1 percent. An guarantee of 6.9, depends on which tier you are in. If they don't hit that, they are an average costing. They change how they do their average costing a couple of times as well on the actuarial's to try and minimize the impact. Again, you just don't hit the numbers. And there is a whole bunch of reasons for that, which we won't get into the depths of that. But I'm happy to do that in the future. Going to the depths of how we do it and why we are where we are today.

For our sake, this was a depiction of one of my greater concerns. Every year, just to continue what doing what we have to do. We have to keep coming up with more funds. If our pie doesn't grow, have to slice the pie differently. Which means other areas have to take a hit to be able to afford this. And so again, with Public Safety being number one in our desired community, and levels of service sheet, that's the number that you won't hit. You'll hit the other areas that people desire to have more quality of life. To mitigate this, we are at a great place that we can mitigate this. We are in a great place where we can set that percentage the same into future years and not impact future generations. And we are in a great place because we set aside funds because will be able to buy them this liability and it's paid off much quickly and hold much quickly. I'm gonna let Ira continue on, but I want to point those things out. So, not a specific question Ira, but to me, very important page, because it is impactful in the budget process every year. Thank you, Ira.

GovInvest Representative Ira Summer: Okay, great, now come on gonna take a big switch over to the buyer just to tell you where they are right now. And to help you why we are going to be focusing just on the police.

Excuse me, go ahead.

[Time: 01:38:30]

Mayor Ortega: We do have – – a question from Councilman Caputi, please.

Councilwoman Caputi: Ira, just a quick question and it may not be related to anything, but you mentioned that you know, you just discussed the six weeks of poor investment returns in this last year, but I think that was pretty much a blip. It was actually really great year in the market. So that, not having lower investment returns of last year feels tone deaf to me.

GovInvest Representative Ira Summer: Oh well okay, there year is a June 30 year. As of June 30 2020, for the year, from July 1 to June 30, 2020, the market overall was ended up being a little bit down relatively flat. For the year, and again, the recovery from the end of March through June was phenomenal. And it kept going. Right through the end of the year. But this is not a calendar year evaluation. They take a point in time as of June 30. As of July 1. As of this point in time, that's where things were. And the returns that on talking about for PS PRS, we're going to get into this with some more detail. Once we get through the fire. Were similar to those earned by large public pension systems all across the country. This is not the PS PRS did a bad job. They were pretty average in their returns for public pension systems. Of you know, close to their size. Being a big state large County system. The point in time when you value this becomes critical. And I got a whole section on the investment returns. So, if we can talk about that in a little more detail at that time.

Councilwoman Caputi: It seems like we need better fund managers. Thank you.

GovInvest Representative Ira Summer: Okay. All right, so these are the fine numbers. First thing to notice is the police numbers were hundred and 80. The fire numbers start at seven. They go up to eight and then again, there's rejected to increase. The subsequent dramatic rise. But overall, it's a small dollar amount. I have it on the same scale as the police, this would be a blip at the bottom of the screen. This is more, so you can see how things are relatively how things are going. Overall, the input of liability is relatively small. In terms of the percentage, you are 92 and 93 percent funded right now. You are going to stay there. For most of the next decade until it starts inching up at the end to get to 100 percent. So, as a percentage, in terms of percentage funded, 92 percent puts you in the upper group of planes within PS PRS. Of any size. This is your fire plan -- it's in good shape. If we look at it in terms of contribution, you will notice here that unlike the police, where most of it was blue paying off the unfunded liability, for the fire, most of it is a normal cost. And that's why the cost is relatively steady. The unfunded liability payment is grown, but it's still relatively small. In relation to the whole. Your unfunded liability payment in your normal cost payments can stay steady, just like with the police. You know, so, at least for the next few years, and as the -- the expectation of people moving, and leaving and being replaced, by new employees. Sort of balances out payroll and increases. It's expected to increase from 3.75 million to about 4 million very, very slowly over the next five years. Liability increases are expected to grow a little bit faster. As a percentage of pay, overall, again, is starting at 16. It's only going to 18. This is not -- the growth here is less than you are expected to see. We are expecting to see on the police side. And because your unfunded liability is much more under control here, the focus of actions that you can take are going to be on the police side. If on the police side, we get rid of that large unfunded liability or a significant portion of it, you will start seeing some benefit in terms of your future contributions and sort of the future budget flexibility by paying amounts now. As Jim mentioned, paying money now and getting the expected return on it is going to give you a return that is multiple of the amount that you actually put in. And more than, you know, under most expected returns, more than you can expect to get and money on your internal reserves.

Any questions on fire before I switch back to the looking at investment returns? None, okay.

[Time: 01:44:18]

Councilmember Milhaven: I'm sorry, if I could?

Mayor Ortega: Go ahead.

Councilmember Milhaven: This is a lot of information. I just want to make sure that I'm following this. So, we have a defined benefit pension plan, which is administered by the state and all of the fire and police officers are in it, so, we are contractually obligated to fulfill the commitment within the pension plan? The defined benefit plan means the police and fire are guaranteed a certain check amount, when they retire. That some function of how much they are earning today. And that dollar amount is part of what's agreed to or promised as part of the pension plan. Employees only donate a certain percent of their pay according to the terms of the pension plan. So, we put money in a reserve that self if we -- assuming, so, we're gonna have to put money in the account. Assuming a certain amount spent return, when this person retires, we're gonna have enough money to pay that dollar amount that the function of their salary. The interest rates, all the calculations that we assume turn out to be much greater than what we have actually seen, because we've had a protracted. Of time of low interest rates.

The state gives us a build that says if you pass this month, we think at the end of the day that you can have enough money to pay these folks. When we look at the details of our specific employee base and how long people have been here and -- our projections for what we think are making more realistic returns, we think that the bill is going to be bigger. At the end of the day, that shortfall has to be made up by the city. We can ask the employees to put in a bigger contribution, because it's already limited by the pension plan. So, the question then becomes for us, past now or pay us later, right? So, if we defer doing anything about this, the check, the bill could be so big that it would be disruptive to the city if we put it off. We can mitigate some of that pain if we put a little bit away every year and get up in front of it. To avoid some catastrophic bill in the future.

So, while I know it's interesting to look interest rate returns, I think we can all see the point that perhaps that investment returns did not match what was projected. We could move forward to the conversation that says where are we going to find the money to pay this bill? What he heard the city manager say earlier is that we calculate and sing about \$100 million unfunded. We've got 80 and reserves. The question is, where do we find hundred million dollars over staff recommendation of when that bill will come due? And so, with all due respect to the presenter, I would like to move forward with that discussion if that's agreeable to my colleagues.

Mayor Ortega: Councilwoman Littlefield?

Councilwoman Littlefield: Thank you Mayor, I totally agree with Councilwoman Milhaven. She has it right on target. That is the problem. And if we don't take care of it sooner rather than later, it's just going to end up being a much bigger problem going forward. It could eventually, if we ignore, it could affect in the way of city services, city personnel, and a whole lot of things. So, yes I totally agree with her.

Mayor Ortega: And the purpose of this discussion is to gain some consensus and to work for those conclusions. Especially since we will be rolling into a new budget year as well. Mr. Thompson, did you have a quick comment?

[Time: 01:48:18]

City Manager Jim Thompson: Mayor members and counsel, thank you Councilmember Milhaven, perfect explanation of where we are at. I appreciate that. We can get to that discussion. I wrote and thank you for all of the information. I know your next few slides that you are going to cover is the differential between investments and what the actuarial study and the spreading of the actual cost basis and all those things. I think for the discussion and something that Judy and I have also worked on with now staff plugging into government best software to help with the assistance of Ira.

We started to look at various scenarios. So, if we took 30 million of the 80 million that we have, and we said that we are going to buy down the police item may be 2 million on the fire, just so we don't see the 12 go to 14 and then it starts to escalate as you've seen that. By now, the unfunded continues to grow in future years when they all start retiring. The other part of that is that we didn't want to go out and spend the whole 80 for a couple of other reasons. During the Council orientation the chief walked through some scenarios on the fireside, where we would like to take some of that money and start to preload and training for other things for reps and quality of service that we don't lose out on the skill sets that our community desires to have when we start to have two thirds of the department leave. We leave -- we lose two thirds of that. As you well know, we've been hiring six firefighters of the Savior grant which allows us funding for the next three years before they come off and then we have to absorb it.

This year we have a greater request. Because a couple of years out, also on the side of training, is to start training those attributes. We made some changes in our pay system, which I won't go into that, without we recognize when they bump up. They used to sit in that bump up for a while before they receive that higher bumper. We started to incentivize that and said that if you don't bump up from firefighter to -- in this case, to any of those attributes in the scale, maybe to an engineer, you would have the pay of the engineer the day you service engine and we've done some things already in the past couple of years to make some changes to historic policy, to assist and build those skill sets that we are going to need. Part of it is that load. I don't want to take the whole 80 and pointed out. And they don't have a slide and then they can pull that up, but I don't think we go there.

What we've been doing at the staff, were gonna come back from the staff process. Paydown 35, were gonna pay down 40. What we noted is that when we start to pay down 30, it's like paying 80 today. He paid him 40, it's like paying 95. As Ira noted as well, time value of money against that future liability that you have. And so, what we're gonna suggest from a staff level is take a chunk of that money that we've set now and designation of fund balance to the pension problem, and buydown that liability. The other thing that we're going to suggest to do is rather than on the screen that we seen earlier that had the percentage increases, where in police should go from the 52 percent up to 60 percent. In the next few years. To freeze that amount. What we might do is freeze at 50 percent slightly lower than where we are at today. Freeze it at 50 and then continue to pay the 50 percent with the buydown, which then still gets us down a lot quicker and buys down the front end of that liability.

That also then gives us some assurance on the budget that we know what the payment is going to be every year. And I grant that that would not just be based on pay based on other things. A tribute to that. Maybe we said it 52. It never grows to 60 percent and it never goes to 65, 70, in the future years. We lock it into the future. We also bought on the liability that it will eat away and become two thirds. Maybe less than two thirds. Maybe 10 percent aspiration. And so, we don't have any of the scenarios

that we prepared today, because we are continuing to work through this. I think for the details today, today was to fully understand kind of where we are at, what some options are, we are going to come back with those options. It's complex. I wish it was a very simple thing to look at, but it becomes very, very complex. The good news with 80 million, even if we took a smaller portion, 50, maybe 40, maybe 60.

We can fix all of this that we've seen today and in fact be in a better position. The best position of any city in the state, which we would desire to be, because they are all trying to deal with this issue. I know cities that are out there nearing 1 billion in unfunded liability because of the past scenarios. They are much more challenged than we are, because we have been paying 100 percent. He had an option if years ago given to us when they came out with the new derivatives, do you want to pay down your liability over 20 years or 25? The city chose 20. That's why Ira now mentions that it will be paid off in 16 years. The reality is that we would be paid off in 16 years if in fact we continue to hit everything, but we know historically that we haven't hit everything in the actuarial. Scenario. Buying it down gets us there quicker and ensure success in the future. It takes away our exposures in the future and minimizes our liability in the future.

I get excited about the stuff because I love looking at the numbers and how to put it in a better physical position. Then and to not leave any fiscal concerns into the future. That's why I think we are to that point and I appreciate the fact that we have that opportunity. I know it's very complex. So, I think if you go back and just look through things, if you want to have a side discussion and get into the details, I am happy to do so. But for today's discussion, this is where we are at. I believe that we have some very strong options as noted earlier.

When we met with Bill Davis, our financial advisor, he felt for Scottsdale, the best thing that we did since we started to set aside the designation, is to buy it down. And take that money and provide it to PS PRS. The other thing is that again, we noted earlier that will me bite down, the first thing that PS PRS does, because they have a formula that they charge us. They would say okay, your contribution rate went from 50 to back down to 40. But in seven years will go back up to 50 percent. And then will eventually grow to 60 percent as we continue to go. We don't want to do that. We want to say okay, we sent you a check, but we're going to continue to pay the same percentage that we are today, which gets us there a heck of a lot quicker. We take care of this problem and then we don't have to worry about future generations having to forgo. Services that they desire and demand for this liability continues to grow. I'm happy we have that opportunity. We will come up with scenarios and see what counsel desires to do. I don't want to take the whole million 80 and do it. Time value and actuarial, and I won't get into that, because I still want to have a little bit of extra out there just in case we have other scenarios that then address the nutrition problem.

We talk about fire on the attrition side, which is two thirds of the workforce. If you look at polices number, it's one third. The police officers will with tire in the next couple of years. We look to our workforce but we do have the aging workforce on the other side of it. When people come to Scottsdale, they stay in Scottsdale. That, we are seeing as well. We have the lot of the workforce retiring. This is a different system than not the same issue. How we fix that issue will be totally separate than this. Because it's an average basis across the state of all civilian employees. I'm trying not to make this more complex, so, what I'm gonna say is that we will come back to budget time, we will have a couple of

recommendations between now and when that comes to you. Probably a couple of months if you want to get into the details that went further, that discussion I'm happy to provide that. We will provide all the backup for whatever the recommendations we had. We have a couple and will work thoroughly through that and make sure we are very comfortable and that we achieve the outcome that we desire. We're gonna take control of our future. Allowing PS PRS to continue that future is what we are doing.

I feel comfortable that we will be able to address that and fix this. Scenario that we have in front of us. And it's no different than any other community. I will just be frank about it. We are not any different from anyone else. We've always done what we are supposed to do. The last point I want to make because I know it's come up in the past, people say that the city doesn't have liability, because we are paying 100 percent of what we are built. I understand that. The problem is that we do have liability in the sense that there is an unfunded amount and that percentage continues to grow. So, I will respect the fact that we pay under percent of our bill, assist the hundred percent of the bill is not getting us to where we need to be. It's making it worse by paying that. If we paid more than that, it would be able to get us on back on track. Thank you.

Mayor Ortega: Thanks Mr. Thompson. Regarding this item, I would like to see \$35 million – as for me, two for fire and 33, maybe you can run that. That's an area. This is like prepaying a 15 year mortgage. And essentially, what we are doing, I think we are getting a higher return. We are probably getting closer to a seven percent return. If we have a seven percent liability on the backend, we can paid off earlier. Somewhere in between is a greater benefit for the city. Please run that scenario. At this point, were there any other questions? I would like to – – we will take a recess. For lunch. From now until noon. So that's 30 minutes. I don't see any other hands to speak. So, at this point, we will reconvene at noon. Thank you.

Recess

AFFORDABLE HOUSING AND HOMELESSNESS

[Time: 02:29:11]

Mayor Ortega: We are one minute ahead of schedule. The City Council Retreat held at the fabulous Scottsdale Airport, and we will reconvene our February 23, 2021, study session with a report about affordable housing and homelessness. Our presenter is Greg Bestgen. Please proceed.

Human Services Director Greg Bestgen: Can you hear me? That sounds like you can. Good afternoon, everybody. Isn't it a glorious day in Scottsdale? Wow! Just, I love to be out playing, but I am very, very happy to have the opportunity to come in and just share with you some of the information that I put together for you to kind of illuminate what we've been doing really over the last, since really last March we all kind of went into this new way of doing business, right?

The first thing I'm going to do before we begin these slides, Shane, what I would like to do is read to you information that I put together for our affordable housing before we get on. That's the first item I will read a little bit here. Scottsdale is increasingly unaffordable to many who support the community and puts at risk the economic sustainability of our local community. Scottsdale is not alone in having a lack

of affordable housing. As you read, almost daily in the papers, the entire Phoenix metropolitan area struggles with the same and there are a number of reasons for this predicament, but it really comes down to not actively preserving the affordability of the limited stock we do have combined with the fact that we are not adding affordable housing. And, there are many reasons for this. But, high land costs, local zoning and land regulations, insufficient federal and state resources all contribute to the difficulties of producing enough affordable housing in Scottsdale and in our region.

The role of local government in the development and preservation of affordable housing has become increasingly important. High cost areas like Scottsdale will need to be particularly innovative and strategic to find ways to more fully address its affordable housing issues. And we look forward to having these continued discussions with you to explore what is good for Scottsdale and create a comprehensive affordable housing strategy.

In the interim, Scottsdale has and will take steps to increase housing options for our low income residents, which also include these following strategies. 735 housing choice vouchers, which equate to \$5.5 million in local economic impact paid in the form of rental assistance subsidies to 200 private market landlords. We also have 20 foster youth to independence vouchers to house foster youth aging out of the foster care system who are at risk of being homeless or becoming homeless. We just received those vouchers within the last couple of months or maybe it was three months, and we are only one of three entities in the state that receive those funds. Flagstaff, us here in Scottsdale were awarded the 20 extra vouchers so we're really excited about that.

We need a creation of a tenant program to assist the most vulnerable in Scottsdale. The creation of a project-based voucher program in partnerships with private landlords. We also want to preserve and upkeep our land on Bellevue where we have eight units. Arm, which is Safe the Family, has purchased three homes in the city of Scottsdale. And lastly, we need to develop a comprehensive outreach strategy, which we're working on. We desperately need more housing for the kinds and low and moderate income Scottsdale residents. That's the update as far as our affordable housing. Irma and I will be working vigorously this next year accurately come down with an actual strategic plan for getting to affordable housing. Before I move on to the next piece, does anyone have questions?

Mayor Ortega: I see none at this point but we will comment with I have some other ideas as you roll out the rest of your presentation.

[Time: 02:34:20]

Human Services Director Greg Bestgen: Okay, great. Thank you. So, Mayor and Council, I would like to just start with when I met with you in July, the end of June, I think it was 20th, we presented our ideas to you for the Cares funds that human services was going to receive. I'm going to walk you through some of the fabulous programs we were able to put together with your approval and City Manager Jim Thompson's approval. Next slide.

We contracted with Phoenix Rescue Mission, but what I wanted to emphasize say started my conversations with Phoenix outreach probably 2 1/2 years ago. Because knowing that we really needed to create a strategy and get some partnerships in place, it takes a lot of time so when we received the funds, we were able to immediately go to contract because we knew exactly what we needed here in

Scottsdale. What that amounts to is three outreach navigators out on our streets every day, they work with our code enforcement, they work with transportation, they work with our libraries. Wherever we're experiencing homeless, kind of pockets, the if you will, because pockets do exist and I know that you've noticed that we've got encampments that are kind of springing up now, too.

So I've created a task force to address the encampments and the clean ups of encampments and also what do we do with the private, the personal property that folks have at those encampments. That is also an issue. So we've got a really great team of PD, we've got transportation, we've got facilities, we have Human Services, of course ,and the libraries ,just to mention a few at the table. This task force will going to meet on a regular basis to address those encampment issues.

So, in just some of the numbers that go with our Phoenix outreach, actually they have met with over 600 what we call engagements. An engagement is actually, I'm approaching you, you're in one of our parks, you have never seen me, and you first of all tell me no. I say to you, how are you doing? Could we just engage in just some basic, you know, health and hygiene questions and that kind of thing? No, I do not need your assistance. So what we do is, or Phoenix Rescue, they continually go back. What they eventually do is they have what they call engagements. An engagement is when you are now open to talking with me and you are open to talking about resources that we can provide you, whether it was at the time the hotel shelter program, whether it was to a mental health and provide transportation for you to get to, if you need to get into a treatment program, if you need to get medical attention.

We have another partner that will show you a little bit later that helps provide some of that transportation. But Phoenix rescue mission does that transportation on a daily basis to those various resources. So what does this amount to in terms of unduplicated folks that we have actually seen? They've had 189 unduplicated folks they talk with on a regular basis much our point in time count was 102 last January. So if you notice, that's quite an increase in the number, it is almost double the number of folks that we have seen that are, you know, unduplicated in Scottsdale since our January count. Now, realize our January count is a glimpse, it is one night or one morning, very early. It is just a snapshot of what we encounter in our parks with the secure surveys we do with the count.

Of those 189, they've been able to get 28 of those folks in housing. That is a remarkable thing, if you will, because there is a very lack of housing to get folks into, and so we really congratulate them. They've also gotten three participants into what we call treatment programs for mental health, and so you can see that, if you really do the percentages, we're making quite a dent in that 102 folks that we counted in our point in time count. So thank you, Shane, if you could move on to the next slide.

And this just represents a little bit of the -- that's our contract number with Phoenix Outreach Mission and that's for the three navigators we have on our streets every day. We have that contract through the end of the year and then we will be renegotiating that again. I believe we are in good shape by working with Bill Murphy and Brian Bundy, we are in good shape to continue that outreach effort into the new fiscal year.

Mayor Ortega: We have a question or comment from Councilwoman Littlefield.

Councilwoman Littlefield: Greg, is that end of year contract, is that the end of the fiscal year June or the end of the calendar year.

Human Services Director Greg Bestgen: Yes, Mayor Ortega and Councilwoman Littlefield, that ends in December.

Councilwoman Littlefield: Calendar year, thank you.

[Time: 02:40:22]

Human Services Director Greg Bestgen: If we could go on. This is a picture of one of the Phoenix rescue mission navigators with one of our clients experiencing homelessness, we transported, the guy you see in the longer mask. So Community Bridges we've worked with quite some time, and they've done a remarkable job with our program. I think there was some concern that maybe the program was a little bit iffy because we've never had a temporary hotel shelter program here in Scottsdale, and we were able, with the help of the owner of the Rodeway Inn, we secured that facility and it was actually 24 rooms, and so we have assisted 41 individuals. 31 of those have been male, 10 female. The number that were over the age of 55 in the program, 24. The number of disabled, 41. Veterans, 2. 17 have received and already have been placed in rapid rehousing, of that number. So it is pretty, pretty impressive. We have another 11 that have gotten what we call permanent supportive housing. 11 people got into permanent supportive housing out of this program so pretty, I think, pretty darn amazing. We have one in a halfway house and we have six that, unfortunately, are returning back to homelessness since we closed the program down last Friday, but we will be work and are still aggressively working to find placements for them there was nice write-Katie did, who is running the program, a nice thank you to you for allowing them the opportunity.

And I will say that our former chief, Allen Rodbell, I saw him just before he retired wish he shook my hand, I know I shouldn't say, but he shook my hand and said, Greg, I really doubted that program, I didn't want to do that, and I must congratulate you that it turned out to be quite successful and very low impact on our officers. So they did an excellent job on it.

So this is the contract that we have with Community Bridges. That contract ended. It was a six-month program, 24/7 so, like I said, I couldn't have picked a better group to run that. So next slide, please. Elaine is another non-profit, started by one of our former Scottsdale Mayor's Youth Councilwomen. Her name is Vivian Gellert. She was in med school, and after she graduated from med school, the first pre-med program, and both of her parents are physicians in Scottsdale, she became very passionate about the homeless and started her own non-profit, a brilliant young woman, an amazing board. They provide transportation to medical appointments. Mainly seniors. In addition to that, they can expand the services to other folks experiencing homelessness.

An example of the great service, the work that they do, this program they had recently over at the senior center for persons who didn't get a shot, wanted a vaccination, couldn't drive, couldn't drive the distance to get a vaccination with our great partner and Honor Health we were able to vaccinate 63 seniors and Elaine personally picked up 12 of those seniors who could not drive and got them to and took them back to their home.

So, Elaine, it is a \$50,000 contract that we have with them to provide these services. And, they actually have two vans, I'm only showing one here but they have two vans. The transportation is one of the

huge issues of social determinants of health. How to you get people IDs, how do you get them down to get a medical card. How do you get them to the human services campus for services for job placement, things like that. How do you get them there. It sounds easy to hand them a bus pass. It doesn't work that way. They won't use it. They need that individual attention to get them transported. Let's move on to the next slide. So there's the, just to give you a little snapshot of what our contract is with them. Next slide, please.

Community Bridges is also engaged in another program that is the first of its kind in the valley. New Faces Day Relief Centers, it is two churches participating and that is a collaboration of many other churches but two churches have stepped up and they're providing day center. They open their churches 8:00 to 5:00 and they provide, we have Community Bridges there doing the same wrap around model. We don't want people to just come in with a little respite and sandwich, they need lots of other attention and case management so Liz, the director of their clinical services, she is the one that ran the program at the hotel and now she is running this one, as well. Pastor Bruce Johnston, some of you might know him with Scottsdale Presbyterian church, he has kicked off this effort. Put in a proposal and is currently looking to be funds through our CDBG program. All of these entities, I've encouraged them and they have stepped up to apply for funding so they can be active partners down the road.

That is the shower trailer we purchased with the CARES funds and it has a laundry, a stackable laundry, so it is three showers and also got a washer/drier. A full-sized washer dryer. So fares since we started the program in December, we've had 21 folks that have used that trailer and also gotten the -- intense case management services. We are already at 21 and we're not even finished with the 1st quarter. We expect as Elaine transports more people to the programs at the two churches, the other church is 1st southern Baptist church on Scottsdale road, south of Jackrabbit. We're really proud of all the efforts people put in to make this happen. Next slide, please.

So that is the contract with Community Bridges for a year to have three staff members, one supervisor and two navigators, to run the New Faces Day Relief Centers. Again, there is nobody else that does that kind of program in the valley, it is the first of its kind so we're really proud of our faith community stepping up to help.

Next is our Phoenix Rescue Mission and Scottsdale Works program. We went out two years ago, the outreach program coordinator, runs our community program at the court, we all went out and we toured what they were doing in Glendale. We were so amazed at giving people that are street homeless the opportunity to work for five hours a day and earn an honest day's wage of \$60. It means a lot it them. We did a filming we may bring back to you at a council meeting. But we have folk that participated in the program and what meant to them. We have, to date, we have made 3,000 of these, and I loaded this up here for you to see. [indiscernible] Realize what this really means to everything. Oops, I know this is being recorded, so leave it to me. All right.

So to date, we've had, I believe it is 13 that have been coming you were duplicated off the street, 10 of those individuals are coming every day. One of the twice said yesterday, it is not about making bricks, it is to be used for something down the road and for now we will be doing capital projects with Dan and some of the others so we're really excited about that opportunity. But it is a really fine program. Again, if you go to the next slide, you will see kind of the dollar amount we attribute to the program.

That's the machine. An Arm 3,000 Press. We got it from India with grand money from Paiute. We talked about bringing the program to life and here we are now with 3,000 bricks ready to do projects for community services and possibly other projects down the road. It is a fabulous program. Next slide. And next slide. So, I just wanted to leave you with, you know, they also have fun down there, that's one of the things they emphasized yesterday in the taping with city cable. Next slide. Okay.

And, finally, just a little note about our senior services and what we've been doing. Understand your packet lots of great information that I provided so I wasn't going to run through all of that but I wanted you to know, though, this gentleman, this Mr. Harrington, Anthony Harrington, he is one of our up and coming stars. Bill and I talk a lot about our up and coming stars and that gentleman took it upon himself to do a Valentine day program and over 1500, he personally with the social workers, delivered 1500 Valentines on Valentine's day to our seniors here in the community this doesn't even include all the food visits that we've done. You already know that. We've done so much with the Cares funds but I wanted to leave you, with that is so earthy, it is organic, but isn't that great. And you can imagine the impact that it had on our seniors.

So I wanted to kind of end on an up note because it has been a great year for us and we're so grateful to all of you for all you've given us in the way of funding and we just want to continue to do right by you and we want to continue to do right by folks that really need our help. And that's really most assuredly our seniors and persons experiencing homelessness. So I shall end with that.

[Time: 02:53:08]

Mayor Ortega: Thank you, Greg. Was there any comment. If ahead, Councilwoman Whitehead.

Councilwoman Whitehead: Thank you. I think Anthony is great, I get to work with him every other week. What can we do to catch or anticipate who might be homeless. What can we do to anticipate who might be homeless next month? are there any programs we're working on to catch people before they end up being homeless? are there some kind of metrics that your department can look it? it's a big job or that the state jobs? what can we do there?

Human Services Director Greg Bestgen: So of course we have the navigators that are out there once they do become homeless. but what is included in your packet is the incredible amount of funding that we've gotten for folks that are really struggling to make their rental payments and to make their utility payments. I put in your packets some pretty staggering numbers. We have completely expended about \$2.6 million in rental assistance since September. I can't even tell you how hard staff are working. I had to deploy some staff down there and some are on other jobs. We anticipate getting another \$1.8 million March 1st and then we anticipate that there will probably be some additional to that.

In utility assistance, we've done about a million dollars in utility assistance to our families in need. So I do believe that we're saving off evictions because some of these folks -- and it might be in your packet -- some folks received up to \$15,000. I know that sounds incredible, but that's how far behind they were in making their rental and utility payments. So it's pretty staggering that we keep those folks because they are the ones that will fall into homelessness. We're assisted 25 seniors in \$27,000 in rental assistance. These are seniors in case management in our files that were actually at risk for falling through the cracks. We knew they were struggling to make payments, et cetera, so I said, let's give

them a cushion of a month or two so that they can plan for more medications, plan for more food that they might need. So we probably will be doing another 25, 26,000 to those same seniors because they're very at risk. and that corridor, the rents continue to go up pretty staggeringly. So we know they'll need more assistance. So we've been able to stretch these dollars.

Councilwoman Whitehead: I know with the county funds it's limited to 6 months, is that still the case?

Human Services Director Greg Bestgen: That is not the case.

Councilwoman Whitehead: Great. and the water utilities, we're going to have to start collecting on that. there was a moratorium or we weren't charging water utilities, I believe. do you see that as being something we can cover with other funds, federal funds?

Human Services Director Greg Bestgen: Yes Councilwoman. We've the \$550,000 that we've set aside and we'll be doing all the -- today we've done only about 25 but that's because the notices just went out. there are a couple programs Brian offers. Not everyone would qualify for this assistance, but he also has a payment plan for other folks that might need to spread out those delinquent bills.

Councilwoman Whitehead: And then how about the utilities, are they doing anything or is it all coming through us?

Human Services Director Greg Bestgen: I'm sorry, I didn't hear.

Councilwoman Whitehead: Are the utilities doing anything for the situation? Does APS have a program for people falling delinquent because of economic hardship?

Human Services Director Greg Bestgen: Yes, we have a program that they've established that defers payments.

Councilwoman Whitehead: So they pay for that. Does APS pay for that?

Human Services Director Greg Bestgen: They participate, yes.

Councilwoman Whitehead: Okay. And the hotel, do we no longer need that site? That is such a cool program. So much of what you do is cool, but is there some reason we ended that program?

Human Services Director Greg Bestgen: The reason we canceled it was financial. The owner was actually willing to continue to work with us, but for now, it's a costly program. The number that I didn't have up there on the screen was actually the funds that we got from CDBGCB1 didn't include \$178,000 contract to provide the intensive case management on a 24-hour basis. So you can see that really that was the financial reason. It was a very successful program. Yes, the region -- the regional city managers, they -- other regional partners meet very regularly. And one of the things they're asking cities to do is step up to the plate. And the regional philosophy is please take care of your own. So it would be, i would say, wonderful, of course, if there was a way with the CDBGCB3 funds coming to us. I think we could possibly run a program possibly for June, July, August, those really hot months, because it would

qualify for the same use of funds that we just had. But I would need to have everyone kind of on board with what that would look like. but --

Councilwoman Whitehead: So the city budget's portion was 178 and then you had to find the other 500,000?

Human Services Director Greg Bestgen: Yes, and like I said, we were able to use the funds. But we had to write a proposal, just like anyone else. and there are very strict -- when you get in bed with CDBG, there are a lot of recording and auditing, it's rather tedious, I must admit but well worth it.

Councilwoman Whitehead: So we should anticipate or have flexibility in the budget for the roughly 178 in case you get that funding?

Human Services Director Greg Bestgen: Yes, that's correct.

Councilwoman Whitehead: Okay. Thank you for everything you're doing.

Human Services Director Greg Bestgen: You're very welcome.

[Time: 03:00:27]

Mayor Ortega: If there aren't any other comments, I have a few. It looks like the cares money generally went for in the field direct services and contact, which is really vital. You had the purchase of those trailers. we have something that's more durable fortunately and will last beyond the COVID or care dollars. I like the idea of -- one of the casualties of COVID has been the hotel industry, motel industry, that also provides an opportunity for possible purchase of a property that is on bus lines and so forth and as an opportunity. So my feeling is that we need to look at some sort of brick and mortar solution. may not be a new build, but I would like to see some sort of a package proposal that we might be able to look at that might even involve requests for federal funds on housing which would not be the traditional one but for the homeless situation, there's an example of that in Phoenix that's geared to veterans and so forth. So what we're looking at is the -- the building is one thing, and acquiring that is another, but then you have all the support programs.

So there's no medical clinic in Scottsdale, and the closest one is a long ride away. That's an obstacle. But some medicines are dispensed I believe at Vista del Camino. So I would hope that there would be some seed money in the cares act that rather than rent/own you might even consider if there was a possibility of buying 15 rooms or 20 rooms out of a motel setup. I'm just saying, we could be creative and if so then with some options that might be -- it didn't seem like the cares money had any restrictions on whether it could be a permanent or lasting solution versus, you know, the immediate need. If there is any left I'd like to look at that possibility, a real brick and mortar setup.

The other part I'd like to encourage, thanks to the church groups that have participated. I think that's fantastic. Family Promise is another one that houses families that are basically on the street with their children. So there may be some opportunities there for where some congregations have a lot of land and shrinking, you know, size of their own fellowship. So there may be some opportunities there, and I think that's a great solution because you can't chase it down.

At one point 20 years ago, we were trying to chase a project in Minizona, we could never catch the private sector there. Same in whom day park where we've been trying there too but you can't chase the market. But there may be an avenue through the nonprofits or religious properties that might be willing to carve out a piece and I think that's an avenue I'd like to see, a mission of a church or certainly meeting needs. The ones that I'd like especially would be the ones already in commercial use with perhaps a way to carve out some of their property. So we'll need to fish around at that and then maybe eventually see something at the executive session level.

With that, I don't see any other comments, but maybe -- thank you very much and we'll move on to our next presenter. Thank you.

WILDLAND FIRE THREAT MANAGEMENT

[Time: 03:05:14]

Mayor Ortega: Thank you. The next presentation will deal with wild land fire treatment management Kroy Ekblaw, who of course is involved with the McDowell Sonoran Preserve. We have Chief Tom Shannon and other presenters. Please proceed.

Is your mic on?

Executive Assistant Strategic Projects Kroy Ekblaw: Okay. That's better. Well good afternoon. I'm Kroy with the Scottsdale Preserve. As you mentioned we have Tom Shannon and deputy chief Zimmerman from the fire department. We're working with quite a large group both from the fire department and other within the organization and we'll be working outside of Scottsdale as well and we'll touch briefly on that.

Just some quick updates on a little bit of the history and some of the things that we've been involved in over the past few years and where we're looking to go. The slide that's up here, of course we get our nice winter rains and we're rewarded with the beautiful wildflowers. You can roll to the next slide. And the one thing we can always could you please tell on is the summertime will start to dry things out and when we look at the next slide, those wild flowers become wildfire fuel load.

So Scottsdale Fire and Preserve staff have, for many years, been concerned and as we've grown the Preserve in the last ten years gotten into new issues that we're looking to manage and control. We have some history here with some of these -- some of the things that you're seeing are invasive plants. They come from ranching or other areas. And the challenge is that they connect the sparser desert spread of shrubs and trees and they'll connect the plants together with the breeze or with wind. We see much more damaging fires today than we might have 50 or 60 years ago before some of the effects of some of those plants, not to mention the issues of drought that we get with summertime and things of that nature.

So the next slide points out, we've had a history of fires throughout the years, some in Scottsdale, some out. This photo is just outside of the Preserve, east of the Preserve in the McDowell County Regional Park this past August. It was started by a lightning strike in the park. We were all fortunate. There was

great response. But there was rain that came with that storm and it was brought under control. It was entirely within the county regional park, but it does represent, and this past year a lot of concern and this next year will continue to be concern because of the amount of fuel load that remains in the desert from the past several years, a lot of dry grasses still out there. So this is something I think we'll be dealing with forever. It doesn't go away. It's a matter of attention that we'll always have to continue to look at.

So the next slide, we're going to take you through some focus within the preserve or immediately adjacent to the preserve. Those things we control within the preserve or within the city of Scottsdale right away and then the agencies, and then the other areas. The areas in orange, yellow and red are the right of ways to the Preserve. We've been doing this several years starting back in '110, '11, '12. We're very concerned with folks dragging trailers and people carelessly throwing out a cigarette butt, things of that nature. So we want to minimize the risk of accidental man made start in these areas. So we look at thinning the vegetation, and keeping the grasses from coming back in those areas. The next slide shows some of the examples.

This was actually in a trail head but done by one of our contractors, the development of the trail head and you can see the grass in the before as opposed to the after, just the simple removal of vegetation in those areas. We identified the high-risk areas and looked to remove the vegetation. The next slide shows an example next to where we've done work with one of our median maintenance contractors and areas outside of the Preserve. So you can see the difference between what was removed versus what's there. So you can see working with our adjacent neighbors and trying to minimize the chance of spread of fire throughout. So that's examples of really the roadway areas.

This next slide shows what I sent out, a highlight this past Friday to all of you, that we're continuing that work along Pima Road. We've done the work last year. There was work done yesterday, more done next week from one of our many partners, the Arizona Department of Forestry and Area Management. They're thinning out vegetation out there. The next slide shows samples on the far side, the before was a year ago just north of Dynamite Road and the side by side shot was what was done, the thinning work. About 70 percent of the fuel material was removed in that area, and that's the ground material and also thinning up the trees. And then the bottom slide here shows that same general area today, and you can see a little bit of green coming back in. We've had some rains and grasses come up. This was not treated with preemergent. But there's great reduction from where we started. So over time, rain and growth we'll have to come back and maintain these areas.

This next slide shows you work that was being done yesterday. Start up in the upper corner, that was before the they did the work. There's some problematic shrubs, doing the base and progress, and shows the actual removal and they trimmed up the trees. This is the kind of work we do. Great training for them but it does take money to achieve these things.

Councilwoman Janik: May I ask a question? The previous slide where you show the trimming and what it looks like. How many years do you anticipate before it gets back? How often do you need to come back?

Executive Assistant Strategic Projects Kroy Ekblaw: That's a great question. We can bait that quite a bit. Probably in the 3 to 5 year range. Depends on how much rain we get. Are we able to provide pre-

emergent. But we believe the 3 to 5 year is what we need to plan for and we can adjust as we come back with estimates of cost and management of the program in the long term. There will have to be some flexibility. Great question. It's not something we can be precise today about what the future will hold for us.

Councilwoman Janik: Thank you.

[Time: 03:14:07]

Executive Assistant Strategic Projects Kroy Ekblaw: We can advance in the next slide. So this is in the Preserve and now internal. So all these kind of turquoise color areas are some of the power line or the dirt roads or even wide trails that we'll look at applying pre-emergents and having fire breaks within the Preserve. So we'll look at managing that. The next slide shows you the WAPA corridor, that comes through pima and dynamite and through the Tonto National Forest. This is done by WAPA, they did extensive thinning. This was not in the Preserve, just outside of it. We were able to work with them and they were able to do something a little less intrusive. So we were able to work with them. but we also – so this achieves a 300-foot wide corridor. These are areas that we'll look at can we do the pre-emergent treatment and use it to our advantage to help achieve opportunities of growth minimizing growth of fire.

The next slide goes to the east to 136th Street. They did work as far back at 2008. They did some trimming this past year. And moving on to the next slide, I wanted to highlight the other thing that we control within the Preserve are the trailheads. So we want to make sure, again, cars can get to all of these points as far as the drive ways and the parking lots and the concern of that interaction with man and how do we manage that. So, again, thinning the vegetation, application of preemergent.

So the next slide shows you before and after. The next slide shows the work as it was being done. This was last spring after COVID had started. We had community services some lifeguards with pools that weren't open. So the gentleman in the white hat was a lifeguard helping us out as well as some volunteers. So we use contractors, partners from other state agencies, volunteers within, staff within. We will take as much support as we can in developing these areas.

The slide over here below is this year, and this area was treated with pre-emergent. So you can see the first 20 feet or so there's not much green coming up in there, then beyond that you see the grass. So that's why we want to apply it in limited areas but closest to the roads, closest to the drive ways where the chance of extras growing up and ignition from an accidental spark or something would be problematic. So these are the types of things that we're looking to manage with these efforts.

The next slide is just a summary now of what I just walked you through, things in the Preserve, be it the right of ways, be it the internal roadways, or the trail heads. So these are things that we're working with fire on long term plans and how we approach those are regularity of how often to come back.

Now we're going to focus on the adjacencies, the right of ways or things we have. and the majority of this as you look around are single family subdivisions, neighborhoods. And the next slide highlights program the fire department has been working on for several years now. It's a national program called Firewise. And the primary goal is to reduce wildfire intensity in communities and neighborhoods and

has the benefit where adjacent to the Preserve of minimizing the chance of spread into the Preserve. And you can see in this slide much the same thing we're talking about in right of ways, you have dense growth and the opportunity of fire to come up into a residential structure. And the next slide shows the area having been thinned and treated. This goes on throughout the country, whether areas of pine forest or the desert. These are the types of things we're looking to manage throughout.

This next slide highlights the boundaries and the programs that are underway within various subdivisions throughout Scottsdale. The ones in green are those that are fully active. The ones in orange are upcoming or pending. We've done a lot of the work but they're to go the documentation to assure that they do qualify. And the ones in yellow are in various stages of comparison. And this is a program that Deputy Chief Zimmerman and Captain Hunter lead this program. We're looking at how we involve all these programs and the next slide identifies that -- well, let me backup just -- one backup there, sorry about that. To back up one more. Yeah, right here we were looking at having opportunities for volunteers. So they're going to be starting a pilot project with the conservancy, and as we evolve through the pilot program there may be opportunities to expand that program and further assist the fire department in Scottsdale and protection of communities and the preserve in the north with these programs that help communities better understand how they can control vegetation in their neighborhoods that leads to a number of different benefits including potential reductions in insurance and on property owners and things like that. So we're looking at these, there's additional neighborhoods obviously that aren't represented yet, and those are some of the strategies.

The next slide starts to highlight the in Scottsdale adjacencies to the Preserve, what can we continue to look at? all the neighborhoods, the private rite of ways to look at to minimize the growth of vegetation in that. The next slide highlights the northern and eastern edge where we have the Tonto National Forest and staff on board with that forest and the relationships there. The county regional park, Fountain Hills, the edge with Carefree. So all of those adjacencies and partnerships --

[Time: 03:21:42]

Mayor Ortega: Excuse me, looking at the red or orange line where you have adjacencies with the woods, what is the interpretation for NAOS on the private property there and how far can they go in maintenance because that's a rather wide red line there where there's vulnerability as well?

Executive Assistant Strategic Projects Kroy Ekblaw: Another excellent question, Mayor Ortega. We're debating with a that and meeting with planning staff next week. Fire department, planning staff, community services staff, talking about those flexibilities, we want to protect them but if we can't thin them and remove the fuel load, we risk losing them in large amounts. So what are the balance points of reducing dead materials, wild flowers or grasses that come up and dry out and can we go after them more quickly? So that is one of the many fingers of the strategies that we'll be bringing back to you, be it in the guidelines, I'm not saying we have to but you're touching on one of the things that's near and dear to many in this room that we need to sort out so we can address that in the long term.

Mayor Ortega: Finally, are you covering for the other presenters as well?

Executive Assistant Strategic Projects Kroy Ekblaw: I am at this point unless there's questions that get beyond. I know we have a limited amount of time.

Mayor Ortega: I know you still wanted to conclude but --

Executive Assistant Strategic Projects Kroy Ekblaw: Yeah, really the next --

Mayor Ortega: Let's go with the --

Councilwoman Janik: I have a question. You referenced pre-emergent sprays, does that have glyco-phosphate?

Executive Assistant Strategic Projects Kroy Ekblaw: It does not. The expert would be in the room but it does not.

Councilwoman Janik: Thank you. Good to hear.

Executive Assistant Strategic Projects Kroy Ekblaw: The next one highlights the entire perimeter and this is outside the boundaries so there will be strategies that go beyond the Preserve itself and these things that deal with right of ways that we may control but they're not near the Preserve. There may be other neighborhoods, associations or commercial properties that are out there that we need to work with and develop programs, not just for the Preserve, they're speaking to the entire northern area and the protected lands up there and the same concerns of wildland fire exist in those.

The example of a project, next slide highlights work that was done with both Scottsdale wildland firefighters and colleagues. This is a quarter to a half mile or more away from the Preserve. And the next slide shows you before condition on the left side and the work that was being done. Again, this is training for when they are in situations, but next slide shows the result is we end up with an area that is less likely to spark from an accidental ignition and also provided people in that neighborhood room to walk on the shoulder in that particular area.

Finally, as far as presentation wise this next slide simply shows that we have many next steps in which we are developing these plans. a lot of those adjacencies and areas outside of the Preserve, we're just now starting the development of the graphics. We working with the GIS staff. These will be turned into documents available city-wide so you can track what areas have been treated, when they've been treated and this gets into if we do have an incident and the fire staff need access to that information, that will be available at the research. So our GIS staff partners are very much part of this. As we get all these plans pulled together, we'll be developing the cost estimates and identifying partner opportunities, matching grant opportunities, are there other funding sources or are there sources that we need to look at internally and bringing that back, working with the Preserve Commission related to the Preserve. There will be other aspects outside of that but all of this would be returning to the council with opportunities to speak to plan approval and funding options as that may be involved.

So working with fire, GIS, field services douse a lot of the right of way work with us, community services staff, transportation, we've got notice boards up right now for the work that's going on Pima Road and fire season we put up the message words down at the 101 and Pima as you're coming down Dynamite Boulevard. So this is very much a high level presentation which there is a tremendous amount of detail coming as well as the fire staff and these relationships as far as when we have incidents the ability to

bring in air tankers and other things to support the necessary fight of an incident if it gets started in or near the preserve.

[Time: 03:27:25]

Mayor Ortega: Thank you, Kroy. And I will ask Councilwoman Milhaven.

Councilwoman Milhaven: You said it should be left in its natural state. how does that reconcile with the plans that you shared and how does it impact the future plans that you're making here?

Executive Assistant Strategic Projects Kroy Ekblaw: Specific to the thinning of vegetation and the impacts of that, the -- a lot of that thinning is quite often in basic plant materials that are not native. So that's one of our many programs that we're working with both within the organization with our partners, the conservancy in evaluating that and as I said earlier, a lot of that comes from the ranch, particularly the grasses that are so problematic in connecting the desert, we're looking to minimize that. So some of that work is just in the right of way, not even in the Preserve. Some of those areas under the power lines, they have the easements that provide the power companies the right to maintain as necessary. So those are kind of the easy ones. The challenging ones in our improved trail heads, those are irrigated areas and we're looking to minimize our irrigation and minimize that. So a lot of that is in the transitional zone. Most of what we're talking about in areas deep out in the Preserve are management of grasses, the nonnative species, and trying to get a handle on those be it the pre-emergents or just removing them in the future. The vast majority would not be any other alteration of the natural habitat.

Councilwoman Milhaven: I know you talked about internal access roads and the fire plan called for access roads. Would that -- with the charter amendment would it limit the ability to build a robust fire plan?

Executive Assistant Strategic Projects Kroy Ekblaw: The charter amendment is one that we will evaluate as we put the plan together and if there are things that we think need to be clarified with that, we would bring that forward as language and whether that's an issue of funding or an issue of the definition of the Preserve and maintaining it in its natural state, we would raise that if that were seen as an issue. At this point we haven't identified that as absolute. But it is an area we're well aware of and we want to look at as we bring the plan forward.

Councilwoman Milhaven: Good. I think everyone wants as robust a plan as possible. We won't let that limit your plans for fire prevention. Thank you.

Mayor Ortega: Kathy – Councilwoman Littlefield.

Councilwoman Littlefield: Thank you. I was thinking along the same line. This is a Preserve; it should be preserved and kept in its natural state. With all of the work we're doing -- and I see it's necessary, because anyone who's been in a forest fire in the desert knows how bad it can get -- but I was wondering if you can give me a sense of over the years you've been working on this Preserve and you're probably most familiar with everything going on in the Preserve on the city staff. Can you tell me, have you seen any kind of a change or direct relationship, if you will, between the animals and what people

have been doing in the preserve with the trail heads, the trails, the cleaning out of the natural lands and grass lands and stuff? Has it affected the well being or migration of the animals and part of what we're trying to preserve?

Executive Assistant Strategic Projects Kroy Ekblaw: Very good question. I think the short answer is substantially there's not a significant amount of disturbance to the wildlife. If you're talking specific to the preserve improvements, there is some and we've done some limited study but there's more coming of monitoring the wildlife and determining if trails and daytime activities have an influence. And there's been some recognition that the daytime activities of the deer shows some impact from the trails that we're moving internal to areas that aren't. Doesn't mean that they're not surviving out there or doing well, and at nighttime their activity tends to show they're spreading back out when many of them are more active. But that's really all we studied in that area. There are other studies in other areas that may give us some hint at what the impacts are but they're certainly are more substantial impacts on the urban interface, be it the roadways and obvious things like wildlife kill on the road or things like that. You expect that, but is it above and beyond some of those norms? So those are some things we're working with our partners, particularly the conservancy and the field institute working towards understanding some of those impacts and looking at are there things we can do management wise within the Preserve that would assist us in protecting the habitat.

Councilwoman Littlefield: Thank you very much.

BOND 2019 PROJECT PRIORITIZATION

[Time: 03:33:16]

Mayor Ortega: Very good. That would conclude the report. And I know you'll get a segment when you do report more detail on mutual aid among the other adjoining cities and so forth. So we'll be reviewing next the Bond 2019 project prioritization and van wort will be presenting to us.

Public Works Director Dan Worth: Good afternoon. I'm going to talk to you rapidly about our bond project implementation schedule and the possibility of making changes. At the end of the presentation I want to address two specific projects of special interest at the moment. Next slide.

We basically have gone through 3 phases, we're in the third phase of implementing these bond projects. The first was preelection, developing the package we brought to the voters. Now we're implementing. I have a couple background slides I'll go through quickly. All of you either participated in the process or are aware of it to some degree or you saw similar slides in the orientation in December. So I don't need to spend a lot of time on these. But just a brief background. The key take away on this one is we started with a very comprehensive list, all the identified needs across departments and divisions in the city and we spent a lot of time up front focusing. We got down to a list that was less than half of what we started with in terms of dollar value, a small number of projects, 58, 319 million. We weeded out the low priority ones to begin with.

So these are all no. 1 priorities. We're looking at 1a, 1b, 1c. And also as part of that development process we did do some extensive public outreach. The voices of the public that are looking for these projects to be built, you can see the numbers about the magnitude, the participation we had, took a

road show out to include this room and had several open houses where the public came and gave us a lot of feedback. Focus wasn't on prioritizing projects, they're all important but getting public input in what should or shouldn't be included in the election. Next slide.

As a result of that, focusing the list, getting the public input, the council at the time was able to develop a package, of very important projects, 58 projects, grouped into 3 groups which is what we put in front of the voters in 2019. I think you know the result of that. Next.

Here we go. Now we're in the third phase, the implementation. I'll spend for time here. Once the projects were approved, we had to develop an implementation plan and schedule. We had to consider several factors. Timing actually includes several different things. I'll identify a couple. Some projects needed to be done quickly and I will point an example to technology projects. Information technology is moving fast and we have systems that are obsolete or insufficient now that had to be replaced. Some of those were always identified in this program. They needed to go quickly.

Other projects were tied to marks on a calendar. We have to finish our civic center plaza reconstruction prior to 2023 when the Phoenix area is hosting the super bowl. We had a compelling calendar reason why we needed to move that to the front. Project dependency, this impacts moving projects forward or back in the cue. Some projects are big, some we have to group together with other projects and it makes it bigger. Right now we have a complex of projects showed up as 3 separate projects on the bond election that are all down off of Curry. Rebuilding of the training track, the fire facility, and expansion of the police training facility. We're treating that as a single project. Designing it together, building it together. Those projects same locations similar means. They're going to interact. They need to be grouped together and there are other ones just like that. When you take that into consideration you have a big impact on the dollars we're spending at one time.

Operating impacts, two things: one is the impact on the operating budget. Some of these projects, once we implement them, have a pretty significant impact on the operating budget. We have to spend money to staff the new facility, we have to spend money in a lot of the it projects. A lot of the IT projects moved to the front of the cue but also carry a licensing fees for software involved. We have a project you'll see as i go through the calendar for the new fire station near the Axon development. Expansion of parks, expansions of facilities, all have operating costs. We have to space them out so we have the budget to cover the costs in our operating budgets when the facilities come online.

The other operational issue is our capacity to deliver the projects. We could front load everything on the calendar and I would overwhelm our capital projects management staff and their supporting people that they have to develop these. We're doing this without increasing the staffing in that group. This is an increase in workload and it will be stretching them to do that, but it's really not serving of increased staffing because it will go down ones its done. So that's one of the considerations we have to look at on the operating slide.

Next slide. Just a couple words about another timing issue. We made a promise to the voters in the box up there as straight off of the election pamphlet. We promised them if they approved these bond questions that their secondary property tax would not go up. Next slide. And we showed a similar graph to this when we went out and talked in various public forums about the bond election. the blue is existing bonds that we're in the process of paying off. At the time of the election the green is the

projected impact of the new bonds and you can see by spacing out the issuance of the bonds we were able to keep the total of those two lines, the top line on the chart from increasing. It decreases over time as the existing geo-debt obligation goes down, we start to spend or -- the new debt, but the cumulative effect is we don't increase property tax and we've been successful at keeping that promise.

So now I'll show you the result of that. The actual calendar. I will start by pointing out that we're in our first full fiscal year after the election. We had a half of a fiscal year of 19/20 during the fiscal year that the bond election happened in November of 2019, we did projects in 19/20, we came to council and got authorization to proceed on time sensitive projects like replacing fire equipment and IT requirements and got them going right away. This is our first fiscal year and you can see out of all projects we have 17 fully budgeted. And in many cases these are already completed. The ones in question one are close to completion. One of the projects in question two the arena. And several in question 3, emergency response equipment, some of the it. so we hit the ground running and are able to work in about a third of the projects already. Next slide.

Before I get into a series of slides that shows the out years, just want to mention flexibility. There is some. It's limited. The same factors that came into play when we determined what the schedule was are still at play. And I'll highlight three limitations. Keeping our promise to the voters and the secondary property tax. Being able to budget. And our capacity to manage the projects. Those are very much in play. The bottom line is that if we make a decision to move projects forward, we don't necessarily have to move something else back, but it's likely that we might have to make some adjustments to other projects in order to accommodate moving something forward. Just putting that out there. Next slide.

I'm going to go through a schedule slide for each of the three questions. And the first column is next fiscal year, 21/22. So the projects are done. You're not seeing them. Fully budgeted. You're not seeing them. We're talking about next year's budget and beyond. I'm going to focus on beyond because if the interest is moving projects forward, I'll show you the reasons why some of those are in the out years. On this particular slide towards the top, the second and third lines, senior center projects, wanted to do them sequentially because of the impact as we renovate. Cactus Pool, the fourth line down and Paiute are expensive, complicated projects that take a lot of management attention. And then project 42, Thompson Peak park dog park, there's been some there in interest in moving that forward. It's not necessarily an expensive project at 4.5 million but expensive to operate, 46,000 annual operating for the turf, et cetera. Next slide.

Again, focusing on the out years, no. 19 and 20, a couple street scape projects that we have in 2025 and beyond. We have a street scape project that's budgeted and we intend to be building next year, that's the second street scape. We don't want multiple streets torn up in the old town area at the same time so we sequenced these out over time. WestWorld, if you go down about 2/3 of the way, project 48 and 51, they're out about 4 years. We've done several WestWorld projects out front and are achieving some benefit in terms of increased capacity and users experience as a result of those. These projects are projects that may be impacted by other changes that we anticipate making in the road network in that area and the parking in that area. So there's no sense doing these up front. We want to make sure when we get them done they'll be consistent with other things we're doing. The Thompson Peak Parkway bridge, we did start on this, we laid out the original plan about a year ago. That is largely in response to resident desires in the D.C. Ranch area. Then the last one, old town parking structures,

expensive project spread out over multiple years, that's one I want to talk to you about at the end of this presentation. Next slide.

Question 3. again, a lot of these front loaded. Some of the ones that are not front loaded, 33 and 34, Via Linda police station and fire station. This is another instance where we have two projects adjacent to each other, share common features, we need to do them together. When we need to do them together you end up with \$22 million worth of project and a heavy management workload so we put it into the out years. Next slide. Those are quickly the three different questions and the schedules over the coming years for implementation. I can pause now for questions or continue on and talk about the two specific projects that I wanted to discuss.

[Time: 03:47:34]

Mayor Ortega: Yes, Councilwoman Whitehead.

Councilwoman Whitehead: I thought we moved the Thompson Peak bridge quite a bit further. The idea was to get it done sooner than later and it still looks pretty far out to me. And in terms of old town parking, you're going to talk about quite a bit of work and see what we can do before we start building parking garages. I thought we had moved up Thompson Peak quite a bit.

Public Works Director Dan Worth: Councilwoman Whitehead, it's a subjective term I guess. We moved it up three years. The reason we had it scheduled that far back is not because we have any desire to punish people in D.C. Ranch but frankly the traffic volumes don't point to it as being a huge priority. It's a convenience more than a priority to move traffic.

Councilwoman Whitehead: I'll just say I thought it was a safety issue. Not interested in convenience. We did lose somebody's life and now had a similar situation on Legacy. So that's what I was looking at. Having people go slower because there's more cars, I'm not going to be fighting for that. Thank you, though.

Mayor Ortega: Yes, Mr. Worth, this is one of my favorite subjects. And I say that because so many of the timing issues that we have, for instance, Civic Center no. 1, that project is timed to be prepared for super bowl and that's a wise economic decision and it fulfills what the community wants as well. The other side of it is other public safety issues that you've timed out. You know, we've gone through the COVID crisis, we're still in it, and one way that citizens and residents have coped with it has been enjoying the outdoor spaces, recreation, whether running in the Preserve or using our outside spaces. I -- and also with the COVID cash or whatever, were some funds that went into WestWorld for mitigation and killing the virus air borne and so forth. There might have been a million dollars that didn't show up in our capital projects but that's also a lasting investment from the COVID crisis.

The one I do want to call attention to has to do with, again, how we've been able to cope with the crisis, having a family member, including a pet, the dog park, has placed, I've noticed, a lot of stress on Chaparral Park. A lot of people from the city have been coming down to McDonald and Hayden. So the purpose of that is to relieve the pressure and I've got strong indicators from McDowell Ranch association and D.C. Ranch that that would be very much appreciated. It would be also relieve some of the traffic stress.

So there are two components of every project, one is a soft cost, one is a hard cost that's going into the predevelopment. This project in particular is only about 1.5 percent, project no. 42 for the Thompson Peak off-leash dog park so that's for the owners and that project -- in terms of soft cost, I'd like that moved up so that it could at least get that done and the design work done. It also involves street improvement off of Hayden and there's other infrastructure that goes along with it. And it's a stand-alone project. So that part would be something that came to the surface with what we're dealing with and I'm hopeful you can make that work. The actual construction part of it would be the next aspect that we could exam after a year of design work and see where we stand.

I think the other thing is just the straight up accountability and if other council members want to speak to that, I really like your department, your program, and we'll follow those as those contracts are approved by the council. Any other comments?

[Time: 03:52:43]

Councilwoman Littlefield: Thank you, mayor. as member of the committee that worked with the staff and worked with (inaudible) and got these programs together. I want to say good job, Mr. Worth. You did a fantastic job on working with what we had and what we can do and what we promised to people when we went out and it was a lot of direct contact with citizens because we've had two bond packages before that failed and we really needed some of this stuff to happen, so I'd like to say you did a good job in doing this. thank you very much.

Public Works Director Dan Worth: Thank you.

Mayor Ortega: You had another part of your program or are you done?

Public Works Director Dan Worth: I have two specific projects that I'd like to spend a little time if that's okay.

Mayor Ortega: Sure. Thank you for highlighting those. Continue.

Public Works Director Dan Worth: Next slide, please. Now, one is the old town parking that counsel woman whitehead mentioned. Very limited background, existing parking infrastructure, we've got a lot of parking downtown. We've got over 6,000 spaces and parking lots and structures, if you add in the 2,000 or so spaces that we have available to the public on street parking, we've got over 9,000 parking spaces available to the public in our old town parking areas. Over 3,000 are new garage spaces built since 1990. We've heard from various sources that there's an issue. The most recent study was in 2015 and very briefly summarize the results of that study, the bottom line was that they felt that the consultant felt that we had adequate parking in most of downtown. To the extent that there was a shortage it was in zone 2 and 5 in the upper right hand of the map. Some call it the entertainment district, and the study found that a lot of the problem was not on the weekends and evenings when the entertainment district was doing its thing, it was during the day when the business was up. That was when they felt there was a shortage and I would also mention just as a data point, you heard from Kelly Corsette set earlier this morning about our citizens survey and kind of struck me, 68 percent of our

respondents in the citizens survey rated easy of public parking is good or excellent. Not saying that applies directly here but keep it in mind. We have a lot of people who don't think we have a problem.

Old town study, some of the perceptions that we had parking issues, and shortages. you can see 7 different actions that we identified, staff identified during that work study as things we may want to do moving forward. The direction we got from council, we got a consensus on three of them, one was data collection. We got direction to do another study. We have not because this was in February and in March people stopped driving downtown. And we just have not had the conditions that we would be able to do a meaningful study since then. So we have not done that. We've done some other work, some way finding, haven't done the comprehensive program but we helped people find more underutilized parking areas. And you can see the 7 things we recommended and discussed a year ago. Building into structures was just one of them. Next slide.

So in pursuit of that and building new structures, we do have a \$20.9 million project on the bond list that was approved. We haven't determined how we're going to spend that. We have looked at alternatives and you see four of them up here. I'll show you a slide and give you some details for each one. Next slide please.

This is the parking corral, Second and Brown, one grade – one level at grade, one level below grade, it was built so we could add levels on top of it. We've gone and done a study to determine what the costs would be, how many spaces it would yield. And you can see the numbers up there, we can build 200-300 new spaces. This is in proximity, you can see a little locator map on the lower left the Main Street galleries, Main Street between Goldwater and Scottsdale Road is one the areas where we had a lot of people telling us there's a shortage. The northeast quadrant is up in the right hand corner of that map, you can see the location of this relative to those perceived problem areas. Fairly close to the Main Street area. This is out of the options I am going to show you, the one that is most effective cost per net space. So that's largely because I've got spaces there now that don't away. We are simply adding levels on top of it. Next slide please.

Another option, and again, the locator on the lower left is close to the Main Street galleries, one of the things that we're trying to do ease parking issues on Main Street is to direct people – this is one of those wayfinding things that we have done, direct people to the surface parking that is at this location. And before the bottom fell out last year with COVID, it seemed to be working. But there's a surface lot there. The option to add parking would be build below grade parking and we have already entered into the purchase sale agreement with Museum Square. Their intent is to build a hotel, part of the purchase and sale agreement, if it ever happens, when they build the hotel, they will build one level of public parking – about 160 spaces. We're paying, I think it is \$40,000-\$45,000 per space for that. So it is already in the mix, it is already part of the transaction to sell the land for the hotel to be built. What this would do would be to build a level and a half below grade that would directly connect to that parking at the Museum. So there would be an access that just gets you into public parking, directly off of Second Street, its not looking like you are accessing it through the hotel, which we think would be a big benefit. And you could see the net space per space cost, it's expensive. And part of that is I've got parking spaces already, I would have to remove them, maybe come to the top level of the new structure. But it drives up the costs. Next slide please.

This is a surface lot in the northeast quadrant. Out of the four options, this is the one that is directly serving the northeast quadrant where the 2015 study said we had a problem. We have two existing lots. They hold about 120 cars when they are full. And they are full on weekends and they are full during the week with office workers. Again, it's been eased a little bit over the past year outside of the COVID environment but these lots fill up very rapidly. The proposal you see is to add structure parking on the same footprint as these surface lots, either one level up or two levels up. We actually did an RFP in 2015 and got a response back. The thought process was we own the land, we could sell the land and in exchange for the purchase value of the land, the developer through the buyer would build us public parking. The 120 spaces that are already there plus an increment above that. And they would have the ability within the zoning to add additional parking and add additional uses on the top levels of the structure. We had a taker and for various reasons, we did not approve that agreement. But a possibility of doing something like that is still there, should we decide to go in that direction. Which would certainly defray the costs that we would have to pay in cash to build spaces. Next slide please.

And then this is another private development option, they have not even actually initiated their entitlements. They have been in for pre-app and discussed what they wanted to do, but the thought is mixed-use retail residential development. And we have had preliminary talks with them about building a level of parking for public use in addition to parking they have to build their code required uses. And the number we were working around was \$40,000 a space; which you can see compared to the net costs of some of those other options is a fairly competitive number right now. And this has good proximity to Main Street again. It would involve a private development partnership and whether this project goes forward or not and what pace it goes forward remains to be seen.

So those are four options that we are considering. Not asking for any decisions right now, but obviously, I would be happy to answer any questions or address any concerns or listen to any other good ideas.

[Time: 04:02:22]

Mayor Ortega: I see a hand from Councilwoman Caputi.

Councilwoman Caputi: The thing that makes me nervous about the private public option is how do you make sure that the public spaces stay available for the public? We talked about this Quadrant 2 being an issue that is kind of Galleria nightmare where there were technically enough spaces and yet, you know, it sort of pushed a lot of those call center employees into the surrounding areas and created a problem for the local businesses there. How do you make sure that public space is reserved for the public if private developer kind of builds their own facility and wants their people parking there. Do you know what I mean?

Public Works Director Dan Worth: Absolutely Councilwoman Caputi. That is a very relevant question and we are already confronted with it. We've already got public spaces that were built for the public and are largely used by the people who get there first which are the employees that get there early in the morning. There's a couple of different approaches. The first and foremost is we have to ensure we have realistic parking requirements to meet the need of the business if we are doing it as a public private partnership. The second thing is that we've got some management tools available and one of the ones that we've made use of and it's fairly successful is time limits on parking. When you put a two-three-hour time limit on those surface lots at Stetson, that helped the situation greatly. Initially it

moved the situation to the parking garage at Third Avenue on the other side of Scottsdale Road. Which we then followed on and put time limits on two of the levels on that garage. Which again helped the problem. People who are parking there work all day long – they have to come out and move their car three times, get a ticket or find a different place to park and that has proven to be fairly effective. But there are management tools that we can try to ensure that those spots are to the maximum extent available actually available to the public.

Councilwoman Caputi: I've spoke within business owners and there are basic solutions like parking passes for employees. Again, I've spoken with a couple of downtown business owners who say just giving them a parking pass for their employees so that those spaces are able to be used by the local businesses by their own employees can resolve a lot of problems. Sometimes I think the solution can be easier rather than more complicated. Do you know what I mean?

Public Works Director Dan Worth: And the only thing I will to that is a very valid observation, if you go back to the slide with the seven different recommendations that we had on the work study a year ago, that is part of it. It falls under the management. It's gonna be a combination of all things that we look to address the situation.

Councilwoman Caputi: Thank you.

[Time: 04:05:30]

Mayor Ortega: Councilwoman Whitehead?

Councilwoman Whitehead: Parking garages are expensive, hot, and permanent. What tourist want is to be able to park but not see the parking garage. It does have to be convenient. I've spent a lot of time on this. I see three problems and a whole lot of solutions. There is the Galleria problem. I can show anybody who wants to see 20 pictures precovid of four floors of empty parking garage. I've got them. I spoke with a gentleman eating lunch in the empty garage of the Galleria. He said I drive around and when I can't get street parking I go to the library and take the yelp shuttle. We have a Galleria problem. We have to try to tackle that.

We have a March problem. We're not building parking garages to solve March. Our city manager says we don't have a March problem. We do have to address special events or spring training in a separate looking at just that. We don't want nine months worth of empty parking garages. I have a lot of ideas on that. We have church parking lots empty during the week. We have business and city parking garages empty on the weekend. I think we just need to reach out and have -- it's very cheap for to us pay a business and businesses are struggling and churches are struggling, pay for their parking spots. It's cheap tore do that than build parking garages. I don't want to build parking garages until we know what is going on with COVID. I don't want to build parking garages until we know what is going on with the public private partnership or until we have done a study and know there is a problem. And making sure that everything that goes out to tourist tells them where the park is. And time our trolleys to help people. If we have trolleys that could have a service during events when there is an event.

We need to up on the agenda coming up is parking code. If we can solve under parked residential construction, we don't need to V. if we have a separate parking code for call centers versus regular

offices. There is so many things I would like to see before we settle. I don't mind the third avenue , the one where we already have the parking garage. But I'm hesitant to spend a lot of money on new parking garages that could be a park. I'll end it with something Mayor and I have talked about which is the Rose Garden because it's underneath. If we can reduce the amount of parking we need. If we don't have to spend that money, we can save the city by not spending the money and being efficient with parking. If we have more money we can build better parking. We can build parking that is underground with a park on top or over ground with a park underneath. We can get a quality-of-life improvement with the parking. That's why I'm hesitant When I see parking garages too soon on the list. Those are my thoughts.

Mayor Ortega: Thank you. Ms. Milhaven.

[Time: 04:10:10]

Councilwoman Milhaven: I wholeheartedly agree. In talking with downtown business owners there is concern about parking and want us to look into how we might do paid parking. Giving shopkeepers tokens so patrons get free parking in front of their business. you are not visiting a business you can't park on the street. You can work in a parking garage. I'd like to look at how we can incent people to go to parking garages and make it neutral for the downtown business owners. And we tested that app, the Parker app. I was pulling it up on my phone to see if it was still working. We see an amazing shift toward ride share. As more people live downtown, more people are in walking distance or scooter distance from their places of work and so I think we hold off on alternatives.

Mayor Ortega: We will be diving deeper through the council work study and discussion at another date on the downtown parking. However on that note, for today I believe that the two zones on zone five and two are overloaded because the Galleria workers are parking off site. The Galleria is stressing the parking garage. We built two parking garages. The one across from the mission church was built for additional floors. That is an advantage we paid for and we have that. We own the land and it's structured for additional floors. The problem with the fifth avenue area is that they existing merchants long time property owners are getting swamped by the Galleria workers. And that is unfair they are putting the squeeze when they return.

The other tack factor to consider and again when the collective was approved, it was approved with a waiver of 126 parking spaces. You didn't show the Rose Garden. It is city owned property. The utilities were removed from that property. The city spent \$300,000 removing new obstacles in that area. There is an opportunity to get some parking there. The other thing that I think we should look for is probably some sort of ordinance that would prove that certain large employers are parking on their site. It's a sensor we can put on the reader as it comes through and then we'll know whether or not the owner of the Galleria is looking for another revenue source or something and we're paying for it. That's not going to work anymore. Let's move on to the next subject. Councilwoman Littlefield.

Councilwoman Littlefield: Thank you. I agree with what everyone has said so far. I think it's all right down the line. I also believe as the council to accept they did accept we need to review our ordinance and bring it up to date what to what is necessary and needed. I'm looking forward to that opportunity. I think with that and all these things f you build a hotel, you have to properly park it. If you build a condo

that has lots of people living there, you have to properly park it. With that, with some of the other ideas, I think the problem is solved. Thank you.

Councilwoman Caputi: There was a good point we did waste quite /bit of money on technology. It was a colossal failure. Part of the conversation should be how do we utilize technology better moving forward. It was a great idea but not put in good use. You mentioned sensors and things. It should be on the conversation moving forward as well along the lines we need to talk about everything. And technology should be part of that conversation. I think that original -- does anyone use that application that shows you where the spots are? I don't know anyone who uses that.

Public Works Director Dan Worth: I can speak to that. It's no longer in operation. The company that we brought it from went out of business. We own some obsolete sensors.

Councilwoman Caputi: Anyway.

Mayor Ortega: We will now proceed to the next topic which is the drought contingency plan.

Public Works Director Dan Worth: If you are willing to have me speak for another three minutes, I can you talk about Miller Road. Next slide please. This is not a bond project but one you have heard about recently. We do plan on building Miller Road across the raw hide wash. You have heard from some residents in the area that are concerned about our plans to go forward. I want to talk briefly about this. This is information only. You can see on the upper right is the map from our current transportation master plan. This road is planned. Has been planned. Has been in the transportation master plan or general plan since 191. We've always had every intention of building it. It's nothing new. What is new is we put the resources against it to be able to move forward. It is planned as a major collector. It's two lanes either direction with a center left turn lane and separated sidewalks. The need for the project is largely because of the huge volumes that we have on the two parallel arterials on Pima road and Scottsdale road that serve the same area.

The corresponding areas you can see up here the second highest and fourth highest volumes in the city measured on a cars per lane basis. And that is putting a lot of pressure specifically on the intersection of Scottsdale and pinnacle peak. It's one of our worst intersections for delays. We plan on about 8,000 cars per lane as 100% capacity. Scottsdale and Pima are running at 140% capacity right now. We need a reliever. That is why this is in the mast ere plan and why we feel it's prudent the move forward now. Future volume projections you can see they are going to carry a lot of cars even when this is built. They won't be as bad because these are 2040 projections. They will have more capacity. The volumes we anticipate well below the road's capacity. The capacity will be 32,000 and we'll be carrying 22,000. It will be with a valuable reliever to get traffic off the other arterials. Funding, we have currently in our CIP for this year we have money from our 0.1% transportation sales tax the voters approved in 2018 and we have money from the arterial life cycle program. We are looking to increase the amounts for both programs. We made the decision to go with a bridge instead of an at grade crossing. It doesn't make sense to -- this is going to be an important road for emergency access. We need to keep it open when there is storms. Bridge makes more sense, it's more expensive. That is part of the funding we're programming to this extension. We've let people know about it for a long time. Shouldn't be a surprise to anybody. This is what you see when you approach from the south or north. Project coming.

We're going to build this road. People who live in the area have seen these signs and we have yet to but will shortly be going through an extensive public outreach. We'll go through the HOAs and setting up meeting to discuss the project design and impacts. And listen to the public and see if there are things we can do to mitigate their concerns. That is going to be going forward soon. And then this shows the stormwater project that I alluded to basically building flood walls and levies on either side of the channel. And this is another reason why we decided we needed to move forward with this project. If we didn't, we would most likely build the raw hide wash project and tearing out part of it to build the road which doesn't make sense. Now is the time to move forward with this. We have the funding and the need. The last thing is this is a current aerial of the pinnacle make sure I get this right. The subdivision pinnacle reserve I think it is one and pinnacle east on either side of that. Pinnacle reserve one when it was built they built the road. The road is built to major collector standards. This exceeds the standard. Has a median. We're going to do what we can to extend that even though it's not required to have the median as we build it across the wash. It's there and been there since 199 is when we built that. You can see the subdivision to the east. The road there was before they were. Always planned. Shouldn't bay surprise. We're going to do it right. We're going through the outreach and try and build a facility that everybody is in favor of. It's not going to carry 35,000 cars a day which I know is what everybody was worried about. Any questions?

Mayor Ortega: Thank you. Councilwoman Whitehead?

Councilwoman Whitehead: I want to thank you. You and Mark have given me a lot of information. What you said made me happy. You are going to try and keep the median so thank you.

Public Works Director Dan Worth: Thank you very much.

DROUGHT CONTINGENCY PLAN AND SEWER LINE EXTENSION PROGRAM

[Time: 04:24:19]

Mayor Ortega: We will now proceed with the drought contingency plan update. And the sewer line extension program.

Water Services Executive Director Brian Biesemeyer: Thank you mayor, council and I promise I will be faster than Dan.

Mayor Ortega: Excellent.

Water Services Executive Director Brian Biesemeyer: First off, drought contingency plan. Undoubtedly you have seen in the paper there are numerous articles about drought. I want to update you where we are. The drought contingency plan in Arizona. Really what is the drought contingency plan? It is not we have a drought management plan for the city. The drought contingency plan is a region wide plan and what I want to talk specifically about is the lower basin drought contingency plan. It's an interim agreement from 201 to 2026 involving the three lower basin states and department of entire to ensure that it doesn't basically trying to ensure that shortage will occur but it reduces the risk of shortages. Trying to reduce and mitigate the risk of shortages on the Colorado.

How did we get here? It's a long story. Really started in the 1920's when they allocated the river and they had hydrology that was more abundant water than we have. Thus the allocations were overstated. And additionally when the CIP was constructed to get that through congress Arizona had to agree to take lower priority. Then in 2007 when it became they've the river was overallocated interim guidelines were constructed. Again no cuts to California were occurring with those interim guidelines and they weren't enough. The river, lake levels continued to decrease. So the lower basin process, there was negotiation between the states that came up with umbrella type agreement. But then within that it also leveraged on the 2007 guidelines. It took the 2007 guidelines and made it one step further. It changed the state where those cuts would occur to the different states from a level of elevation in the lake from 1075 to 1090. So it increased where cuts would occur by 15 feet in the lake. Additionally the biggest point is bolded at the bottom was California agreed to take cuts while Arizona and Nevada were still taking cuts.

That was a big step. The next one basically we went through a process internal to the state. And that was over a six-month process, a couple of points I think are relevant. There was about 40 stakeholders within the state. And the steering committee. There was four cities present. We were present at the table for the discussions. There were a lot of discussions. People are passionate about water. A lot of discussions, compromise was come up with and passed through the state legislature enabling legislation to allow for the state of Arizona to go into compact with the other states and department of entire. That was done in January 2019. And then the results in March all seven basin states submitted their individual drought contingency plans. The upper basin states had to as well. In my individual opinion here the upper basin states came one a plan to make a plan.

The lower basin states actually made a plan. It's just a different environment for the upper basin states. The lower basin states did come up with our plan. I apologize this is a confusing slide. The upper left focuses on Lake Mead. The upper right shows the elevations of the lake. And when the different tiered cuts occurred. You can see that 1200 is around top of the lake. And the lake has not been there since the late 90's. It's been slowly draining since then. And we're currently at 40% capacity. Thus need to ensure that we take care of the lake levels. Going at the bottom, you can see tier 0. Tier zero is a cut that occurs after the lake falls below 1090. We've been at tier zero for the last two years. Arizona has taken cuts of 192,000-acre feet. You'll hear me say a bunch of acronyms. Accused an Kerr foot is that. It's one acre one foot deep in water. It's an odd measurement. But it is what it is. It's 325,851-gallons. It's roughly 1/3 of a million gallons. Trying to give you volume there. Tier one is where looks like we're going to. I'll have another slide that shows that. You can see the substantial cuts. 512,000-acre feet and goes through the different tiers. Tier 3 and below it's serious. There is concern about dam operation and power and other such. When we talk about the central Arizona project which is roughly 75% of Scottsdale's water, on the right is the central Arizona project delivery priorities. So what we talked about the river and the states having different priorities, within the central Arizona project derivativities have different priorities. NIA stands for non-Indian ag water. It's deceptive. Many tribes have non-Indian ag water. It's a different priority of water. The higher priority water is Indians priority and M and I priority. The majority of our water is M & I priority. You can see in the NIA pool that we have roughly 3300-acre feet in jeopardy in that particular pool.

The rest of our water is a higher priority. Through the Arizona DCP Arizona was designated lower priority. It has been before that. In all the priorities agriculture was a lower priority. Agriculture now however is part of a negotiation. It's difficult. Fur a farmer and you take away the water, you don't have a farm. Through the negotiation process at the Arizona DCP, when tier one cuts occur, there was a

mitigation process to try to get them water to keep their agriculture activities going until they could find other sources of water. One of those mitigation measures involved Scottsdale. If you will recall in 2018 we entered into some agreements as part of the drought contingency plan. One was to provide a water to Pinal county. USF is under ground storage facility. GSF is ground storage facility. They are different of different. USF is what we do when we store ground water.

We have to have an underground storage facility permit. GSF is where an agriculture activity turns off their wells, accepts surface water for that. The state of ash as gives the provider of that surface water ground water credits. If we give 4,000-acre feet to Pinal county we get 4,000-acre feet of ground water credits. The difficulty with Pinal county is that is a different county and credits don't transfer overactive management areas. There is a Pinal active management area and Phoenix active management area. The banking authority will swap us credits from Pinal county. That is one of the mitigation efforts we're obligated to do. The mitigation only has to occur for the first three years of the DCP. We're in the second year of it. Only in 2022 would this mitigation effort need to continue. We're obligated to GSF exchange. We are made whole. We get the ground water credits in the long term. It's a way for agriculture to continue in Pinal county until they can find other sources. And we're not the only. There is a number of municipalities that came one these agreements to push water in. I think the total volume around 40,000-acre feet of the mitigation going on. In true impacts to Scottsdale, tier zero there is no impact to us. We've been at tier zero for the last two years. At tier one there is a 2300-acre foot cut that would occur to Scottsdale. That depends on central Arizona project waters. This could vary. That's our estimate. With the caveat that the mitigation effects that go into place in 2022 also include covering non-Indian ag water.

One of the provisions is in 2022, we can get our entire allocation minus the water we have to send to Pinal county. We don't -- we would typically that 4,000-acre feet we would store in Pinal county we would recharge because we don't use our full allocation for consumption at this time. We're looking at 2300-acre feet. At tier two, it's still only about 3400-acre feet. It's not until tier 2b that we start to take some larger cuts. And then tier 3 is a significant cut to Scottsdale. So what are the probabilities? We're talking that this would be declared talking like it's going to be a fact, it's not. The tier one won't be declared until August of this year where the 24-month study from the bureau of reclamation comes out and projects what the level of Lake Mead will be like in January of that next year. In August we'll know for sure. Here are the probabilities the bureau of reclamation plotted out based on December. You can see the green line is the most optimistic. The orange line is the least optimistic or worst-case scenario and blue line is the most probable. The blue line is not very high above the worst-case scenario. You can see the projections are in December 31 or January 1 of 2021 we would approximate below the level of 1075 thus invoking a tier 1 shortage.

What have we done? We've been planning with Scottsdale water for reductions as part of our planning process for many years. We've increased our collaboration efforts with other communities around us we have an update to our drought management plan which will be in front of you in April. We have four major initiatives. The first three deal with drought. Next is automated meter reading and then web portal. With that I finished the drought contingency plan update pending your questions.

[Time: 04:39:08]

Councilwoman Janik: I have a question. If you correlated this data with population growth, So you know about how much each person consumes in water. So you would know if our population grows by

a certain amount we can expect a certain amount of water consumption therefore water need. You have coordinated this data with those parameters. How much population we could acquire and still have water if we're at tier one, two or three?

Water Services Executive Director Brian Biesemeyer: Yes, we have looked at those. At full allocation we can support population of 300,000. And we believe with increased conservation as well as improved plumbing codes and such, we have seen the usage go down as technologies increased as new homes come about. With those and with our recycling programs we have in the water campus, we're confident that buildout we have sufficient water for that. If we change that dynamics, then trust me, I will let the city manager know and I suspect we'll have another conversation.

Mayor Ortega: Continue now, water in and sewer out. From Indian Bend south is one system and sewer is another system.

Water Services Executive Director Brian Biesemeyer: We have a strong component of our wastewater system in the south. My next presentation on the water sewer line extension and paybacks program. Doing this as a review. We have a study session in March where we're going to discuss this in further detail. The city manager granted me a smidgen of time to present information to you in preparation for that so you understand how our programs work. Line extension is just extending a line. Why do we have these programs?

Following our general plan guidance we seek recognize the value of water and wastewater as a resource for our community. We make sure new service cost are born by those desiring the service without costing or affecting those. They are not paid for by development fees. Development fees pay for treatment capacity, water resource acquisition and major distribution and then systems not the lines in front of the house. Not sewer and water lines in front of a house. Our impact fees pay for getting it to the development, not in the development. We encourage the use of sewer systems instead of septic. Payback agreement. Payback agreement is where a developer extends a line. And into a development and he crosses an area where that line could be useful for another development for another area. So the payback agreement is the way that developer, either home developer or large developer can receive payment for constructing a line that will be used by others. That's the code citations below. Our participation agreement, this is unique to Scottsdale. In that with an individual developer, say you have a home with a single lot and you want to bring sewer, say you have water but you want to bring sewer to it. The city of Scottsdale would require that you pay the money to extend that sewer line to that lot. That's a pretty expensive endeavor.

And so this participation program allows for instead of waiting for somebody to give you money back for your extension because if you extend it and the developer comes in ten years later, he would then help pay for some of that line but you would wait ten years to get your money back. This program allows the city to front load and give the developer some money up front. I know it's confusing. I'm going to go through an example and I think the example will be more helpful than my stumbling through this. I wanted to make sure it's clear that this code requirement talks about the requirements of extending particularly a sewer to a private residence. But to be clear I'm going to skip the front and go to the next slide. I wanted to be clear that if someone has a septic tank and it goes bad and something happened and they have to have that system have a new system installed, we don't require them to extend the sewer or hook up to the sewer at all unless the sewer is right in front of that property. If it is it makes sense for

them to tie into the sewer. We're not talking about somebody who has a septic tank who failed and needs to get that fixed right away. We're talking about somebody doing a lot development or a major retrofit 50% change in their building. That's sort of development we're talking about that requires a sewer line extension. Let me walk through an example and I hope that is more clear. So in this a couple of pertinent facts. I have this example. A lot has water but doesn't have a sewer. And it's within 500 feet. That's where our code says you need to extend if you are within a hundred feet.

The sewer line extension cost for this example is \$150,000. We have a single home developer who qualifies for the participation program and we have funding in our budget available. Given all of that, you can see the developer and darker color and what we call benefiting parcels are marked with a red x. They are benefiting because the sewer line will go in and give them the benefit of having a sewer there. Total cost is 1 other thousand dollars. There are six homes involved. With equal frontages it turns out to be \$25,000 per lot. We have a developer and five homes for six with a per lot cost of \$25,000 per lot or home. The developer when he's building his home, he would front the cost for that sewer line. And then upon completion, inspection and acceptance by the city, the city would refund him for those portions of those other lots that he crosses. So then in this example the city would refund had developer \$125,000 and then take on the obligation of having the other lots pay back the city when they connect. So the existing homes there that have sewer would not be required to connect unless their sewer fails or unless they wanted to. If they docket connect, they have to pay \$25,000 to connect and then another thing is the payback agreement expires in 20 years. It's possible somebody has a new sewer put this, they will not pay for the sewer if they connect in 30 years. They will pay impact fees but not the \$25,000 obligation. I went through this rather quickly but I wanted to give you facts before we talk about this in the study session So you understand our existing program and how that works and why we'll talk about the obligations for folks. If you think about it, these are large obligations for folks to make if you have a home and you want to connect to a sewer, it's a lot of money. So is a septic system as well. With that that I believe ends my presentation pending your questions.

SCOTTSDALE SMART CITY STRATEGIC ROADMAP

[Time: 04:48:34]

Mayor Ortega: Thank you. Seeing none we will continue with the next two topics. The Scottsdale smart city strategic roadmap. Brad Harding please present.

Chief Information Officer Brad Hartig: Mayor, members of the council, my name is Brad Hartig. I appreciate the opportunity to put a face to a name on some of you and hopefully go through material fairly quickly. We're a little behind schedule. I've been asked to bring -T up.

Mayor Ortega: Double check your mic is on.

Chief Information Officer Brad Hartig: I'm going to start out real quick on the concept of smart cities and why people or countries throughout the nation are really focusing on them. It's about efficiency, sustainability, and quality of life. And it's to look at ways that you can use technology, data, and information to be able to improve that. So that said, it's not really about the technology, it's about the people. I say that but then you have a number of types of technologies. These make the difference in a person's life. It makes a difference in the efficiency of a city and makes a big difference in the

sustainability of a city. This is kind of some pillars that smart cities will go after. Mobility, security, health care, energy, water, waste, economic development, and housing which is a big one. I know we had discussion on that earlier this morning which and community engagement.

And then on the other side what is the impact it's having on the citizens? It's from a time standpoint, safety, cost of living, jobs, the social connectedness. All of this ties into a smart city plan. And smart city effort. So these are some real-world statistics. And I love the one in the upper right-hand side. Time spent interacting with healthcare and government. Improvement by 45-65%. Those are the types of things that we're trying to look at as we're moving forward with our smart city plan, public safety, crime down 30-40%. Water we were just talking about.

These all play into a smart city plan. A lot of what doe in Scottsdale we're doing already. We're just not marketing it and not bringing it all together. We're hoping to do that through the plan. What we did was we were in this room in 2019 and we developed a goal or a strategy to begin implementation of a Scottsdale strategic roadmap for citizen and business input. We got direction from council to put together a plan. We walked out of the room and said we don't have money. These plans can range from 75,000 to \$400,000. We immediately started working with external partners to help develop that plan. Basically we had the Scottsdale industrial authority and then Arizona institute of digital progress. We had some technology companies.

So we were able to complete this plan 100% with no city funding which I thought was pretty impressive and innovative. We hired a company called think big. They are out of Kansas city. They have done over strategic plans for over 30 other communities. We put together a very comprehensive process where there were a lot of citizen engagement. We did interviews with businesspeople. We did interviews with internal stakeholders and we used that to develop the plan. And beyond that to help drive the plan, we established a cross departmental team which these are the key pillars to the plan. It has to do with smart leadership. Collaboration efforts. We're looking to work as a region and I'm going to talk about that more in an area called the connective. Smart economy so how are we going to grow our work force? Industry, entrepreneurs, our whole ecosystem, academia. We want policies to be data driven. You want to see if you move the needle and back that by data and use that moving forward to figure out where you would best invest in future things. Environment and sustainability. Energy, water, wastewater, open space big in Scottsdale. Smart community. How are we going to engage our citizens? I think a mobile aspect is going to be part of that. I'm not meaning just a mobile device but people are not in the same place all the time. They don't come to city hall just to interact. How are we bog to develop that strategy? Smart mobility? That's the multimodal movement of people. It's not just cars. It's how-to people get around. Smarted livability. It's the safety, culture, housing, health, and life experience.

Some of the key take aways was really the platform, the policies, the management, and mind set all really do need to be data driven. I talked about that before, it's called evidence-based decision making. You are not guessing. You are using data to prove a point. I think we're see that a lot. We're seeing that a lot in COVID and what we're trying to do is base decisions on data. Citizen engagement, that is key. We've had a lot of citizen engagement going up to this point. As we're moving forward, what is it that our citizens want? What is the quality of life? What are the things that would be of most value to them and help we've that into our direction?

Centralization, that's basically putting a lot of sensors out in the environment that you can use to track anything from traffic flow to citizen flow. Walking to environmental. It really is about collecting that data and then when you do new initiatives or changes, you are actually using the data to say did it make a difference. And then finally connectivity. And this is really about fiber. I know through a bond project we have a \$17 million bond project from a city standpoint we're putting in a significant amount of fiber. In addition to the carriers are putting in a lot of 5g technology. That's a controversial thing to some. As far as it's higher frequency and some are concerned about the health effects.

One thing I would like to make council aware of is there is really not a whole lot of regulation that we can put over that because it is managed by the federal government. But it is concerning because 5g and the cell towers, you are probably talking about every 1,000 feet or so. When you start looking at that density, especially in neighborhoods and things like that, it's concerning. It is something that is going to be critical for us to be able to move forward with the plan.

We're active regional partnership with the connective which is a group of 16 member communities, Arizona state university, association of government, greater Phoenix economic council and economic innovation and institute for digital process. Assistant city manager is represented on the board there. He serves as an east valley officer along with representatives from Phoenix and Goodyear that represent the whole valley. We have are establishing or in the process of establishing a innovation hub. So it's basically a one square mile incubator to where we can test some of these technologies. We're leveraging a software platform through the connective. It's called urban leap. It's allowing to us evaluate different types of technology. You can open this up to all vendors and say this is an incubator. What types of things do you want to do. What problems do we want to tackle and they can come in and pilot technology and do strong proof of concepts. We want to solicit the public private partnerships as we move forward and make sure we're hooking up with the right technology. And then finally we're in the process of developing privacy policies related to smart city technology. One of the things that you will see a lot in smart city technology is the use of data, the use of artificial intelligence and the use of facial recognition. So before we get too far down that road, we want to have a strong policy of what is going to be the use of this information just because we have facial recognition for one particular solution doesn't mean that I can use that data over here. We need to think through that from a privacy standpoint for our citizens.

That was a whirlwind of my attempt to get this done as quickly as possible. I would say that we'd be happy to bring this back as a council item when you have more time or as a work study session. It's really an exciting time and it's not just for Scottsdale. This is happening around the world. It's really how are we going to be more efficient. How are we going to be more sustainable and how are we going to improve the quality of life?

Mayor Ortega: Thank you Brad. Councilwoman Milhaven.

Councilmember Milhaven: I understand you are retiring soon.

Chief Information Officer Brad Hartig: Yes, I am.

Councilwoman Milhaven: I think this project is a wonderful capstone to an amazing career to leave us well poised to ask the questions to prepare us to be ready for the future. Thank you for bringing this

project forward. I want to thank you for your service, you've done an amazing job and wish you well in your new adventure. [applause]

Chief Information Officer Brad Hartig: Thank you very much. It's been incredible journey for me. I've been with the city for 30 years. My first task was to bring on the fire department. It's been a fantastic thing and I want to go out on top. I'm very proud of what me and my team have been able to accomplish. I know they are going to continue. You are in great hands. I look very much forward to engaging also as a citizen and person. Thank you.

Mayor Ortega: Wonderful. I'm sure you will have a smart retirement also. We will. Thank you again. We will now move to the.

Councilwoman Janik: Can I ask one question? Thank you. You talked about sensitization and you talked about mobility of human beings is what I'm understanding it to be. Do you have data coming in from our plant life synthesis planets or is that not data you are collecting yet?

Chief Information Officer Brad Hartig: We're not collecting that data yet. We do have various ways to do it that are fairly noninvasive. Through this technologies so it basic. And we did a project with the water department and the innovation centers. It was about the use of water and how much water would you need to actually use. And the fight was landscapers want to water like crazy because it's green and makes it look good. And the homeowner associations are saying this is costing us an arm and leg. We're trying to find that balance. We're using technology.

Councilwoman Janik: Thank you.

Mayor Ortega: Once again, thank you.

ANTI-DISCRIMINATION ORDINANCE

[Time: 05:02:55]

Mayor Ortega: Our next topic the antidiscrimination ordinance discussion and feedback.

Assistant City Manager Brent Stockwell: Maybe, members of the council, my role is to be the shortest presentation of the day since I'm the last presentation of the day. Let me keep it simple. We have given you everything in your packet we would bring forward when the council would want to consider and voted on this item. This started last simple during the national discourse on race. The human relations commission and staff looked at actions that could be take on the help address that and the antidiscrimination ordinance came up as part of that. The human relations commission made a recommendation to the city council in August. That didn't go forward last fall and was waiting for you all to take that up. In the meantime we have taken the effort to look at the other cities in Arizona, other cities nationally best practice ordinances. In particular we have modeled this after one that is the city of Sedona adopted. We have incorporated best practices from the society of human resources and management about what organizations themselves can do. So we have it already for you. It's important to understand there are two major components to the antidiscrimination ordinance.

The first focuses on the city of Scottsdale as an organization. How we do our services, activities, and programs. How our contractors, vendors and consultants perform service tons behalf of the city and making sure that the city is committed to antidiscrimination, non-harassment, and retaliation as a policy statement. The second part is extending it to the community as well. We have that all in front of you. We have sent it out to diversity partners, community partners of the city asking for their feedback, making sure we have been comprehensive on that. We're planning on taking it back to the human relations commission at their march 8 meeting. Had a commitment to them we would take it back to them for input so they could make a final recommendation if before coming back to the council. The next available date would be the April 20th city council meeting. And so if -- unless there is an objection to that plan, we could move forward with that. Another alternative is to schedule it first for council work study session and have more information conversation about that, perhaps do public outreach and then do it for consideration.

We have it all ready. We wanted to get it to you so if there were questions or pieces missing in that, we could get that feedback from you. And then we're ready to proceed at your direction. Thank you.

Mayor Ortega: Let's proceed with some discussion. Councilman Tom Durham.

Councilmember Durham: I thought under the fair housing section there was going to be an exception for a person renting out a room in their house to another person in effect an exception for a small lessor renting out a part of their home and I didn't see that in here.

Assistant City Manager Brent Stockwell: We'll take that feedback in and make sure some sort of exception for that is included. Thank you.

Councilmember Milhaven: Do you have one community on the list of folks to get feedback from because I know there are important advocates in the community. In talking with them they see the mesa ordinance and see that ordinance as a really great example of what moves -- really good example of a good ordinance. I'd like to us take a look at the Mesa ordinance as well since that is being recommended by the community advocates in this effort.

Assistant City Manager Brent Stockwell: Yes, one community communicated with us at the time. They gave us the Sedona ordinance. We reached out to the city of Mesa and got a copy of their draft ordinance and looked at that as well. Scottsdale goes beyond Mesa ordinance because it focuses just on the community, not Aston city as an organization as well which is a component in the Scottsdale one primarily because that was not included as a policy statement before.

Councilwoman Milhaven: That's great to know. Mesa the model and going beyond the understanding those differences would be helpful. While most of us agree , the devil is in the details. I think a work study where we could have a more robust conversation would be a best next step in my opinion.

Assistant City Manager Brent Stockwell: We did send out the material another community as well.

Councilwoman Littlefield: I read there this through and made notes and left them all at home this morning. I would like a work study session also. I think the devil is in the details and that is something we need to watch for. I also had expected to see an exception for one person. If you are a single elderly

woman wants to rent out your bedroom, do you have to take someone you don't want to have in your house just because it makes you uncomfortable? Where does the right of the individual stop and the right of the community begin? That is something that I would like to see stressed. As I say, I left my notes at home. I would like to have a work study on this. I think it's something we need. I think it's something that would be good. There are some differences between what Scottsdale is suggesting and what the federal and state governments are suggesting and I think we need to talk about those differences.

Councilmember Durham: I raised that same point. Having one person this your home. I have seen it in a prior version. That was in a prior version of this ordinance or maybe I was reading another ordinance. I have seen it present before. I don't think it's in this one.

Assistant City Manager Brent Stockwell: Thank you.

Councilwoman Caputi: I just want to say that I'm hugely supportive of us passing. I don't actually think we need another work study. I think Scottsdale is a golden rule city. It's the right thing to do and the right time to do it. I don't like the term the devil is in the details. That makes me nervous. I don't want to mention the devil when we talk about antidiscrimination and doing the right thing here. I think we have work studied this issue to death. We're no longer leading on this topic. We're following and it's way over time for us to push this forward. Are we going to work study and put it out and work study again. It's never going to get done. The danger is worry resident about every detail. The cities that have pushed forward with ordinances have had almost no issues. It's more of a community statement. A smart city does the right thing. We say we're going to treat all of our citizens equally and then we put our words where our mouth is and we do the right thing. We all know that having an environment that treats everyone equally is good for business. It's good for tourism. It helps absolutely everything that is good for our community. I think every single one of us was supportive of this legislation running for office. And we want to get it done. Not to sound too pushy. But I can't say strongly enough I don't think we should work study this anymore. I think we should move it forward.

Councilwoman Whitehead: I agree. I think that I think it's a good idea to add a very limited exception if somebody is renting a room in their house. I think that is different than a business. I'm comfortable with that. If the majority wants a work study session. I think it's not that hard. And it was very well written and it sounds like everybody has read it and seems like we all have that one issue with the personal home room in a personal home. And but if we have a work study session. June the LGBTQ month and it would be opportunity for good press. Let's not go past June. I'm fine moving it forward without a work study.

Mayor Ortega: Any other comments? I will give a round up on this. We have to lead by example in my opinion. Especially when it comes to our organization. That needs move forward. I would support April 20th. When something is on the agenda and it gets stalled or there is a trip wire, it might be postponed a meeting or two. I believe there is an urgency and in our own city corporation, municipal corporation leading by example. I also believe that there are so many other intricacies when people start talking about renting houses and rooms and I start thinking of short-term rentals, that is another problem with another kind of situation. And I can't get that out of my head. That is a very important issue that is disruptive beyond the age, sexism, and other discrimination issues. I believe that we can and should move it forward. That's why we're here today to discuss how we can allocate our staff resources to and

look at the forward agenda. Any other feedback on the -- I do want to make it clear that the slide show and the presentation should be and will be posted online.

I would like it posted separately so it can be found easily and reviewed. I'm already getting inquiries and calls from other neighboring cities. They are also stepping forward and I think that we saw some of this discussion back in 88 when the Martin Luther King holiday and discussion came about. And all of these things are with us in terms of needing to confront them in a sensible way. So I'd like the support that I've heard from the city employees themselves. And their determination to feel very positive about our community and this is a great step forward. Thank you.

With the long day that we've had and I am opening it up as we would just on any closing discussion but is there a way to recap some of the critical things that we talked about today? If so, we can get a readout. I believe this was an actionable item. The last one was actionable and I believe that if we were to go up and down what we have dealt with today. Kelly was pretty complete. Saying all of that information will be available as well as the city's own survey which sounded pretty great. There was 1100 residents that responded to that. The employee compensation. We looked at that regarding in particular some of the charter people. I think we got good direction on public safety mentions and good substitution discussion of that. The affordable housing and homeless summary went well. All of that will be -- will have supplemental information from Greg on that. We have up coming discussion or additional information from cry on the preserve. We covered the bond 2019 project prioritization with pretty much agreement on the scheduling and one Marion suggestion or two. The drought contingency plan was really exceptional. I really love learning about every bit of that because water is so essential for us. He covered a lot about farming in Pinal county. That's not quite where I was at but whatever. Scottsdale smart city is a great sendoff for Brad. He can't leave without writing a letter about what I learned about COVID. I think what is going to happen is there is going to be many things in the whole process that got accelerate. The trend for remote learning, remote work, transportation tools, all of that. So you can't leave without doing a final report on what you learned. I think we're going to be keeping a lot of those segments in the future. And I know especially with public safety and police that is really important. Then we covered the antidiscrimination. Is there anything else anyone wants to add?

[Time: 05:18:20]

Councilmember Milhaven: I know we've all talked about the short-term rentals and the impacts it has on our neighborhoods. I know Brad is working hard on our behalf to try the change that. In my conversations in the community both with the realer community and the hospitality community, there seems to be -- they seem to be of the opinion there is more we can do in terms of enforcement even within ha we're already legally allowed to do. I believe as we're looking at potential changes in legislation we want to get in front of this to take full advantage and helping Brad with negotiating compromises. I know Paradise Valley is very active. What I'd like to suggest is perhaps we can set up a task force that would include members of the real estate community, members of the hospitality community, maybe members of the council, city staff that is involved with this effort to look at taxer hear from some of the experts this our community about what more they think we can do to control the short-term rentals and to also look and anticipate and be ready to respond to whatever legislative changes may happen at the state. If that is agreeable to my colleagues?

Mayor Ortega: Our consensus would be yes. Fine point to raise. As a city we're dealing with all the fallout of all the STRs. And also if you -- we may have seen my testimony at the legislature, we're finding out that they are underreporting themselves. We have an excess of 4,000 that are STRs listed on platforms. You can click on and get on that platform. But they are not registering with the state. And the state is not chasing them down. And in fact, those that are rogue are 80% rogue and maybe 20% that are actually filing. So that means that those that have not filed can undercut the under ones because they are not collecting the tax or may not be forming. And then the state has no manpower or person power to get that done and enforcement. We're not going to leave our neighborhoods naked and unprotected. I thank you for that. We still have some energy. Anything else in terms of direction that you may have needed today?

[Time: 05:20:57]

City Manager Jim Thompson: We had one more item on the agenda. We're running out of time. It might be homework for to us come back and revisit at some point in the future. The last item was is update on achievements from 2019-2020 priorities and discussions to identify the 21-22 as we walk into the budget process. You'll see if I can take three minutes and I'll run quick. In the last segment of your packet there is the organizational strategic plan that was developed way back when. In fact the strategy goals were identified in the 21-general plan. These categories existed. We filled in priorities went to that. As you go through the general plan these may change as well. Right now we back fill. Last year we filled in the priorities. I give you examples. Number two on that list was work with the giants to improve the training facilities. We did phase one. We have a smaller phase two. We have done many things over the past year I think we report on them.

The next couple of pages are the progress report. I would strongly encourage everyone to go through and read those. We have accomplished many we set last year as our priorities. I don't want to do it at the end of the day but we did leave a blank one so if you all would be so kind over the next couple of weeks to fill in what you believe are the priorities in these specific areas, looking at what existed and what has been accomplished an fill those in. If you could turn them in then we'll composite it together and your thoughts and have a short study session and review it. I may have for support economic vitality, I may have 32 items if you give me a bunch of items. I think there will be consistency there so we can work and we'll come back with w a draft and see if it's acceptable to you. That's the quick on it. This would allow us because we tried to tie this to what we present in the budget, this will allow us this time to formulate the budget process make sure we have funds as brad alluded to with the smart cities we were after the fact. We were well in the budget process.

The other thing created an oddity is the pandemic and how we do business and some of the areas we've had to divert our energies and flow. I think Dan touched on with our project management and some of the things we have going on. We've had so many things present themselves which is not the norm in our day-to-day operations. I think all the department versus been impacted. As we try to do things, none of us could have planned for a pandemic hitting or the budget hits. None of us could have planned for the things we had to challenge ourselves to achieve. Something very simple that again our numbers are astronomical on the survey. Simple things, there is an expectation you can turn on your faucet and have safe and clean water and your trash being picked up everyday O week at the same time. We had to back fill that and make sure we were providing that level of care and quality N. doing so we had over

300 exposures in our organization because of the volume of individuals we have and the type of service we offer, we had to back fill those positions and thoughts. It took away from achieving some of these. However I feel proud we've been able to achieve many of these.

Go through. I know that you all have maybe thoughts and ideas of where you want to see our priorities for this next year. So I would appreciate you taking the opportunity and time to fill these out and get them back to me. If you have any questions at all, feel free call me, we can walk through and talk about what we have done so far. There are some we did not achieve that obviously we'd want to add back in if you desire. Maybe you don't desire or there is a different priority. Keep in mind these are going to be your highest priorities of what to achieve.

We didn't talk about a few issues today. One in particular, the general plan. We are working through that. You have many meetings coming up so I don't want to bog us down today with those. That's a lot of work. I know you are all working very hard. I appreciate. I know the community appreciates it. It's a long-standing issue in the community. We have a few others like that that are coming up that I didn't put on the agenda today because I wanted to get through some things that we normally don't get a chance to talk to you all about. And share that recognizing that as we walk through items there are a couple of changes to our schedule, I think we can achieve the one brought up today on the list of projects. I appreciate the direction. We'll come back in the budget. I think some of these are going to be administrative. I'm going come back in the budget and say we addressed I. Item two, item 3, may it be even four and five. There are some here I think we'll be able to achieve. How we get to manage and move forward with a community and organization. I think we achieved all of these. I really appreciate the time.

The last one which I think is the challenge and cry was delicate at how he responded to the question today. I know the specific question over preserve and what our efforts are. This past year as well in addition to the pandemic, we had other issues we faced that were emergencies. We had two large fires. The largest in the state's history that came very close to entering the preserve. Once it gets in the Preserve we have a fear it will go into the neighborhood tons other side depending on which direction it comes. There is a lot of fuel out there. There is a lot of things that challenge us. Give us an example in my area of the community we have an HOA with certain rules. We can't remove some of the weeds and otherwise. We need to address that. Between mistletoe killing off Mesquites and everything else it's proliferated. We have the new flower that is becoming evasive. When that dries it's amazing what fuel that shows. We learned that from the two fires that were adjacent to the preserve this year. We were very successful and safe that it didn't enter those. We had one up north that was close to entering the community that was by the lake. We want to ensure that we're ready to go on.

That I think part of the drought scenario just adds to it. Because when we talk about water and the lack there of, I appreciate Brian what about a year and a half ago we talked about providing the forest service additional funding. I think California is a great example. When you have a fire you have erosion. If you have water, which occurs and rain, it just washes out because you remove that by way of fire. And then you create all kinds of other sediment and changes to the environment that normally wouldn't be natural. Again all of these things tie together. We need to address them. I thought it was important that you understand kind of where we're at. We have concerns that are high level concerns. That are very challenging and difficult to talk sometimes about. I'd rather talk about them before to address them after. Be proactive rather than reactive. A lot of things we brought up today are

proactive we've been working on. Maybe the drought, maybe the fire protection. May it be the pension. These are all proactive moves. In government all too often we get accused of being reactive. We are at times. Because we are the way that we are for various reasons. But we really try and pride ourselves on being proactive. To get out in front of issues. We continue to do that. There is a risk associated with that. Many of these today we brought up for that reason. I wanted to get ahead of it rather than behind it. Again, thank you. Appreciate the time and if you have any other questions or items for the future, we do have an ongoing list.

Obviously, we have the short-term rentals which I know is a very important issue in the community. We'll come back with maybe a guideline of a committee we'll set up and bring the groups together and start having those discussions and hopefully to bring forth. I don't think it's going to change some of the issue on the state side of their resource allocation to follow up on it. We can look internal to the city side to do some of that. Maybe it's staffing, maybe it's short-term staff to assist us or contracting out. We'll look at that and see how we can get consistent city take that 20% reporting up to 100% reporting or doing some of those comparisons out there. I think that's extremely important. It helps on a bunch of side. I'll leave the rest alone. Again, thank you. We're here to hopefully if you have any further questions to answer those and or add any items to future discussion.

Mayor Ortega: Terrific. And thank you staff and charter officers and colleagues and with that we will adjourn.